

EAD 951A
Educational Finance

Course Requirements

The course requirements include regular attendance and participation in classes. The course will be conducted primarily on a seminar format, so completion of assigned readings prior to the class meeting in which they will be discussed is essential. Grades for this course will be determined by the following weighting of your work.

<i>Class participation</i>	10%
Students are expected to come to class having read the assigned readings and prepared to participate in class discussion.	
<i>Leading class discussions</i>	10%
Students will have the opportunity to lead the class discussion of (at least) two course readings, once before spring break and once after. On the day when your reading is assigned, you should come to class with a brief (less than ten minute) presentation that (1) identifies the author's main question(s), (2) summarizes their argument (including, if relevant, their data, methods and findings), and (3) offers your critical thoughts about the paper. Conclude your presentation by posing to the class a question or two that the reading prompted you to think about. In addition you are asked to submit two 500-word critical review essays. These essays may be based on the reading that you present or, if you prefer, some other course readings. A guide for these essays will be distributed separately.	
<i>Group district expenditure allocation exercise</i>	20%
Due March 2	
<i>Data analysis problem set</i>	10%
Due March 23	
<i>Final paper</i>	40%
One-page proposal due March 16	
Class presentation & paper due April 27	

Readings

Helen Ladd and Edward Fiske. (Eds.) (2008). *Handbook of research in education finance and policy*. New York: Routledge. (Hereafter: Ladd & Fiske)

Allan Odden and Lawrence Picus. (2008). *School finance: A policy perspective*. 4th Edition. Boston: McGraw-Hill. Hereafter Odden & Picus)

These books have been ordered at the Student Book Store, 421 East Grand River, (517) 351-4210 and Collegeville Textbook Company, 321 East Grand River, (517) 922-0013.

Most of the other required readings are available online through MSU library's online resources (<http://er.lib.msu.edu>) or the URL noted with the reading. All other required readings--marked (Angel) on the reading list--will be made available on the course's Angel website.

Course Outline and Reading Assignments

Readings marked (*) are optional.

1/12 Introduction and Overview

No assigned readings

1/19 The Economics of Raising Student Achievement: Does Money Matter?

Jennifer King Rice and Amy Ellen Schwartz (2008). Toward an understanding of productivity in education. Ch. 8 in Ladd & Fiske.

Eric Hanushek (1986). The economics of schooling: Production and efficiency in public schools. *Journal of Economic Literature*, 24, pp. 1141-1177. (Angel)

W. Norton Grubb, Luis Huerta, and Laura Goe (2006). Straw into gold: Spinning out the implications of the improved school finance. *Journal of Education Finance*, 31(4): 334-359. (Angel)

(*)Alan Krueger (2003). Economic considerations and class size. *Economic Journal*, 113, February, pp. F34-F63.

(*) Eric Hanushek (1995). Interpreting recent research on schooling in developing countries. *World Bank Research Observer* 10(2), 227-246.

(*)Eric Hanushek (2003). The failure of input-based schooling policies. *Economic Journal*, 113, February, pp. F64-F98.

(*)W. Norton Grubb (2008). Multiple resources, multiple outcomes: Testing the improved school finance with NELS88. *American Educational Research Journal*, 45, 104-144.

(*) David Cohen, Stephen Raudenbush, and Deborah Loewenberg Ball (2002). Resources, instruction, and research. *Education Evaluation and Policy Analysis* 25(2): 119-142. (Angel)

1/26 Conceptions of School Finance Equity and Adequacy

Bruce Baker and Preston Green (2008). Conceptions of equity and adequacy in school finance. Ch. 12 in Ladd & Fiske.

Richard Rothstein and Rebecca Jacobsen (2008). Educational Goals: A public perspective. Ch 5 in Ladd and Fiske.

Thomas Downes and Leanna Stiefel (2008). Measuring equity and adequacy in school finance. Ch. 13 in Ladd & Fiske.

Heather Rose and Jon Sonstelie (2008). An analysis of professional judgments. *Education Finance and Policy*, 3, 165-196

Edward Fiske and Helen Ladd (2008) Education equity in international context. Ch. 16 in Ladd & Fiske.

(*) Odden and Picus, Ch. 3.

(*) Robert Berne and Leanna Stiefel (1984). *The Measurement of Equity in School Finance*. Baltimore: Johns Hopkins Press.

(*) Charles Benson and Kevin O'Halloran (1987). The economic history of school finance in the United States. *Journal of Education Finance*, 12, 495-515.

2/2 Measurement of Cost Differentials

William Duncombe and John Yinger (2008). Measurement of cost differentials. Ch. 14 in Ladd & Fiske.

William Duncombe and John Yinger (2005) How much does a disadvantaged student cost? *Economics of Education Review*, 24, 513-532.

Jennifer Imazeki (2008). Assessing the costs of adequacy in California public schools: A cost function approach. *Education Finance and Policy* 3(1), 90-108.

Eric Hanushek (2005). Pseudo-science and a sound basic education. *Education Next*. Fall, pp. 67-73. Available at: <http://www.educationnext.org/20054/67.html>

(*) Kern Alexander and Andrew Wall (2006). Adequate funding of education programs for at-risk children: An econometric application of research-based cost differential. *Journal of Education Finance* 31(3), 297-319.

(*) Eric Hanushek (2006). Science violated: Spending projections and the “costing out” of an adequate education. In *Court failure*, E. Hanushek, (Ed.) pp. 257-311. Stanford, CA: Hoover Institution Press.

(*) American Institutes for Research and Management Analysis and Planning (2004). *The New York Adequacy Study: “Adequate” Education Cost in New York State*. February. Available at: <http://www.cfequity.org/Costingout/FINALVERSION-PRELIMINARYREPORT-2004-02-03.pdf>

(*) Bruce Baker (2008). Doing more harm than good? A commentary on the politics of cost adjustments for wage variation in state school finance formulas. *Journal of Education Finance*, 33(4), 406-440.

Browse the website of the National Access Network, Teachers College, Columbia University at: <http://www.schoolfunding.info>

2/9 **Systems of State Aid to Education**

Odden and Picus, Ch. 9. OR

Lawrence Picus, Margaret Goertz and Allan Odden, Intergovernmental aid formulas and case studies. Ch 15 in Ladd and Fiske.

Caroline Hoxby (1996). Are efficiency and equity in school finance substitutes or complements? *Journal of Economic Perspectives*, 10, pp. 51-72. (Angel)

S. P. Heyneman (2003). The history and problems of education policy at the World Bank 1960-2000. *International Journal of Educational Development* 23(3), 315-337.

(*) Ronald Fisher and Leslie Papke (2000). Local government responses to education grants. *National Tax Journal*, 53(1), March, pp.153-168. Available through <http://www.ntanet.org>. On the right column of page, click on “NTJ Full Text Articles”

(*) Ronald Fisher (2007). Indifference-curve analysis of grants. Ch 9 Appendix, *State and Local Public Finance*. Mason, OH: Thompson.

(*) Sheila Murray, Willinam Evans and Robert Schwab (1998). Education finance reform and the distribution of education resources. *American Economic Review* 88(4), 789-812.

2/16 **Reflections on Education Funding and Student Outcomes**

John Yinger (2004). State aid and the pursuit of educational equity: An overview.” Ch. 1 in J. Yinger, Ed. *Helping Children Left Behind* Cambridge. Mass: MIT Press. (Angel)

Michael Rebell (2009). Courts and kids: Pursuing educational equity through the state courts. Paper presented at the American Educational Research Association meeting, San Diego. (Angel).

Eric Hanushek and Alfred Lindseth (2009). A performance-based funding system. Ch 8 in *Schoolhouses, Courthouses, and Statehouses*. Princeton: Princeton University Press. (Angel).

(*) William Duncombe, Anna Lukemeyer and John Yinger (2008). Dollars without sense: The mismatch between the No Child Left Behind Act accountability system and Title I funding. Ch 2 In Richard Kahlenberg (Ed.) *Improving On No Child Left Behind*. New York: The Century Foundation Press.

(*) Michael Rebell and Jessica Wolff. (2008). *Moving every child ahead: From NCLB hype to meaningful educational opportunity*. New York: Teachers College Press.

2/23 Allocation and Use of the Education Dollar.

No regular class meeting. Group work on expenditure allocation exercise.

Odden and Picus, Chs. 4 and 6.

3/2 Financing School Facilities

Odden and Picus, Ch. 5

Mary Filardo (2008). Good Buildings, Better Schools: Economic Stimulus Opportunity with Long-Term Benefits. Economic Policy Institute Briefing Paper #216. (Angel)

David Arsen and Thomas Davis (2006) Taj Mahals or decaying shacks: Patterns in local school capital stock and unmet capital need. *Peabody Journal of Education*. (Angel)

Wen Wang & William Duncombe (2009). School facilities funding and capital outlay distribution in the states. *Journal of Educational Finance* 34(3) Winter, 324-350. (Angel).

Thomas Davis (2008). *Investigating the link between school capital and student performance*. Unpublished manuscript, University of Maryland. (Angel)

(*) Stephanie Riegg Cellini, Fernando Ferreira & Jesse Rothstein (2008) The value of school facilities: Evidence from a dynamic regression discontinuity design. NBER Working Paper 14516.

(*) Lawrence Picus, et al. (2005). Understanding the relationship between student achievement and the quality of educational facilities: Evidence from Wyoming. *Peabody Journal of Education*, 80(3), pp. 71-95.

3/19 Spring Break

3/16 Analysis of Finance Data

Session devoted to standard techniques for the analysis of school finance data.

3/23 School Finance in Michigan

Julie Berry Cullen and Susanna Loeb (2004). School finance reform in Michigan: Evaluating Proposal A. Ch. 7 in J. Yinger (Ed.) *Helping Children Left Behind: State Aid and the Pursuit of Educational Equity*. Cambridge: MIT Press. (Angel)

Charles Ballard (2006) The tax system in Michigan. Ch. 5, pp. 127-165, in *Michigan's Economic Future*. East Lansing: Michigan State University Press. (Angel).

Leslie Papke (2006). The effects of spending on test pass rates: Evidence from Michigan. *Journal of Public Economics*, 89, 821-839
<http://www.msu.edu/~ec/faculty/papke/jpube.vr7.pdf>

Timothy Bartik (2009). What Should Michigan Be Doing to Promote Long-Run Economic Development? Upjohn Institute Working Paper No. 09-160 (November).
<http://www.upjohninstitute.org/publications/wp/09-160.pdf>

(*) Maria Marta Ferreyra (2009). An empirical framework for large-scale policy analysis, with application to school finance reform in Michigan. *American Economic Journal: Economic Policy*, 1, 147-180.

(*) David Arsen and David Plank (2003) *Michigan School Finance under Proposal A: State Control, Local Consequences*. East Lansing: The Education Policy Center at Michigan State. Available at: <http://www.epc.msu.edu>.

3/30 Strategies for Improving School Outcomes of Low-Income Children

Susana Loeb and Daphna Bassok (2008). Early childhood and the achievement gap. Ch. 29 in Ladd & Fiske.

Jeffery Henig (2008). What do we know about the outcomes of KIPP schools? Education and the Public Interest & Education Policy Research Unit.
<http://epicpolicy.org/files/PB-Henig-KIPP-FINALwc.pdf>

Will Dobbie and Roland Fryer (2009). Are high quality schools enough to close the achievement gap? Evidence from a social experiment in Harlem. NBER Working Paper 15473. (Angel).

(*) W. Steven Barnett (2008). Preschool education and its lasting effects: Research and policy implications. Education and the Public Interest & Education Policy Research Unit. <http://epicpolicy.org/publication/preschool-education>

(*) Brian Jacob and Jens Ludwig (2008). Improving educational outcomes for poor children. NBER Working Paper 14550. NBER 14550.
<http://www.nber.org/papers/w14550>

4/6 Teacher Sorting, Effectiveness and Compensation

Donald Boyd, Hamilton Lankford, and James Wykoff (2008). Increasing the effectiveness of teachers in low-performing schools. Ch. 30 in Ladd & Fiske.

Dan Goldhaber (2008). Teachers Matter, but effective teacher quality policies are elusive Ch 9 in Ladd and Fiske.

Odden and Picus, Ch.12.

Douglas Harris (2009). Would accountability based on teacher value added be smart policy? An examination of the statistical properties and policy alternatives. *Education Finance and Policy* 4(4), 319-350.

(*) Michael Podgursky and Matthew Singer (2007) Teacher performance pay: A review. *Journal of Policy Analysis and Management*. 26(4), 909-949.

(*) Susan Moore Johnson and John Papy (2009). *Redesigning Teacher Pay: A System for the Next Generation of Educators*. Washington, DC: Economic Policy Institute.

(*) Martin Carnoy (2007). The limitations of teacher pay incentive programs based on inter-cohort comparisons: The case of Chile's SNED. *Education Finance and Policy* 2(3), 189-227.

(*) Richard Murnane and David Cohen. (1986). Merit pay and the evaluation problem: Why some merit pay plans fail and few survive. *Harvard Educational Review*, 56(1), 1-17.

(*) Anthony Milanowski, et al. (2007). Recruiting new teachers to urban school districts: What incentives will work? University of Washington Center on Reinventing Public Education, Working Paper 11. http://www.crpe.org/cs/crpe/view/csr_pubs/170

4/13 Educational Markets and Privatization: Contracting for Educational Services

Fredrick Hess (2006). Politics, policy and the promise of entrepreneurship. Ch 12 in *Educational Entrepreneurship: Realities, Challenges, Possibilities*. Cambridge: Harvard University Press. (Angel).

William Mathis and Lorna Jimerson (2008). A guide to contracting out school support services: Good for the school? Good for the community? Education and the Public Interest & Education Policy Research Unit. <http://epicpolicy.org/publication/a-guide-contracting-out-school-support>

Lawrence O'Toole and Kenneth Meier (2004) Parkinson's Law and the new public management? Contracting determinants and service-quality consequences in public education. *Public Administration Review*, 64, 342-352

Gary Miron (2008). Educational management organizations. Ch 27 in Ladd & Fiske.

(*) David Sappington & Joseph Stiglitz (1987) Privatization, information, and incentives. *Journal of Policy Analysis and Management* 6 (Summer), 567-82.

(*) Michael LaFaive (2007). *A School Privatization Primer: For Michigan School Officials, Media and Residents*. Midland, MI: Mackinac Center for Public Policy. <http://www.mackinac.org/article.aspx?ID=8691>

4/20 Educational Markets and Privatization: Fiscal Aspects of School Choice Policies

Browse website of the Freidman Foundation <http://www.edchoice.org/schoolchoice/>

Clive Belfield and Henry Levin (2009) Market reforms in education. Ch 41 in G. Sykes, et al, *Handbook of Education Policy Research*. New York Routledge. (Angel).

Clive Belfield (2008). Funding formulas, school choice, and inherent incentives. Education Policy Research Unit/Education and the Public Interest Center. <http://epicpolicy.org/publication/funding-formulas-school-choice-and-inherent-incentives>

Ni, Y. (2009) Do traditional public schools benefit from charter school competition? Evidence from Michigan. *Economics of Education Review*, 28(5), 571-584. (Angel)

(*) Martin Carnoy, et al. (2006). Worth the price? Weighing the evidence on charter school achievement. *Education Finance and Policy* 1(1), 91-122. (Angel)

(*) Robert Bifulco and Helen Ladd (2006). The impact of charter schools on student achievement: Evidence from North Carolina. *Education Finance and Policy* 1(1), 91-122.

(*) Stanford University Center for Research on Education Outcomes, *Multiple Choice: Charter School Performance in 16 States*. Author, 2009. <http://credo.stanford.edu>.

(*) Caroline Hoxby and Sonali Muraka (2008) New York City Charter Schools: How well are they teaching their students? *Education Next* 8(3), 54-61.

4/27 Student Presentations