



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

PADM-GP 2441

Economics of Education Policy and Finance Fall 2023

Instructor Information

- Leanna Stiefel, Professor of Economics
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- Office Address:
- Office Hours: 4:30 - 5:30 Monday, on Zoom

Course Information

- Class Meeting Times: Tuesdays, 4:55 – 6:35

Course Prerequisites

- CORE.1018, Microeconomics
- CORE.1011, Statistics I

Course Description

Content:

Education affects the productivity of the labor force, the distribution of income, economic growth, and individuals' earnings and quality of life and, as such, plays a central role in the economy. This course is an introduction to the theoretical and empirical methods used in the modern economic analysis of education. We will apply microeconomic theory and econometric methods to a wide range of educational policy issues, including the demand for and returns to schooling, the production and supply of education, the equity and efficiency of school financing, teacher labor markets, school choice, school disruptions, accountability, and higher education. We will pay attention to the ability of economic methods and

econometrics to make causal inferences about effects of education policies, and to make predictions about the likely impact of policy changes.

Process:

Each class we will first go over technical parts of the power point slides, which you should have reviewed in their entirety in advance of class. Then, we will discuss the assigned readings, with the Professor explaining technical parts of readings and the whole class discussing the importance, policy relevance, shortcomings, and other work needed to draw firm conclusions.

Course and Learning Objectives

- Apply basic theoretical concepts of microeconomics to the education sector.
- Specifically, understand how economic theory and empirical methods are applied to questions of human capital, public investment in education, production of education, school finance, school disruptions, labor markets for teachers, choice and accountability, and higher education.
- Read, interpret, and synthesize findings in the economics of education.
- Identify policy implications of findings and insights from economics of education.

Course Materials

Each class has required textbook and required discussion readings plus a list of optional readings.

The **two required textbooks** are:

1. Lovenheim, Michael and Sarah Turner (2017) Economics of Education, New York: Worth Publishers. Cited as LT.

[Order textbook online only](#)

and

2. Ladd, Helen F. and Margaret Goertz, eds, (2016). Handbook of Research in Education Finance and Policy, 2nd edition, New York, Taylor and Francis. Cited as LG.

Purchase from NYU Book Store or download from NYU library (at least some parts)

The **required discussion readings** and optional readings are available on NYU Brightspace, organized by class they are assigned.

Assessment Assignments and Evaluation

(All written assignments should be uploaded to the NYU Brightspace site for the course before the time due.)

1. **(10% of your grade):** Help lead one class with professor and class participation. We will meet to design the class you lead the week before.
2. **(20% of your grade):** Complete two problem sets (of five possible, your choice which ones), due on dates noted on the syllabus. These two will be graded. (No late assignments accepted. If you miss a due date, simply do two from the ones left!).
3. **(70% of your grade)** Write two papers (five-page double-spaced) that present economic evidence on one of the topics listed in syllabus (due class 10, November 14, and December 15, by 5 -pm). Include ChatGPT's response at the end and compare and critique it compared to your response. State which response is better.

More on: Problem Sets

Note that these problem sets are designed to give you practice with the analytical tools introduced in class, lectures, and the readings. You must submit original work. You can work together to share ideas, but if you submit identical work, you will not receive credit.

More on: Five Page Paper

These papers should represent an unbiased reading of the economics of education literature on the topic (as assigned for one or two of the classes in required and optional readings) and they should be written as if they were a brief for a commission that is charged with deciding policies and programs that will result in high performance for New York City public school students. Assume the commission is interested only in what economists have to say on the topics.

One way to imagine this final assignment is that you are asked to testify as an economist before the New York City Council.

Each paper must be no more than five pages, double spaced, 12-point font, one-inch margins. Papers must be uploaded to the assignment tabs on the NYU Brightspace site by the due dates (Class 10, November 14 and December 15 by 5 pm).

Remember, only the economic point of view on these topics and only one topic. Use all the class readings, required and optional, on your topic (see eight choices of topics below).

Finally, you must include the ChatGPT response at the end of your essay and write a few sentences comparing it to yours, critiquing it, and deciding which is better.

1. Will more money improve student performance? Why do some economists say money does not matter at the margin? What is the evidence? (Classes 5 and 6)
2. What kind of school finance design will achieve adequate financing for each district in New York State? Address the basic formula for operating aid, any adjustments needed for cross-district differences through indexes and/or special funding, and how the state and local shares should be set. Finally, how should the state obtain the resources to fund the significantly extra money that will go to city districts? (Classes 7 and 8)
3. How do school disruptions affect student learning? (Class 9)
4. Is on-line learning effective? (Class 9)
5. Will expanding the availability of school choice (vouchers to attend non-public schools, charter schools, magnet schools etc.) raise achievement in urban public schools? (Class 10)
6. What changes will and will not improve teacher quality? Consider salaries, unions, incentives, recruiting, and working conditions. (Classes 11 and 12)
7. How should we hold (schools or teachers or students – choose one) accountable, both in theory and practice? (Class 13)
8. Does attending an elite college matter? (Class 14)

Summary of the course grading

1. 10% Help lead one class and class participation
2. 20% Two of five problem sets, your choice of which (PS)
3. 70% Two five page papers (due November 14 and December 12)

Overview of the Semester

(LT = Economics of Education text; LG = Handbook; OT = papers; PS = problem set)

Class	Tues	Topics	Reading	Due on class assignment tab
1	9/5	Introduction to economics of education	LT 1 and 2	
2	9/12	Empirical tools of education economics	LT 3 and Appendix A; LG 6; OT	
3	9/19	The human capital model	LT 4; OT	PS 1 (empirical methods)
4	9/26	The economic and non-economic returns to education	LT 6; OT	PS 2 (returns)
5	10/3	Education production functions I (theory)	LT 7; LG 8; OT	

Class	Tues	Topics	Reading	Due on class assignment tab
No Class	10/10	NYU on Monday Schedule		
6	10/17	Education production functions II (does money matter; empirical evidence)	LT 9 (to 209): OT	
7	10/24	Financing schools I (background)	LT 8 (to 183); LG 15; OT	PS 3 (production functions)
8	10/31	Financing schools II (empirical evidence)	LT 8 (183 to end): OT	
9	11/7	Disruption of Learning; On-line Learning	OT	PS 4 (financing schools)
10	11/14	School choice	LT 10; OT	First five-page paper
11	11/21	Teacher labor markets I (measuring teacher quality)	LT 9 (210 to end); LG 10	
12	11/28	Teacher labor markets II (teacher supply and demand)	LT 12; OT	
13	12/5	School accountability	LT 11; OT	PS 5 (higher ed)
14	12/12	The economics of higher education	LT 13, 14; OT	Second five-page paper, due Dec. 15, 5 pm

Letter Grades

Letter grades for the entire course will be assigned as follows:

Letter Grade	Points
A	4.0 points
A-	3.7 points
B+	3.3 points

Letter Grade	Points
B	3.0 points
B-	2.7 points
C+	2.3 points
C	2.0 points
C-	1.7 points
F	0.0 points

Student grades will be assigned according to the following criteria:

- (A) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
- (A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
- (B+) Good: Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.
- (B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.
- (B-) Borderline: Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”

- (C/-/+) Deficient: Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
- (F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

Detailed Course Overview

CLASS 1 INTRODUCTION TO THE ECONOMICS OF EDUCATION

The economist's approach to the study of education and education policy, the organization of educational markets in the U.S., and the economic rationale for government involvement in education. Applying theoretical concepts of microeconomics to the education sector. Types of education policies examined in the economics of education.

Lovenheim and Turner – Chapter 1 “Why do Economists Study Education Policy?”

Lovenheim and Turner – Chapter 2 “The Structure and History of Education Markets in the United States”

Optional readings

LADD/GOERTZ: Chapter 1, Springer, Houck, and Guthrie. -- “History and Scholarship Regarding United States Education Finance and Policy”

Hanushek, Eric A. and Steven Rivkin (1997). “Understanding the Twentieth Century Growth in U.S. School Spending,” *Journal of Human Resources*, 32 (1): 35-68.

Murray, Sheila, Kim Reuben and Carol Rosenberg (2007). “State Education Spending: Current Pressures and Future Trends,” *National Tax Journal*, 60 (2): 325-345.

[NYC Public School Indicators, October, IBO, NYC](#)

CLASS 2 EMPIRICAL TOOLS OF EDUCATION ECONOMICS

An introduction to empirical methods and research design in the economics of education: correlation versus causality, linear regression, selection and omitted variables bias, treatment

effects, randomized experiments, observational designs, natural and quasi-experiments, internal and external validity.

Lovenheim and Turner – Chapter 3 “Empirical Tools of Education Economics”

Bettinger, Eric. 2012. “Paying to Learn: the Effect of Financial Incentives on Elementary School Test Scores.” *Review of Economics and Statistics*, 94(3), pp. 686-698.

LADD/GOERTZ: Chapter 6, McEwan, Patrick J., “Quantitative Research Methods in Education Finance and Policy”

CLASS 3 THE HUMAN CAPITAL MODEL

Human capital theory and the demand for education. Present and future values, discounting, and market rate of return. The effect of credit constraints on educational investment. Income inequality and skill-biased technological change.

Lovenheim and Turner – Chapter 4 “The Human Capital Model.”

Carneiro, Pedro and James Heckman (2003). “Human Capital Policy,” NBER Working Paper No. w9495, published in Heckman, J. and Alan Krueger eds., *What Role for Human Capital Policies*, MIT Press.

Jensen, Robert. 2010. “The (Perceived) Returns to Education and the Demand for Schooling.” *The Quarterly Journal of Economics*, 125(2), 515–548.

Optional readings

Acemoglu, Daron and David Autor (June 2012). “What Does Human Capital Do? A Review of Goldin and Katz’s *The Race between Education and Technology*” *Journal of Economic Literature*: 426-463.

Becker, Gary S. (1962). “Investment in Human Capital: A Theoretical Analysis,” in Part 2: Investment in Human Beings, *Journal of Political Economy*, 70, 5:9-30; 43-49.

Borjas, George J. (6th edition or any other edition). Chapter 6, “Human Capital,” *Labor Economics*, New York: McGraw-Hill/Irwin

CLASS 4 THE ECONOMIC AND NON-ECONOMIC RETURNS TO EDUCATION

How economists measure the economic (and non-economic) returns to schooling, and the empirical challenges of doing so. Selection and “ability bias.” The returns to college quality, and 2- versus 4-year colleges.

Lovenheim and Turner – Chapter 6 “The Returns to Education Investment.”

Cutler, David M. and Adriana Lleras-Muney (2010). “Understanding Differences in Health Behavior by Education,” *Journal of Health Economics*, 29(1): 1-28

Dee, Thomas S. 2004. “Are There Civic Returns to Education?” *Journal of Public Economics*, 88(9–10), 1697–1720.

Optional readings

Barrow, Lisa and Ofer Malamud. 2015. “Is College a Worthwhile Investment?” *Annual Review of Economics*, 7(1), 519–555.

Lochner, Lance and Enrico Moretti (2004). “The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports,” *American Economic Review*, 94(1): 155-89.

Murnane, Richard J. 2013. “U.S. High School Graduation Rates: Patterns and Explanations.” *Journal of Economic Literature*, 51(2), 370–422.

Oreopoulos, Philip and Kjell G. Salvanes. 2011. “Priceless: The Nonpecuniary Benefits of Schooling.” *Journal of Economic Perspectives*, 25(1), 159–184.

CLASS 5 THE EDUCATION PRODUCTION FUNCTION I – THEORY

Concepts of the production function in economics—inputs, outputs, input substitution, diminishing marginal returns. Efficient allocation of scarce resources in the production of education.

Lovenheim and Turner – Chapter 7 “How Knowledge is Produced: The Education Production Function.”

Hanushek Eric A. (1979). “Conceptual and Empirical Issues in the Estimation of Educational Production Functions,” *Journal of Human Resources*, 10 (3): 351-388.

LADD/GOERTZ: Chapter 8, Rice and Schwartz.--“Toward an Understanding of Productivity in Education”

CLASS 6 THE EDUCATION PRODUCTION FUNCTION II – DOES MONEY MATTER? EMPIRICAL EVIDENCE

The weak correlation between educational inputs and outcomes (the Hanushek critique).
Evidence on returns to class size from the Tennessee STAR experiment and other sources.
Methodological challenges associated with evaluating the effects of peers and other educational inputs.

Lovenheim and Turner – Chapter 9 “Does Money Matter? The Relationship Between Education Inputs and Educational Outcomes.” Up to page 209.

Fryer, Roland G. and Steven D. Levitt. 2004. “Understanding the Black-White Test Score Gap in the First Two Years of School,” *Review of Economics and Statistics*, 86(2): 447-464.

Carrell, Scott E., Richard L. Fullerton, & James E. West. 2009. “Does Your Cohort Matter? Measuring Peer Effects in College Achievement.” *Journal of Labor Economics*, 27(3), 439–464.

Optional readings

Balestra, Simone, Beatrix Eugster, and Helge Liebert (2021). “Peers With Special Needs: Effects and Policies,” *Review of Economics and Statistics*.

Chetty, Raj et al. 2011. “How Does Your Kindergarten Classroom Affect Your Earnings? Evidence from Project STAR,” *Quarterly Journal of Economics*, 126(4): 1593—1660.

Hanushek, Eric A. (1986). “The Economics of Schooling: Production and Efficiency in Public Schools,” *Journal of Economic Literature*, 24: 1141-1177.

Matorell, Paco, Kevin Strange, and Issac McFarlin Jr. (2016). “Investing in schools: capital spending, facility conditions, and student achievement,” *Journal of Public Economics*, 140: 13-29.

Lafortune, Julien and David Schönholzer (2022). “The Impact of School Facility Investments on Students and Homeowners: Evidence from Los Angeles,” *American Economic Journal: Applied Economics*, 14(3): 254–289

Kang, Changhui (2007). “Classroom peer effects and academic achievement: Quasi-randomization evidence from South Korea,” *Journal of Urban Economics*, 61: 458-495.

Chingos, Matthew M. 2013. “Class Size and Student Outcomes: Research and Policy Implications.” *Journal of Policy Analysis and Management*, 32(2), 411–438.

Leanna Stiefel, Amy Ellen Schwartz and Ingrid Ellen (2007). "Can Public Schools Close the Race Gap? Probing the Evidence in a Large Urban School District," *Journal of Policy Analysis and Management*, 26(1):7-30.

Amy Ellen Schwartz and Leanna Stiefel (2006): "The Nativity Gap: Achievement of New York City Elementary and Middle School Immigrant Students," *Education Finance and Policy*, 1 (1): 17-49.

D'Este, R and Elia Einio, (2021). "Beyond Black and White: The Impact of Asian Peers on Scholastic Achievement," *Economics of Education Review*, 83.

LADD/GOERTZ: Chapter 28, Reardon, Sean, Robinson-Cimpian, and Weathers -- "Patterns and Trends in Racial/Ethnic and Socioeconomic Academic Achievement Gaps"

CLASS 7 FINANCING SCHOOLS I (OVERVIEW, TIEBOUT MODEL, FUNDING FORMULAS)

An introduction to education finance in the United States. Federalism and the financing of public education. The impact of court-ordered school finance reform on the level and distribution of spending, student achievement, private school enrollment, and government behavior.

Lovenheim and Turner – Chapter 8 "The Financing of Local Public Schools." (to 183)

Tiebout, Charles (1956). "A Pure Theory of Local Expenditures," *The Journal of Political Economy*, 64 (5): 416-424.

LADD/GOERTZ: Chapter 15, Downes and Stiefel. -- "Measuring Equity and Adequacy in School Finance"

Optional readings

Baumol, William J. (1993). "Health Care, Education and the Cost Disease: A Looming Crisis for Public Choice," *Public Choice*, 77:17-28.

Duncombe, William D., John Ruggiero, and John Yinger. (1996). "Alternative Approaches to Measuring the Cost of Education." In Helen Ladd (ed.), *Holding Schools Accountable: Performance Based Reform in Education*, The Brookings Institution, Washington, DC: 327-356

Evans, William N., Robert M. Schwab, Kathryn L. Wagner (2019). "The Great Recession and Public Education," *Education Finance and Policy*, 14 (2): 298-326.

Lee, Hojung, Kenneth A. Shores, and Elinor Williams (2022). "The Distribution of School Resources in The United States: A Comparative Analysis Across Levels of Governance, Student Sub-groups, And Educational Resources," Peabody Journal of Education and (EdWorkingPaper: 21-443). Retrieved from Annenberg Institute at Brown University: <https://doi.org/10.26300/58f3-6v39>

LADD/GOERTZ:

Chapter 14, Baker and Green. -- "Conceptions of Equity and Adequacy in School Finance"

Chapter 17, Picus, Goertz, and Odden. -- "Intergovernmental Aid Formulas and Case Studies"

CLASS 8 FINANCING SCHOOLS II (EVALUATION AND CONSEQUENCES OF SCHOOL FINANCE REFORM)

Lovenheim and Turner – Chapter 8 "The Financing of Local Public Schools." (183 to end)

(D1) Eric Brunner, Joshua Hyman, and Andrew Ju (2019). "School Finance Reforms, Teachers' Unions, and the Allocation of School Resources," *Review of Economics and Statistics*

(D2) Jackson, C. Kirabo, Rucker C. Johnson, & Claudia Persico. 2015. "The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms." *Quarterly Journal of Economics*, 10 (2): 1-26.

Optional readings

Rothstein, Jesse, Julien Lafortune and Diane Schanzenbach (2018). "School Finance Reform and the Distribution of Student Achievement" *American Economic Journal: Applied Economics*

Murray, Sheila E., William N. Evans and Robert M. Schwab (1998). "Education-Finance Reform and the Distribution of Education Resources," *American Economic Review*, 88: 789-812.

Hyman, J. (2017). "Does Money Matter in the Long Run? Effects of School Spending on Educational Attainment." *American Economic Journal: Economic Policy*, 9(4), 256–280.

Jackson, C. Kirabo, Cora Wigger, and Heyu Xiong (2021). "Do School Spending Cuts Matter? Evidence from the Great Recession," *American Economic Journal: Economic Policy*, 13(2): 304–335

Rothstein, Jesse and Diane Whitmore Schanzenbach (2022). "Does money still matter? Attainment and earnings effects of post-1990 school finance reforms," *Journal of Labor Economics* 40 (S1): S141-S178 and Working Paper 29177 <http://www.nber.org/papers/w29177>, National Bureau of Economic Research, Cambridge, MA 02138

LADD/GOERTZ:

Chapter 16: Duncombe, Nguyen-Hoang, and Yinger -- "Measurement of Cost Differentials"

Chapter 21, Corcoran and Evans.--"Equity, Adequacy and the Evolving State Role in Education Finance"

CLASS 9 DISRUPTIONS TO LEARNING; ON-LINE LEARNING

How have disruptions due to natural disasters/summer affected learning; how effective is on-line learning?

Disruptions:

Atteberry, Allison, and Andrew McEachin. (2021). "School's Out: The Role of Summers in Understanding Achievement Disparities," *American Educational Research Journal*, 58(2): pp. 239-282

Gershenson, S., Jackowitz, A., & Brannegan, A. (2017). "Are student absences worth the worry in US primary schools?" *Education Finance and Policy*, 12 (2), 137-165.

Bethhauser, B., Bach-Mortensen, A., & Engzell, P. (2023). "[A systematic review and meta-analysis of the evidence on learning during the Covid-19 pandemic?](#)" *Nature Human Behaviour*, on-line

On-line:

Bettinger, Eric P. , Lindsay Fox, Susanna Loeb, and Eric S. Taylor (2017). "Virtual Classrooms: How Online College Courses Affect Student Success," *American Economic Review* 107(9): 2855–2875.

Optional reading

Sacerdote, Bruce. 2012. "When the Saints Go Marching Out: Long-Term Outcomes for Student Evacuees from Hurricanes Katrina and Rita." *American Economic Journal: Applied Economics*, 4 (1): 109-35.DOI: 10.1257/app.4.1.109

Goodman, Joshua, Julia Melkers, and Amanda Pallais. 2019. "Can Online Delivery Increase Access to Education?" *Journal of Labor Economics* 37(1): 1-34.

Lavy, V (2015), "Do Differences in Schools' Instruction Time Explain International Achievement Gaps? Evidence from Developed and Developing Countries," *Economic Journal* 125.

Liu, Jing, Monica Lee, and Seth Gershenson. (2021). "[The Short- and Long-Run Impacts of Secondary School Absences.](#)" Journal of Public Economics, 199:1-16 (EdWorkingPaper: 20-125).

Von Hippel. Paul; T. (2020). "How Will the Coronavirus Crisis Affect Children's Learning? Unequally." Education Next.

Goodman, Joshua. 2014. "Flaking Out: Student Absences and Snow Days as Disruptions of Instructional Time." NBER Working Paper 20221.

Quinn, D., & Polikoff, M. (2017). "[Summer learning loss: What is it, and what can we do about it. Washington, DC: Brookings Institution.](#)"

Hart, Cassandra M. D., Davis Dan Berger Brian Jacob, Susanna Loeb, Michael Hill (2019). "Online Learning, Offline Outcomes: Online Course Taking and High School Student Performance," AERA Open January-March 2019, 5 (1): 1–17.

Soland, Jim,, Megan Kuhfeld, Beth Tarasawa, Angela Johnson, Erik Ruzek, and Jing Liu (May, 2020). "The Impact of Covid-19 on student achievement and what it may mean for educators," Brown Center Chalkboard, May 27, 2020

Hansen, Benjamin, [School Year Length and Student Performance: Quasi-Experimental Evidence](#) (October 20, 2011).

Jonathan Guryan et al. (2023). "[Not Too Late: Improving Academic Outcomes among Adolescents.](#)" American Economic Review, 113(3): 738–765

CLASS 10 SCHOOL CHOICE

The economic rationale for school choice. Framework for evaluating school choice policies. Evidence on the effectiveness of school vouchers and charter schools in raising school quality and student performance. Do private schools perform better than public schools? Does school choice promote segregation? Other effects of market-based school choice policies.

Lovenheim and Turner – Chapter 10 "School Choice: A Market-Based Approach to Education Reform."

Peterson, Paul, William G. Howell, Patrick J. Wolf, David E. Campbell (2002). "School Vouchers and Academic Performance: Results from Three Randomized Field Experiments," Journal of Policy and Management, 21 (2): 191-217.

Angrist, Joshua D., Sarah R. Cohodes, Susan M. Dynarski, Parag A. Pathak, Christopher R. Walters (2016). "Stand and Deliver: Effects of Boston's Charter High Schools on College Preparation, Entry, and Choice," Journal of Labor Economics, 34(2), pt. 1:275-318.

Optional reading

Rouse, Cecilia Elena and Lisa Barrow. 2009. "School Vouchers and Student Achievement: Recent Evidence and Remaining Questions." *Annual Review of Economics*, Vol. 1, pp. 17-42.

Bifulco, Robert and Helen F. Ladd. 2007. "School Choice, Racial Segregation, and Test-Score Gaps: Evidence from North Carolina's Charter School Program." *Journal of Policy Analysis and Management*, Vol. 26, pp. 31-56.

Sass, Tim (2006). "Charter Schools and Student Achievement in Florida," *Education Finance and Policy*, 1 (1): 91-122

Bifulco, Robert and Helen F. Ladd (2006). "The Impacts of Charter Schools on Student Achievement: Evidence from North Carolina," *Education Finance and Policy*, 1 (1): 50-90.

Gilraine, Michael, Uros Petronijevic, and John D. Singleton (2021). "Differentiation and the Policy Effect of Charter Schools," *American Economic Journal: Economic Policy*, 13(3): 239–276 (You can skip the mathematical derivations and just read the text).

LADD/GOERTZ:

Chapter 13, Gill and Booker —"School Competition and Student Outcomes,"

Chapter 25, Bifulco and Buckley -- "Charter Schools"

Chapter 26, Zimmer and Bettinger -- "Beyond the Rhetoric: Surveying the Evidence on Vouchers and Tax Credits,"

CLASS 11 TEACHER LABOR MARKETS I – MEASURING TEACHER QUALITY

Measuring teacher quality and teaching effectiveness, and which measurable attributes of teachers contribute most to student outcomes.

Lovenheim and Turner – Chapter 9 "Does Money Matter?" from p. 210 to the end

LADD/GOERTZ; Chapter 10, Goldhaber. -- "Teachers Clearly Matter, But Finding Effective Teacher Policies Has Proven Challenging."

Corcoran, Sean P., William N. Evans and Robert M. Schwab (2004). "Women, the Labor Market, and the Declining Relative Quality of Teachers," *Journal of Policy Analysis and Management*, 23 (3): 449-470.

CLASS 12 TEACHER LABOR MARKETS II– TEACHER SUPPLY AND DEMAND

Teacher compensation, factors that influence the demand for and supply of teachers, teachers unions, and the analysis of merit pay policies. Teacher labor markets in developing nations.

Lovenheim and Turner – Chapter 12 “Teacher Labor Markets.”

Murnane, Richard J., and Jennifer L. Steele. 2007. “What Is the Problem? The Challenge of Providing Effective Teachers for All Children,” *The Future of Children*, Vol. 17, 15-43.

Hoxby, Caroline M. (1996). "How Teacher's Unions Affect Education Production," *The Quarterly Journal of Economics*, 111 (3): 671-718.

Optional reading

Lankford, Hamilton, Susanna Loeb and James Wyckoff. 2002. “Teacher Sorting and the Plight of Urban Schools: A Descriptive Analysis,” *Educational Evaluation and Policy Analysis*, 24(1): 37—62.

Strunk, Katharine O. (2011). "Are Teachers' Unions Really to Blame? The Relationships between Teachers' Union Contract Restrictiveness, District Resource Allocation and Student Test Scores in California." *Education Finance and Policy*, 6(30): 354-398.

Rivkin, Steven G., Erik A. Hanushek and John F. Kain (2005). “Teachers, Schools and Academic Achievement,” *Econometrica*, 73 (2): 417-458.

Boyd, Donald et al (2008). “The Narrowing Gap in New York city Teacher Qualifications and Its Implications for Student Achievement in High Poverty Schools,” *Journal of Policy Analysis and Management*, 27 (4): 793- 818.

Hanushek, Eric A. and Steven G. Rivkin (2004). How to Improve the Supply of High Quality Teachers,” in Diane Ravitch, ed., *Brookings Papers on Education Policy*, 2004: Brookings Institution, Washington DC: 7-25

Podursky, Michael J. and Matthew G. Springer (2007), “Teacher Performance Pay: A Review,” *Journal of Policy Analysis and Management*, 26 (4): 909-949.

Kane, Thomas J., Jonah E. Rockoff, Douglas O. Staiger (2008). “What does certification tell us about teacher effectiveness? Evidence from New York City,” *Economics of Education Review*, 27: 615-631.

Boyd, Donald, Hamilton Lankford, Susanna Loeb & James Wyckoff (2005). "The Draw of Home: How Teachers' Preferences for Proximity Disadvantage Urban Schools," *Journal of Policy Analysis and Management*, 24 (1): 113-132.

LADD/GOERTZ: ch. 30, Adnot and Wyckoff – "Increasing the Effectiveness of Teachers in Low-Performing Schools."

Farber, Harry, Daniel Herbst, Ilyan Kuziemko, Suresh Naidu (2021). "Unions and inequality over the twentieth century: new evidence from survey data," *Quarterly Journal of Economics*, 136 (3): 1325–1385.

Barbara Biasi (2021). "The Labor Market for Teachers under Different Pay Schemes," *American Economic Journal: Economic Policy*, 13(3): 63–102

CLASS 13 SCHOOL ACCOUNTABILITY

The use of test outcomes to evaluate school performance and to promote the efficient use of school resources. Difficulties in the measurement of school quality, and the unintended consequences of test-based accountability.

Lovenheim and Turner – Chapter 11 "Test-Based Accountability Programs."

Dee, Thomas S. and Brian Jacob. 2011. "The Impact of No Child Left Behind on Student Achievement." *Journal of Policy Analysis and Management*, 30(3), 418–446.

Other recommended readings:

Hanushek, Eric A. and Margaret E. Raymond. 2005. "Does School Accountability Lead to Improved Student Performance?" *Journal of Policy Analysis and Management*, 24(2): 297-327.

Optional reading

Figlio, David N. and Cecilia Elena Rouse. 2006. "Do Accountability and Voucher Threats Improve Low-Performing Schools?" *Journal of Public Economics*, 90(1-2): 239-255.

Murnane, Richard, John P. Papay, John B. Willett (2010). "The Consequences of High School Exit Exams for Low Performing Urban Students: Evidence from Massachusetts," *Educational Evaluation and Policy Analysis*

Harris, Douglas (2009). "Would Accountability Based on Teacher Value Added be Smart Policy," *Education Finance and Policy*: 319-350.

Rothstein, Jesse (2009). "Student Sorting and Bias in Value –Added: Selection on Observables and Unobservables," *Education Finance and Policy*: 537-571 pages 537-553 only.

Carnoy, Martin and Susanna Loeb (2003). "Does External Accountability Affect Student Outcomes? A Cross-State Analysis," *Educational Evaluation and Policy Analysis*, 24 (4): 305-332.

Stiefel, Leanna, Amy Ellen Schwartz and Colin Chellman (2006). "So Many Children Left Behind: Segregation and the Impact of No Child Left Behind on the Racial Test Score Gap," *Educational Policy* Stiefel,

Winters, Marcus and Joshua M. Cowen (2012). "Grading New York: Accountability and Student Proficiency in America's Largest School District," *Educational Evaluation and Policy Analysis*, 34(3): 313-327.

Deming, David J., Sarah Cohodes, Jennifer Jennings, Christopher Jencks (2016). "School Accountability, Postsecondary Attainment and Earnings," *Review of Economics and Statistics*.

LADD/GOERTZ:

Chapter 12, Figlio and Ladd -- "School Accountability and Student Achievement"

Chapter 31, Harris -- "Effects of Educational Policies on Disadvantaged Students: From Desegregation to Accountability" (part on accountability)

CLASS 14 THE ECONOMICS OF HIGHER EDUCATION

Applications of economics to the study of higher education. Differences in college access by race, ethnicity, gender, and socioeconomic status. The roles of primary and secondary schools, expectations and information, price, and financial aid in college access and success.

Lovenheim and Turner – Chapter 13 "Market Dimensions of Higher Education in the United States" (especially sections 13.1 and 13.3).

Lovenheim and Turner – Chapter 14 "Paying for College: Student Financial Aid Policies and Collegiate Enrollment."

Bettinger, Eric P., Bridget Terry Long, Philip Oreopoulos, Lisa Sanbonmatsu. 2012. "The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment." *The Quarterly Journal of Economics*, 127(3), 1205–1242.

Dale, Stacey B. and Alan B. Krueger (2014). "Estimating Effects of College Characteristics over the Career using Administrative Data," *Journal of Human Resources*, 49 (2): 323-358.

Optional reading

Lovenheim and Turner – Chapter 15 “The Economics of College Life: Admissions, Peer Effects, and Graduation.”

Chetty, R., Deming, D., & Friedman, J. (2023). [“Diversifying society’s leaders? The causal effects of admission to highly selective private colleges”](#) Working Paper 31492

Long, Bridget Terry. 2007. “The Contributions of Economics to the Study of College Access and Success.” Teachers College Record. Vol. 109 No. 10, pp. 2367-2443.

Dynarski, Susan, and Scott-Clayton, Judith. 2013. “Financial Aid Policy: Lessons from Research.” The Future of Children, 23(1), 67–91.

Goldin, Claudia, Lawrence F. Katz, and Ilyana Kuziemko. 2006. “The Homecoming of American College Women: The Reversal of the College Gender Gap.” Journal of Economic Perspectives. Vol. 20, No. 4, pp. 133-156.

Zimmerman, Seth (2019). “Elite Colleges and Upward mobility to Top Jobs and Top Incomes,” American Economic Review, 100(1): 1-47.

Recommended Journals with Frequent Articles on Economics of Education

Economics of Education Review (EER)

Education Finance and Policy (EFP)

Journal of Education Finance (JEF)

Educational Evaluation and Policy Analysis (EEPA)

Journal of Policy Analysis and Management (JPAM)

Journal of Human Resources (JHR)

Journal of Labor Economics (JOLE)

Journal of Public Economics (JPUB)

American Economic Journal: Applied Economics, Economic Policy, and Microeconomics

Some Websites Useful in Economics of Education

National Bureau of Economic Research <http://papers.nber.org/papersbyprog//ED.html>

The Urban Institute: www.urban.org

RAND: www.rand.org

Mathematica Policy Research www.mathematica-mpr.com

American Institutes for Research (AIR): www.air.org

The Brookings Institute's Brown Center: www.brook.edu/gs/brown/default.htm

Economic Policy Institute <https://www.epi.org/>

U.S. Dept of Education, National Center for Educational Statistics nces.ed.gov

Education Commission of the States. www.ecs.org

The Government Accountability Office <https://www.gao.gov/>

The Fordham Foundation <https://fordhaminstitute.org/>
WestEd Policy Program <https://www.wested.org/policy>
Education Week <https://www.edweek.org/>
State Higher Education Executive Officers: <https://sheeo.org/>
Phi Delta Kappan <https://pdkintl.org/kappan/>
Association for Education Finance and policy <https://aefpweb.org/>
Harvard Program on Education Policy and Governance
<https://www.hks.harvard.edu/centers/taubman/programs-research/pepg>
National Center for the Study of Privatization in Education - Teachers College, Columbia
University <https://ncspe.tc.columbia.edu/>
The National Education Association <https://www.nea.org/>
American Federation of Teachers <https://www.aft.org/>
What Works Website <https://ies.ed.gov/ncee/wwc/>
New York City Department of Education <https://www.schools.nyc.gov/>
New York State Department of Education <https://www.nysed.gov/>
Independent Budget Office of New York City <https://www.ibo.nyc.ny.us/>
Gotham schools <http://gotheamschools.org>

Student information sheet

Name _____

What areas or issues interest you about education economics and finance?

What do you hope to learn or gain from taking this course?

What kind of job do you wish to obtain after graduation?

Do you have any concerns about the course that you would like to share?

Degree/School in which enrolled

Fulltime

Part-time

Brief description of work experience (if any):

Other information of interest, especially to help us get to know you faster.

NYU Brightspace

All announcements, resources, and assignments will be delivered through the NYU Brightspace site. I may modify assignments, due dates, and other aspects of the course as we go through the term with advance notice provided as soon as possible through the course website.

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner's Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with me.

Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.