Cost Benefit Analysis *(1/20/2025)*

A. Course Information Spring 2025

EPPS 7304-501 (CN 27975)
Monday 7:00 pm - 9:45 pm. FN 2.304

B. Professor Contact Information

Professor Simon Fass
Office phone: 972 883 2938
Email: via eLearning "Course Messages" (or fass@utdallas.edu only if Course Messages doesn't work)
Office location: GR 3.224
Office hours: Monday and Tuesday: 5:00 pm - 6:30 pm

C. Course Pre-requisites:

Familiarity with Excel spreadsheets and with microeconomics are helpful but not essential. These bits of useful knowledge will be acquired as the course moves forward.

D. Course Description

Cost-benefit analysis (CBA) is a method of analysis that helps to assess the value of proposed or actual policies, programs and projects undertaken by public and private sector actors. It is a structured approach to weighing the pros and cons of alternative courses of action. In essence, as the method's name implies, it compares the benefits that flow from policy, program, or project actions to the costs that these actions incur to produce those benefits. This comparison helps to differentiate between actions that make better use of resources to reach their objectives from actions that make poorer use of them.

Organized around basic microeconomic theories of behavior, the course provides a conceptual and practical introduction to the method and way of thinking. Themes covered include identification of cost and benefit components, valuation of these components, converting future to present values, dealing with uncertainty, estimating impacts in different policy domains, and accounting for transfers between winners and losers that invariably result from intervention.

E. Student Learning Objectives/Outcomes

Goals of the course include:

- understanding the conceptual underpinnings, fundamental principles and tools of CBA
- applying CBA to assess policies, programs & projects from both societal and individual perspectives
- recognizing CBA's strengths as well as its limitations
- ability to distinguish between strong and weak CBA studies, and to critique both well

F. Required Materials

Text: Harry F. Campbell and Richard P.C. Brown. 2023. Cost-benefit analysis: financial and economic appraisal using spreadsheets. 3rd edition**.** Routledge, 2023. **[Campbell]**

Software: Microsoft Excel

G. Suggested additional texts

J. Mishan and Euston Quah. 2021. Cost-Benefit Analysis, 6th edition, Routledge
Ginés de Rus. 2014. Introduction to Cost-Benefit Analysis: Looking for Reasonable Shortcuts. Edward Elgar
Boardman, Greenberg, Vining & Weimer. 2018. Cost Benefit Analysis: Concepts & Practice, 5th edition, Prentice Hall.

H. Assignments

There are 3 assignments: a research paper, summaries & discussion of readings, and analytical exercises. The research paper is about 7 single-spaced pages in length, excluding quotes, notes, references, charts, etc. The paper should critically review a major theme or idea relevant to Cost Benefit Analysis. It must assure that:

- the content/argument aligns with class themes,
- references comprise at least 15 scholarly articles, books or reports, presented in consistent format,
- all paraphrased ideas are properly attributed to their authors,
- quoted materials are in quotes with full, complete page references provided,
- it does not adopt AI as co-author
- all items cited in the body of the paper are properly referenced in the bibliography (and vice-versa) and
- it faithfully adheres to posted formatting and submission guidelines.

Summaries comprise preparation, distribution, and presentation of synopses of readings assigned individually to students (i.e., each student does a total of 2 or 3 summaries). The summary is 1 to 2 pages long and follows posted formatting and submission guidelines. It is shared with everyone in the course before 11:59 pm on the evening prior to class, via "Course Messages" in eLearning. During class the student presents the summary – embellished with PowerPoint slides if desired - and stimulates discussion of the article's content, strengths and weaknesses. I will assume that everyone will have digested the summary before class (ideally, the article too). Useful discussion builds on familiarity with the subject under view. Active and informed participation is expected, as is attentiveness and arriving to class on time.

Analytical exercises (total number to be determined) are CBA calculation assignments that students carry out with Excel and explain the result.

I. Academic Calendar

Note: 1. Non-textbook items listed below are available on the e-learning course page.
2. Items in **black font** are required readings… i.e., read them thoroughly.
3. Items in **blue font** are designated as summary assignments

1. January 27: Overview

Campbell Ch.1: Introduction to cost-benefit analysis

The Economist (Apr 23, 2014). *Why doing a cost-benefit analysis is harder than it looks.*

2. February 3: Fundamentals

Campbell Ch.2: Project appraisal: principles

White, D. and Gary VanLandingham. 2015. *Benefit-Cost Analysis in the States: Status, Impact, and Challenges*, Journal of Benefit Cost Analysis; 6(2):369–399

Layard, R., et al. 2007. *Cost-benefit analysis of psychological therapy.* National Institute Econ Rev 202: 90

Yu, S.Y. 2021. *An In Medias Res Economic Cost-Benefit Analysis of ACT Container Deposit Scheme*. Econ Pap, 40: 78-90

3. February 10: Assessment Measures

Campbell Ch.3: Project appraisal: decision rules

Adler, M. D. and Posner, E. A. (2000). *Implementing cost benefit analysis when preferences are distorted*. The Journal of Legal Studies, 29(S2):1105–1147

Nelson, R.H. 1996. *How Much is God Worth*? Competitive Enterprise Institute

4. February 17: Individual Perspectives

Campbell Ch.4: Private cost-benefit analysis: financial appraisal

Thunström, L., Stephen C. Newbold, David Finnoff, Madison Ashworth and Jason F. Shogren. 2020. *The Benefits and Costs of Using Social Distancing to Flatten the Curve for COVID-19*. Journal of Benefit Cost Analysis; 11(2):179–195

Carlson, D., Simon Haeder, Hank Jenkins-Smith, Joseph Ripberger, Carol Silva and David Weimer. 2020. *Monetizing Bowser: A Contingent Valuation of the Statistical Value of Dog Life*. Journal of Benefit Cost Analysis; 11(1):131–149

5. February 24: Societal Perspectives

Campbell Ch.5: Cost-benefit analysis and economic efficiency

Boardman, A., Vining, A., and Waters, W. G. (1993). *Costs and Benefits Through Bureaucratic Lenses:*

Martin, L. and Richard Lotspeich. 2013. *A Benefit-Cost Framework for Early Intervention to Prevent Sex Trading*. Journal of Benefit Cost Analysis. 5(1): 43–87

Viscusi, W. K. 2013. *Estimating the value of a statistical life using census of fatal occupational injuries data,* Vanderbilt Law and Economics Research Paper No. 13-17

6. March 3: Who Gets What

Campbell Ch.6: The distribution of project net benefits

Zimmerman, D. 1997. *Ch 4: Subsidizing Stadiums: Who Benefits, Who Pays*? in Noll & Zimbalist, eds. Sports, Jobs & Taxes: The Economic Impact of Sports Teams & Stadiums," Brookings 119-45.

Noll, R. and A. Zimbalist. 1997. *The Economic Impacts of Sports Teams and Facilities*, in Noll, R and A. Zimbalist, eds. Sports, Jobs & Taxes: The Economic Impact of Sports Teams and Stadiums," Brookings Institution, pp.55-91.

7. March 10 9 : Midterm Quiz and research paper progress report presentation

March 17 no class - Spring Break

8. March 24: Winners and Losers

Campbell Ch.7: Consumer and producer surplus in cost-benefit analysis

Lind, R. 1999. *Chapter 17: Analysis for Intergenerational Decision Making*, in P. Portney and J.P. Weyant, eds. Discounting and Intergenerational Equity, Resources for the Future.

Newell, R. and W. Pizer, 2002. *Discounting the Benefits of Climate Change Policies Using Uncertain Rates* Resources, Winter, Issue 146.

9. March 31: Market-Free Valuation

Campbell Ch.8: Non-market valuation

Diamond, P. and J. Hausman, 1994. Contingent Valuation: Is Some Number Better than No Number? Journal of Economic Perspectives, 8(4), pp. 45-64

Blomquist, GC., Paul A. Coomes, Christopher Jepsen, Brandon C. Koford and Kenneth R. Troske. 2014. *Estimating the Social Value of Higher Education: Willingness To Pay For Community and Technical Colleges*. Journal of Benefit Cost Analysis. 5(1): 3–41

Farrow, S. and Douglas M Larson. 2012. *News and Social Cost: The Case of Oil Spills and Distant Viewers*. Journal of Benefit-Cost Analysis: Vol. 3: Issue. 4, Article 4.

Cohen, MA. 2015. *Willingness to Pay to Reduce White-Collar and Corporate Crime*. Journal of Benefit Cost Analysis.6(2):305–324

10. April 7: Incorporating Risk

Campbell Ch.9: Uncertainty, information and risk

Durkin, J.T., and Greeley, A.M. 1991. *A Model of Religious Choice Under Uncertainty: On Responding Rationally to the Nonrational*, Rationality and Society, 3:2. 178-196

Marc Jeuland, Marcelino Lucas, John Clemens, and Dale Whittington. 2009. *A Cost–Benefit Analysis of Cholera Vaccination Programs in Beira, Mozambique*. The World Bank Economic Review, Vol. 23, No. 2, pp. 235–267

Jaldell, H. 2013. Cost-Benefit Analyses of Sprinklers in Nursing Homes for Elderly. Journal of Benefit-Cost Analysis; 4(2): 209–235

11. April 14: Assessing Risk

Campbell Ch.9: Uncertainty, information and risk

Camerer, C. and H. Kunreuther.1989. *Decision Processes for Low Probability Events: Policy Implications*, Journal of Policy and Management, September. 8(4) pp.565-92.

Viscusi, W. K. (2009). *Valuing risks of death from terrorism and natural disasters*. Journal of Risk and Uncertainty, 38(3):191–213

12. April 21: Economic Impact

Campbell Ch 12: Economic Impact Analysis

Whitson, D. and Horne, J. 2006. *Underestimated costs and overestimated benefits? comparing the outcomes of sports mega-events in Canada and Japan*. The Sociological Review, 54(2):73–89

Jensen, JD., Morten Raun Mørkbak, and Jonas Nordström. 2012. *Economic Costs and Benefits of Promoting Healthy Takeaway Meals at Workplace Canteens*. Journal of Benefit-Cost Analysis: Vol. 3: Iss. 4,

Angelis, DL, Ford, D and Dillard, J. 2015. *Chapter 14: Real options in military acquisition: … a case study of the Javelin anti-tank missile (348-362*) in F. Melese, A. Richter, & B. Solomon (eds). 2015. Military CBA: Theory and Practice. Routledge

13. April 28: Presentation and Submission of Class Paper

14. May 5 Final Quiz

J. Grading Policy

Course grade, ranging A through F, derives from performance on a: mid-term quiz (15%), final quiz (15%), class paper and presentation (15%), analytical exercises (35%), and reading summaries/presentations (20%)

The grading structure is:

96% or more = A (4.00)	81% to 85% = B (3.00)	66% to 70% = C (2.00)
91% to 95% = A- (3.67)	76% to 80% = B- (2.67)	65% or less = F (0.00)
86% to 90% = B+ (3.33)	71% to 75% = C+ (2.33)	

K. Course & Instructor Policies

Make-up Exams:	none
Extra Credit:	none
Late Work:	10% of assignment value lost for each day overdue
Class Citizenship:	civility and politeness are much appreciated

L. Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

"As a Comet, I pledge honesty, integrity, and service in all that I do."

M. Academic Support Resources*

The information contained in the following link lists the University's academic support resources for all students. Please see http://go.utdallas.edu/academic-support-resources.

N. UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to http://go.utdallas.edu/syllabus-policies for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.