Course Description

Increasingly, education policymakers, school and university administrators, researchers and others interested in education in the United States are being required to consider complex issues involving the economics of education. Controversial issues such as public investment in education, education reform for students at risk of educational failure, educational choice, charter schools, privatization, faculty productivity and incentives, and the ever present need for accountability in the education sector all share a common economic basis.

This course is designed to introduce students of education policy to economic theory and practice as it pertains to educational systems and their impact on economic growth. Course material applies general economic principles and theories (e.g., investment, labor, productivity, cost, efficiency, supply and demand) to the context of education. The course begins with a broad introduction to the economics of education. The emphasis during the first section of the course is on the profitability of investments in education at both the individual and societal levels. Key questions explored during this portion of the course include: Why invest in education? What is human capital theory? To what degree does education contribute to national economic growth? What is the relationship between what schools and colleges teach and the skills required in the labor market?

The focus then turns to the production of education including questions of how educational outcomes are produced, and which educational inputs are more or less effective in producing desired educational outcomes. These questions lead to the introduction of several societal goals -- efficiency, equity, and liberty -- that must be considered when making decisions about the allocation of education resources. Course material addresses how these interrelated goals are defined, prioritized, and balanced.

The final section of the course focuses on several policy issues that are readily studied from an economic perspective. The first is the application of market forces to education through school choice alternatives and privatization policies. The second is the issue of teacher supply and demand. The third issue, time permitting, is the persistent problem of inequality in America and the implications for education policy.
Course Requirements

Requirements for the course include a number of activities, as described below.

1. **Participation in class** (10% of final grade): Weekly reading is a central part of this course, and students should plan for 50-75 pages of reading each week. Students are expected to complete weekly reading assignments and are encouraged to actively participate in class discussions. On occasion, students will be assigned a set of questions pertaining to the material covered during that part of the course. The questions are intended to guide students as they process the theory and practice of key concepts presented in class. Students are expected to write answers to the questions and be prepared to discuss their responses at the beginning of class the following week.

2. **Short essay** (20% of grade): One assignment for the course will involve a short written response to an essay question distributed during class that invites students to unpack some of the complex issues covered in the course. This assignment will be due during week 5 of the course, and should not exceed 5 double-spaced pages.

3. **Debate about markets in public education** (20% of grade): Weeks 10 and 11 of the course will focus on the contentious debate over the role that market forces should play in the delivery of public education. During these sessions of the course, the class will prepare for and participate in an informed and structured debate over this topic. In addition to the class debate, small groups will be responsible for writing position papers on this debate that address the central arguments expressed by both sides. This paper will be due during week 11 of the course (3-5 double-spaced pages in length).

4. **Term paper** (50% of grade): Students are required to prepare a significant term paper on a topic of their own choosing. While students are encouraged to focus their efforts on an area that they find to be of personal interest, the topic should be appropriate for a course in the economics of education. Consultation with the instructor on the selection of a paper topic is welcomed. Students are required to submit a paragraph describing the proposed paper during week 7 of the course for comments and feedback from the instructor. The final product, due during week 15 of the course, should be a conceptually sophisticated and stylistically appropriate research paper (15-20 double-spaced pages).

5. **Paper presentation**: Students should be prepared to briefly present the results of their efforts during the last two weeks of the course (5-10 minutes).
Note on Writing Quality and Style

When preparing written assignments students are expected to express their thoughts in a clear and concise manner. Emphasis should be placed on clarity of expression, not the length or volume of what is written. Written assignments should be carefully proofread for grammatical and spelling errors and, when required, thoughts and quotes that are not your own should be properly cited. While APA (5th edition) format is preferred for citations, other formats may be used as long as they are consistently applied throughout the text.

University Policies

• Religious Holidays
  The University System of Maryland policy (Assignments and Attendance on Dates of Religious Observance) provides that students should not be penalized because of observances of their religious beliefs; students should be given an opportunity, whenever feasible, to make up within a reasonable time any academic assignment that is missed due to individual participation in religious observances. Additional information on this policy may be found at the following URL: http://www.president.umd.edu/policies/iii510a.html

  Students will not be penalized because of observances of their religious beliefs. Whenever possible, students will be given reasonable time to make up academic assignments missed due to participation in a religious observance. It is the student’s responsibility to inform the instructor as soon as possible of any intended absences for religious observances.

• Code of Academic Integrity
  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 at the following URL: www.inform.umd.edu/CampusInfo/Departments/jpo/codeacinteg.html

• Documented 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.
Required Reading

A set of readings is provided for each week of the course. Each weekly reading list begins with several required readings. Books required for the course are available at the campus bookstore; full citations are provided below. Other required readings are available through the Blackboard website: www.elms.umd.edu. The remaining readings are optional; students are encouraged to concentrate their supplemental reading on topics that they find to be of special interest.

Required:


Recommended:


*We will be reading chapters 1, 2, 6 and 7 from this book. You may purchase the book or make copies of the selected chapters.*
Economics of Education
Course Outline

I. Introduction to the Economics of Education (Week 1)

II. Profitability of Investments in Education
   A. Human Capital Theory (Week 2)
   B. Costs and Benefits of Education (Week 3)
   C. Education Labor, and Economic Growth (Week 4)

III. The Production of Education
   A. Understanding the Education Production Function (Week 5)
   B. Estimating the Costs of Education Inputs (Week 6)

IV. Societal Values and the Economics of Education
   A. Efficiency (Week 7)
   B. Equity (Week 8)
   C. Liberty (Week 9)

V. Special Topics in the Economics of Education
   A. Applying Market Forces to Education (Weeks 10 and 11)
   B. Public School Teachers: Issues of Supply and Demand (Week 12)
   C. Inequality in America and Education Policy (Weeks 13-14)

VI. Research Paper Presentations (Week 15)
**Economics of Education (EDPA 615)**

Weekly Course Schedule and Reading List

(* indicates that reading is available through Blackboard)

Note: This is a tentative outline of readings that may change slightly as we work through course material. Since student participation is an important priority in this course, we may move more slowly through course material than is outlined here in order to accommodate full discussions of a particular topic. Further, the specific readings are also subject to change – new items may be added, some may be deleted, and in some cases we will divide the readings among the class.

**Week 1: Introduction to the Economics of Education** (September 6)

**Required**


**Recommended**


**Week 2: Human Capital Theory** (September 13)

**Required**


Page, M.E. (2010). Signaling in the labor market. In Brewer, D.J. & McEwan, P.J. (Eds.), *Economics of*
Week 3: Costs and Benefits of Education (September 20)

Required


Lecture will reference the following on-line publications:

**Week 4: Education, Labor, and Economic Growth** (September 27)

**Required**


http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/college%20for%20all.pdf


**Recommended**

http://cew.georgetown.edu/uploadedfiles/RealAnalysisofRealEd.pdf


Murnane & Levy, Teaching the new basic skills. Everyone reads chapters 1-3, and 9; class divides chapters 4-8.

Week 5: The Production of Education (October 4)

DUE: SHORT ESSAYS

Required


Recommended


**Week 6: Understanding the Costs of Education Inputs** (October 11)

*Required:


**Week 7: Efficiency and the Economics of Education** (October 18)

DUE: PAPER TOPICS
**Required**


**Recommended**


**Week 8: Equity and the Economics of Education** (October 25)

**Required**


**Recommended**


**Week 9: Liberty and the Economics of Education** (November 1)

**Required**

**Recommended**


**Week 10: Market Forces: School Choice in Theory** (November 8)

**Required:**


**Recommended**


Krashinsky, M. (1986). Why educational vouchers may be bad economics. Educational Policy, 8(2), 139-151.


**Week 11: Market Forces: School Choice in Practice** (November 15)

**Required**


**Recommended**


**Week 12: Teacher Labor Markets in the U.S.** (November 22)

CLASS DEBATE ON MARKET FORCES

DUE: POSITION PAPERS

**Required**


**Recommended**


**Weeks 13-14: Inequality and Education Policy** (November 29, December 6)

PAPER PRESENTATIONS

**Required:**

**Week 15: Paper Presentations** (December 13)

PAPER PRESENTATIONS

DUE: FINAL PAPER
Journals related to the Economics of Education

American Economic Review
Eastern Economic Journal
Economics of Education Review
Educational Evaluation and Policy Analysis
Education Finance and Policy
Educational Policy
Harvard Education Review
Harvard Journal on Legislation
Journal of Economic Literature
Journal of Education and Economics
Journal of Education Finance
Journal of Human Resources
Journal of the Association of Public Policy and Management
Journal of Management Science Policy Analysis
Journal of Political Economy
Leadership and Policy in Schools
National Tax Journal
Public Budgeting and Finance
Review of Economics and Statistics