

Ph.D. Course in Economics of Education, Bavarian Graduate Program in Economics,
27 February - 2 March, 2012

Instructors:

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Orrington Lunt Professor of Economics, Education and Social Policy, Northwestern University

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Course Description:

This weeklong course will provide students with an overview of many of the key theoretical and empirical concepts associated with the current education issues of vital interest to economists. While the limited time precludes complete coverage of the area, the course will cover a wide range of topics including school accountability, school choice and vouchers, teacher compensation and incentives, student incentives, and the political economy of education finance.

This is a very intense course that will include 17 hours of lecture and 6 hours of formal class discussion, as well as 8 hours of scheduled group work and numerous hours of time allocated to out-of-class readings previous to and over the course of the week. Students will submit an examination to the instructors no later than Friday, 16 March, 2012.

A typical day will include the following:

(1) Two two-hour lectures, one each by Professors Figlio and Romano. Students will be expected to read the assigned papers prior to the lecture. (Monday through Thursday)

(2) A two-hour block for group work on "thought exercises" to be discussed the following morning. The purpose of these exercises is to have students extend or apply the material discussed that day in lectures. Students will be divided into groups and will be given an assignment to investigate/explore during the two-hour time window. Groups will then write a one-page summary of their work to give to the instructors the following morning. Two of the thought exercises will be assigned by Professor Romano and two will be assigned by Professor Figlio. (Monday through Thursday)

(3) A 90-minute group discussion of the previous afternoon's thought exercise. These discussions will be moderated by the instructor who assigned the thought exercise. Each group will make a fifteen minute presentation of their work, followed by a moderated discussion of what we learned from the exercise. (Tuesday through Friday)

For the final examination, students will select one theoretical paper and one empirical paper from a set of choices that will be provided. For each paper, students will write a 5-7 page, double-spaced document that provides a thoughtful summary of the paper in the context of the related literature and a critical discussion of the strengths and weaknesses of the paper, together with a view of the directions that the research should go in the future. Final examinations will be submitted to the instructors by email.

Course schedule:

Monday, 27 February 2012

09:00-10:00: Course overview (Figlio and Romano)

10:00-10:15: Coffee break

10:15-12:15: Lecture 1: Theory of school choice and competition; peer effects (Romano)

12:15-13:30: Lunch

13:30-15:30: Lecture 2: Empirical evidence on the economics of school vouchers (Figlio)

15:30-17:30: Group work on thought exercise 1

19:00: Dinner

Tuesday, 28 February 2012

09:00-10:30: Review of thought exercise 1 (Figlio)

10:30-10:45: Coffee break

10:45-12:45: Lecture 3: Political economy of education finance (Romano)

12:45-14:00: Lunch

14:00-16:00: Lecture 4: School accountability (Figlio)

16:00-18:00: Group work on thought exercise 2

19:00: Dinner

Wednesday, 29 February 2012

09:00-10:30: Review of thought exercise 2 (Romano)

10:30-10:45: Coffee break

10:45-12:45: Lecture 5: Tiebout educational provision (Romano)

12:45-14:00: Lunch

14:00-16:00: Lecture 6: Evidence on performance pay for educators (Figlio)

16:00-18:00: Group work on thought exercise 3

19:00: Dinner

Thursday, 1 March 2012

09:00-10:30: Review of thought exercise 3 (Figlio)

10:30-10:45: Coffee break

10:45-12:45: Lecture 7: Student incentives (Figlio)

12:45-14:00: Lunch

14:00-16:00: Lecture 8: Educator objectives (Romano)

16:00-18:00: Group work on thought exercise 4

19:00: Dinner

Friday, 2 March 2012

09:00-10:30: Review of thought exercise 4 (Romano)

10:30-11:00: Course wrap-up; expectations for final examination (Figlio and Romano)

Reading list:

Readings for Monday, 27 February:

Joshua Angrist, Eric Bettinger, Erik Bloom, Elizabeth King and Michael Kremer. "Vouchers for Private Schooling in Colombia: Evidence from a Randomized Natural Experiment," *American Economic Review*, 2002, pp. 1535-1558.

David Figlio and Cassandra Hart. "Competitive Effects of Means-Tested School Vouchers," NBER working paper, 2011.

Justine Hastings and Jeffrey Weinstein. "Information, School Choice, and Academic Achievement: Evidence from Two Experiments," *Quarterly Journal of Economics*, 2008, pp.1373-1414.

Caroline Hoxby. "Does Competition Among Public Schools Benefit Students and Taxpayers?" *American Economic Review*, 2000, pp.1209-1238.

Dennis Epple and Richard Romano, "Educational Vouchers and Cream Skimming," *International Economic Review*, 2008, v 49, pp. 1395 – 1435.

_____, "Peer Effects in Education: A Survey of the Theory and Evidence," *Handbook of Social Economics*, v. 1B, 2011, Jess Benhabib, Alberto Bisin, and Matthew Jackson, eds., Elsevier Science, North Holland, Chapter 20, 1053-1163.

Readings for Tuesday, 28 February:

Atila Abdulkadiroglu, Joshua Angrist, Susan Dynarski, Thomas Kane and Parag Pathak, "Accountability and Flexibility in Public Schools: Evidence from Boston's Charters and Pilots," *Quarterly Journal of Economics*, 2011.

Damon Clark. "The Performance and Competitive Effects of School Autonomy," *Journal of Political Economy*, 2009, pp.745-783.

Dennis Epple and Richard Romano, "Ends Against the Middle: Determining Public Service Provision When There Are Private Alternatives," *Journal of Public Economics*, 1996, v62, pp. 297-325.

_____, "On the Political Economy of Educational Vouchers," working paper.

David Figlio. "Testing, Crime and Punishment." *Journal of Public Economics*, 2006, pp.837-856.

David Figlio and Maurice Lucas. "What's in a Grade? School Report Cards and the Housing Market." *American Economic Review*, 2004, pp.591-604.

Derek Neal and Diane Schanzenbach. "Left Behind By Design: Proficiency Counts and Test-Based Accountability," *Review of Economics and Statistics*, 2010, pp.263-283.

Readings for Wednesday, 29 February:

Roland Benabou, "Equity and Efficiency in Human Capital Investment," *Review of Economic Studies*, 1996, v62, pp. 237-264.

Stephen Calabrese, Dennis Epple, and Richard Romano, "Inefficiencies from Metropolitan Political and Fiscal Decentralization: Failures of Tiebout Competition," *Review of Economic Studies*, forthcoming.

Paul Glewwe, Nauman Ilias, and Michael Kremer. "Teacher Incentives," *American Economic Journal*, 2010, pp.205-227.

Victor Lavy. "Performance Pay and Teachers' Effort, Productivity, and Grading Ethics," *American Economic Review*, 2009, pp.1979-2021.

Karthik Muralidharan and Venkatesh Sundararaman. "Teacher Performance Pay: Experimental Evidence from India," *Journal of Political Economy*, 2011.

Jesse Rothstein. "Teacher Quality in Educational Production: Tracking, Decay, and Student Achievement," *Quarterly Journal of Economics*, 2010, pp. 175-214.

Readings for Thursday, 1 March:

Eric Bettinger, "Paying Elementary School Students to Perform." Forthcoming, *Review of Economics and Statistics*. (NBER working paper 16333)

Dennis Epple, Richard Romano, and Holger Sieg, "Admission, Tuition, and Financial Aid Policies in the Market for Higher Education," *Econometrica*, 2006, v74, pp. 885-928.

Gadi Barlevy and Derek Neal, "Pay for Percentile," *American Economic Review*, forthcoming.

C. Kirabo Jackson. "A Stitch in Time: The Effects of a Novel Incentive-Based High-School Intervention on College Outcomes," NBER working paper 15722.