

ECONOMIC EVALUATION OF EDUCATION

EDPL 788O
Summer 2003
Prof. Steven Klees

Time: June 11-25, Wednesdays and Fridays
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COURSE DESCRIPTION AND OBJECTIVES:

The purpose of this course is to help you develop an understanding of the concepts and approaches that economists use to evaluate educational activities. The focus will be on the application of cost, cost-effectiveness and cost-benefit analysis, both in the United States and in other countries. These economist “tools” have been increasingly used to evaluate all levels and types of education, for example, ranging from an examination of instructional materials, to an intermediate level analysis of particular projects, to an overall assessment of national education policies, strategies, and systems. With one course it is not possible to develop sophisticated users of these techniques. However, it is possible to develop your ability to be critical consumers of these approaches to evaluation. Specifically, the objectives of this course are to introduce students to:

- how economists think about education activities;
- the theories and methods used to evaluate education;
- the range of application of these approaches; and
- the nature of the critical problems with these theories and methods.

It is hoped that the understanding will be sufficient to:

- read and critique intelligently economists’ work in this area;
- communicate well with economists in an interdisciplinary evaluation setting; and
- provide a basis for further study in the area.

COURSE REQUIREMENTS AND GRADING

Regular attendance, participation, and completion of required readings prior to class are expected. Grades will be based primarily on a take-home exam and/or a project, as discussed in class.

REQUIRED TEXTBOOKS

A packet of readings is required.

HONOR CODE

All students are expected to abide by the code of academic integrity throughout this course. Academic dishonesty, including cheating, fabrication, and plagiarism will not be tolerated and will be reported to the Student Honor Council. The full text of the code is available on the web at:

http://www.inform.umd.edu/CampusInfo/Departments/JPO/code_acinteg.html.

STUDENTS WITH DISABILITIES

A student with a documented disability or any other special needs who wishes to discuss academic accommodations should contact the instructor as soon as possible.

RELIGIOUS OBSERVANCES

Students will not be penalized because of observances of their religious beliefs. Whenever possible, students will be given reasonable time to make up any academic assignment that is missed due to participation in a religious observance. It is the student's responsibility to inform the instructor of any intended absences for religious observances in advance. Notice should be provided as soon as possible, but no later than the end of the schedule adjustment period. Prior notification is especially important in connection with final examinations, since failure to reschedule a final examination before the conclusion of the final examination period may result in loss of credits during the semester.

COURSE SCHEDULE AND READINGS

1. Wed. June 11

INTRODUCTION

Easton P. "Economic Evaluation and Cost-Benefit Analysis," Chapter 13 of Sharpening Our Tools: Improving Evaluation in Adult and Nonformal Education. Hamburg: UNESCO Institute of Education, 1996.

Fuguitt, D. and Wilcox, S. "A History of Application," in Cost-Benefit Analysis for Public Decision Makers, Westport, CN: Quorum, 1999 (Chapter 1).

Economic Evaluation Overview Package

2. Fri. June 13

COST ANALYSIS

Levin, H.M. and McEwan, J. Cost-Effectiveness Analysis 2nd Edition, Beverly Hills, CA, Sage, 2001 (Chapter 3, 4, 5).

Coombs, P.H. and Hallak, J. Cost Analysis in Education: A Tool for Policy and Planning: John Hopkins, 1987 (pp.1-17).

Examples

Osin, L. Computers in Education in Developing Countries: why and How. Washington: World Bank, 1998.

Mayo, J., McAnany, E., and Klees, S. "The Mexican Telesecundaria: A Cost-Effectiveness Analysis," Instructional Science, October, 1975, (pp. 193-194, 200-206, 232-236).

Perraton, H. and M. Potashnik Teacher Education at a Distance. Washington: World Bank, 1997.

Klees, S. and D. Holmes, "Fiscal Resources: Projected Costs of a Fully Operational Florida High School," draft, Florida State University, 1999.

Read One of the Following Three Articles

King, J. "Meeting the Needs of At-Risk Students: A Cost Analysis of Three Models," Educational Evaluation and Policy Analysis, Spring 1994.

Sjogren, J. and Fay, J. "Cost Issues in Online Learning," Change, May/June 2002,

Schmidtlein, F. and A. Taylor "Identifying Costs of Instructional Technology in Higher Education," Tertiary Education and Management, 2000, 6:289-304.

3. Wed. June 18 COST-EFFECTIVENESS ANALYSIS

Levin, H.M. "Cost-Effectiveness Analysis," in M. Carnoy (ed.) International Encyclopedia of Economics of Education. Oxford: Pergamon, 1995.

Woodhall, M. "Cost-Effectiveness Analysis in Education," in G. Psacharopoulos (ed.) Economics of Education. Oxford: Pergamon, 1987.

Clune, W.H. "Cost-Effectiveness Claims in Educational Research: Limited Methodology and Policy Significance," Unpublished draft, University of Pennsylvania, 1999.

Levin and McEwan (2001, pp.10-14, 134-140, 226-227, 242-244).

Lockheed, M.E. and Hanushek, N.E. "Improving Educational Efficiency in Developing Countries: What Do We Know," Compare, 18, 1, 1988, 21-38.

4. **Fri. June 20 COST-BENEFIT ANALYSIS:**

OVERALL FRAMEWORK

Bowman, M.J. and Bach, G.L. "Private Enterprise, Profits, and the Price system," Chapter 4 of Economic Analysis and Public Policy, New York: Prentice-Hall, 1943, (pp. 35-47).

Heilbroner, R. and Thurow, L. "How markets Work" and "Where Markets Fail," Chapter 15 and 16 of Economics Explained, New York: Prentice Hall, 1990, pp. 157-178.

"Schools Brief: State and Market," The Economist, 2/17/96

Fuguitt and Wilcox (1999, Chapter 4) "Economics and Cost-Benefit Analysis"

EDUCATION FRAMEWORK

Klees, S., Dewees, T., and D. Palmer. "Overview of Cost-Effectiveness Framework," for Save the Children workshop in Guatemala, 1998.

Levin, H.M. "Cost-Benefit Analysis," in M. Carnoy (ed.) International Encyclopedia of Economics of Education. Oxford: Pergamon, 1995

Fuguitt and Wilcox (1999, Chapter 9) "Present Value of Benefits and Costs Distributed over Time"

Levin and McEwan (2001, pp. 175-181)

Barrios, M. and David, R., "The Rate of Return Approach to Education Planning," In David (1980, op. cit).

Wolfe, B.L. "External Benefits of Education," in M. Carnoy (ed.) International Encyclopedia of Economics of Education. Oxford: Pergamon, 1995.

APPLICATIONS

Raymond, R. and Sesnowitz, M. "The Returns to Investments in Higher Education," Journal of Human Resources, 10, 2, Spring, 1975.

Barnett, W.S. "Benefit-Cost Analysis of the Perry Preschool Program and its Policy Implications," Educational Evaluation and Policy Analysis, 7, 4, Winter, 1985.

Masse, L. and Barnett, W.S, "A Benefit-Cost Analysis of the Abecedarian Early Childhood Intervention," New Brunswick, NJ: National Institute for Early Education Research, November 2002.

Psacharopoulos, G. and Patrinos, H. "Returns to Investment in Education," World Bank Policy Research Working Paper 2881, September 2002.

Levin and McEwan (2001, pp.11-19, 164-166, 181-184).

Examples

World Bank, "Costs and Benefits of Bilingual Education in Guatemala," 1995.

World Bank, "Implementation Completion Report for an Education Sector Adjustment Operation in Uganda," 2001 (excerpt from Appendix).

Tan, J.P. Economic Evaluation of Education Projects: Some Methods. Washington, World Bank, 1995 (Boxes 3 and 4).

5. **Wed. June 25 CE AND CB ANALYSIS: CRITIQUES & CONCLUSIONS**

Watson, K. "Cost-Benefit Analysis in the Nineties," Canadian Journal of Program Evaluation, Special Issue 1997, 1-4.

Hummel-Rossi, B. and Ashdown, J. "The State of Cost-Benefit and Cost Effectiveness Analyses in Education," Review of Educational Research, 72, 1, Spring 2002, 1-30.

Levin and McEwan (2001, pp. 225-230, "Checklist for Evaluating Studies."

Meyer, P.B. "Review of Benefit, Cost and Beyond: The Political Economy of Benefit Cost Analysis by James T. Campen, " Review of Radical Political Economics, 19, 1, Spring, 1987.

Henwood, D. "Toxic Banking," The Nation, March 2, 1992, p. 257, Lawrence Summers, 1991 World Bank memo.

Klees, S. and Wells, S. "Economic Evaluation of Education: A Critical Analysis of Applications to Educational Reform in El Salvador," Educational Evaluation and Policy Analysis, 5, 3, Fall, 1983.

Klees, S. "The Economics of Educational Technology," in T. Husen and T.N. Postlewaithe (Eds.) The International Encyclopedia of Education (2nd ed). Oxford: Pergamon, 1994.