EAD 942: Economic Analysis in Education Policy Making  
Spring 2008  
Dr. Amita Chudgar (amitac@msu.edu)

Class time and location  
Wednesdays, 5-7:50pm,  
Room 313, Ernest Bessy Hall

Office hours and office location  
Wednesdays, 12-1pm  
426, Erickson Hall

Course description  
The course will begin with an introduction to some basic economic concepts and a  
discussion on how they may be applied in the analysis of educational issues. We will  
then discuss specific areas of education research and policy making which have been  
influenced by the use of economic tools. Specifically the class will focus on, education  
and economic productivity, the role of school resources in student achievement,  
standard based reforms and accountability, economics of higher education, cost-benefit  
analysis, teacher labor markets and school choice. Given the nature of the readings, in  
the first few classes I will spend some time on how to read and interpret quantitative  
results. However, through the semester I would expect that you continue to keep  
working on these skills as a part of your training through this course.

Late assignment policy  
You are expected to turn in the assignments on time. Late submission will affect your  
grades. If you are unable to complete your work on time due to unavoidable  
circumstance, you must speak to the instructor at the earliest about this to ensure that  
your grades may not be affected.

Absence policy  
If you must remain absent from a class, you need to a) inform the instructor ahead of  
time b) within a week of missing class, you must submit a one page summary for each of  
the readings covered in class on the day you missed class c) more than one absence may  
negatively affect your grade.

Assignments  
1. Classes are a combination of lecture and discussion. Students are expected to  
participate fully in weekly discussions. It is essential that you come to class having read  
all the assigned articles and ready to engage with your classmates. From time to time I  
may also bring newspaper articles and other such materials to generate a discussion in  
class. Your engagement in these materials is crucial. Please remember that how well you  
do on this part of the assignment benefits not just you but also your classmates because  
we all learn from each other (15 percent).

2. Summarize and share in class three readings from the course. I will circulate a signup  
sheet on the second day of class where you will note your three selected readings from  
the syllabus. On the day when we read that paper you will be expected to come to class  
prepared with a brief summary for your class, and a question or two that the reading  
prompted you to think about. Specifically in your summary you should focus on the  
following, what was the author’s main question(s), what data and method did the
author use to address this questions, what are the their main findings, your critical
thoughts and feedback on how this study could have been done differently, improved or
why this is an excellent study as it is. At the end of the class, you will turn in the brief
summary and your question(s) to the professor (no longer than one single spaced page)
(30 percent).

3. A short exercise using cost-benefit analysis. You can work in groups of no more than
three for this assignment. This will require intermediate competency with Microsoft
Excel or similar software (15 percent).

4. In groups of no more than three students a detailed analysis of an educational issue
from an economic perspective. You will make a brief presentation on this paper in the
last class and turn in a no longer than 25 page double spaced paper. While it is not
necessary, students with sufficient statistical background are welcome and encouraged
to engage in a data analysis project. I will distribute more instructions on this final
assignment in class (40 percent).

Course material
Most readings you will need for this class are available online through MSU library’s
online resources (http://er.lib.msu.edu/) or online. The remaining readings are
available in a course pack at the Spartan Bookstore in the International Center for $33.86.
Course packs may be purchased online at www.spartanbook.com, by phone at
877.267.4700, or in the store.

Course schedule and readings (subject minor changes/additions)
Class 1, 1/9 and Class 2, 1/16
Looking at education with an economic lens, some key economic concepts and how
they may inform education, reading regression tables
  1. Chapter 4, The Elements of Demand and Supply
  2. Chapter 21, Theory of Production and Marginal Products
  3. Chapter 29, Labor Unions and Collective Bargaining
  5. Chapter 34, Poverty, Equality and Efficiency (Samuelson 13th Edition)
  6. How to read a statistical table

Class 3, 1/23
Education and economic productivity
  1. Returns to investment in education: a further update G. Psacharopoulos, HA
Patrinos Education Economics, Volume 12, Number 2, August 2004, pp. 111-134(24)
  2. Human Capital vs. Signaling Explanations of Wages, Andrew Weiss, The Journal
of Economic Perspectives, Vol. 9, No. 4 (Autumn, 1995), pp. 133-154
  3. Does learning to add up add up? : the returns to schooling in aggregate data
Lant Pritchett (From the Handbook of Economics of Education, Hanushek)

Class 4, 1/30 and Class 5, 2/6

Inputs in Education, school resources
1. School Resources, Eric A. Hanushek (From the Handbook of Economics of Education, Hanushek)
4. School Resources and Student Outcomes: An Overview of the Literature and New Evidence from North and South Carolina
7. The Effect of School Resources on Student Achievement
   Rob Greenwald, Larry V. Hedges, Richard D. Laine

Class 6, 2/13 and Class 7, 2/20

Standard based reforms and accountability
1. The Confusing World of Educational Accountability June 2001, Eric A. Hanushek and Margaret E. Raymond National Tax Journal 54(2)


Class 8, 2/27
Economics of Higher Education

Class 9, 3/12 and Class 10, 3/19
ASSIGNMENT 3: COST-BENEFIT EXAMPLE DISTRIBUTED IN CLASS ON 3/12
ASSIGNMENT 3: COST-BENEFIT EXAMPLE DUE BY 3/19 EVENING ON ANGLE
Cost-benefit analysis

Class 11, 3/26 and Class 12, 4/2
Teacher labor markets
3. Dan Goldhaber (2002). The mystery of good teaching: Surveying the evidence on student achievement and teachers’ characteristics. Education Next, 2(1), Spring, pp. 50-55. Available at: http://www.educationnext.org

Class 13, 4/9 and Class 14, 4/16

School Choice
6. TBD

Class 15, 4/23
ASSIGNMENT 4 DUE IN CLASS
Class presentation