



**Course** ECO 4396-002 Economics of Education  
**Professor** Dr. Susan Williams McElroy  
**Term** Fall 2007  
**Meetings** Tuesday 4:00 to 6:45 P.M., GR 2.530

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#### Professor's Contact Information

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**Office Location** GR 2.538 (ground floor of Green Hall)  
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**Office Hours** Monday 3:30 to 5:00 PM and by appointment

#### General Course Information

<b>Pre-requisites and other restrictions</b>	The prerequisites for Economics of Education are Principles of Microeconomics (ECO 2302) or Principles of Macroeconomics (ECO 2301). It is also helpful if students have had some exposure to statistics.
<b>Course Description</b>	Economics of Education is an upper division course designed to introduce students to the use of economic methods of the analysis of education and education policy. The primary theoretical framework for the course includes concepts from microeconomics and macroeconomics. A variety of topics are covered in the course including investment in human capital, education and the labor market, education and economic development, education and poverty, and school finance. Special emphasis is placed on exposure to and understanding of economic models applied to education, including economic models of student achievement and other educational outcomes.
<b>Learning Outcomes</b>	<p>This course applies central economic concepts to education and integrates economic principles into the study of education. After completing this course successfully, students will:</p> <ol style="list-style-type: none"><li>1. have a command of economic theories relevant to education and education policy</li><li>2. know how to comprehend, interpret, and analyze education and education policy in an economic framework</li><li>3. be able to apply economic principles to education and education policy</li><li>4. have substantive experience in and be proficient in quantitative data analysis in the area of economics of education</li></ol>
<b>Required Texts</b>	<ol style="list-style-type: none"><li>1. Lewis-Beck, Michael. <i>Applied Regression</i>. 1980. Sage Publications. ISBN 0803914946; hereafter referred to as Lewis-Beck.</li><li>2. Schweke, William. 2005. <i>Smart Money: Education and Economic Development</i>. ISBN 1932066101; hereafter referred to as Schweke.</li><li>3. Mishel, Lawrence and Richard Rothstein, eds. 2002. <i>The Class Size Debate</i>. Washington, D.C.: Economic Policy Institute. ISBN 0324269099; hereafter referred to as Mishel and Rothstein, eds.</li></ol>

## Assignments and Academic Calendar

### Tuesday, August 21, 2007 (Week 1)

Topic: Introduction to the Economics of Education, Course Overview

### Tuesday, August 28, 2007 (Week 2)

Topics: Investing in Education, Applied Regression

#### Required Reading

- Lewis-Beck, Chapters 1-2.
- Miller, Roger Le Roy, Daniel K. Benjamin, and Douglass C. North. 2008. *The Economics of Public Issues*. Boston: Pearson-Addison Wesley. Chapter 19, "College Costs (... and Costs)" pp. 119-123.

#### Required In-Class Reading

- Selected articles on the first day of school published in the *Dallas Morning News*, August 28, 2007, Section A, p. 11A.
  - 1) "The Teacher: She hopes to put a song in their hearts" (about kindergarten teacher Candace Wicks who was Teacher of the Year in the Dallas Independent School District for the 2006-07 academic year)
  - 2) "The Student: He's serious about learning," (about Irving High School student Emmanuel Govea)
  - 3) "The Bus Driver: "On board with helping children," (about bus driver John Earnheart, a bus driver for Rockwall Independent School District)

#### Notes on Class Agenda Items

- Schedule extra-credit oral presentations "Current Events in Economics of Education" in class today (available dates are September 4, September 11, September 18, October 2, October 9, October 16, October 23, October 30, November 6, and November 13).

### Tuesday, September 4, 2007 (Week 3)

Topic: Applied Regression, Economic Returns to Education

#### Required Reading

- Lewis-Beck, Chapter 3.
- U.S. Census Bureau. 2007. "Earnings Gap Highlighted by Census Bureau Data on Educational Attainment." Press Release CB07-40 (released March 15, 2007). Available at <http://www.census.gov/Pressrelease/www/releases/archives/education/009749.html>
- World Bank. 1996. Handbook on Economic Analysis of Investment Operations. [20733]. Please read Chapter 1, "An Overview of Economic Analysis," and Chapter 8, "Assessment of Education Projects," pp. 57-68. Available online at <http://rru.worldbank.org/Documents/Toolkits/Highways/pdf/82.pdf> (NOTE: pages in PDF files are pp. 13-18, 64-78).
- Grubb, W. Norton. 1993. The Varied Economic Returns to Postsecondary Education: New Evidence from the Class of 1972. *Journal of Human Resources* 28 (spring): 365-382.

#### Recommended reading (optional)

- \* Schultz, Theodore W. 1967. The Rate of Return in Allocating Investment Resources to Education. *Journal of Human Resources* vol. 2, no. 3 (summer): 293-309.
- \* Mincer, Jacob. 1958. Investment in Human Capital and Personal Income Distribution. *Journal of Political Economy* 66 (August): 281-302.
- \* Mincer, Jacob and Solomon Polachek. 1974. Family Investments in Human Capital: Earnings of Women. *Journal of Political Economy* vol. 82, No. 2, Part 2: Marriage, Family Human Capital, and Fertility. (March – April): S76-S108.

## **Tuesday, September 11, 2007 (Week 4)**

Topic: Education Production Functions

### Required Reading

- Wilson, Kathryn. 2001. The Determinants of Educational Attainment: Modeling and Estimating the Human Capital Model and Education Production Functions. *Southern Economic Journal*, Vol. 67, No. 3. (January): 518-551.

### Recommended reading (optional)

- \* Hanushek, Eric. 1986. The Economics of Schooling: Production and Efficiency in Public Schools. *Journal of Economic Literature* Vol. 24, No. 3. (September): 1141-77.

**Assignment: Homework Assignment 1 due at 4:00 P.M. at the beginning of class.**

## **Tuesday, September 18, 2007 (Week 5)**

Topic: Education Production Functions and the Economics of Student Achievement

### Required Reading

- Card, David and Alan Krueger. 1998. School Resources and Student Outcomes. *Annals of the American Academy of Political and Social Science* 559 (September): 39-46.
- Betts, Julian R. 2001. The Impact of School Resources on Women's Earnings and Educational Attainment: Findings from the National Longitudinal Survey of Young Women. *Journal of Labor Economics* Vol. 19, No. 3 (July): 635-657.

### Recommended reading (optional)

- \* Betts, Julian R., and Darlene Morell. 1999. The Determinants of Undergraduate Grade Point Average: The Relative Importance of Family Background, High School Resources, and Peer Group Effects. *Journal of Human Resources* Vol. 34, No. 2. (Spring): 268-293.

## **Tuesday, September 25, 2007 (Week 6)**

**Midterm Exam given in class.** The exam will begin promptly at 4:00 P.M., so please plan to arrive a few minutes early to class.

Format of Midterm Exam: The midterm exam will be a combination of multiple choice and short-answer essay questions.

## **Tuesday, October 2, 2007 (Week 7)**

Topic: Education and Economic Development

### Required reading

- Schweke, William. 2005. *Smart Money: Education and Economic Development*, Chapters 1-3.

### Notes on Class Agenda Items

- Hand back graded midterms to students and discuss them in class.

## **Tuesday, October 9, 2007 (Week 8)**

Topic: Education and Economic Development, Social Benefits of Education

### Required reading

- Schweke, William. 2005. *Smart Money: Education and Economic Development*, Chapters 4-6.
- Wolfe, Barbara and Robert Haveman. 2002. Social and nonmarket benefits from education in an advanced economy. In Proceedings From an Economic Conference on Education in the 21st Century. Available online at <http://www.bos.frb.org/economic/conf/conf47/index.htm>

### Recommended reading (optional)

- \* Schultz, T. Paul. 2002. Discussion (commentary on Wolfe and Haveman paper listed above). Available online at <http://www.bos.frb.org/economic/conf/conf47/index.htm>
- \* Acemoglu, D. Discussion (commentary on Wolfe and Haveman paper listed above). Available online at <http://www.bos.frb.org/economic/conf/conf47/index.htm>

**Tuesday, October 16, 2007 (Week 9)**

Topic: Class Size and Student Achievement

Required Reading

Mishel and Rothstein, eds. *The Class Size Debate*, Chapters 1-2.

Betts, Julian R. and Jamie L. Shkolnik. 1999. The Behavioral Effects of Variations in Class Size: The Case of Math Teachers. *Educational Evaluation and Policy Analysis*, Vol. 21, No. 2, Special Issue: Class Size: Issues and New Findings. (Summer, 1999), pp. 193-213.

Recommended reading (optional)

- \* Lewit, Eugene M., and Linda Schuurmann Baker. 1997. Class size. *The Future of Children* vol. 7, no. 3 (winter): 112-121.

**Tuesday, October 23, 2007 (Week 10)**

Topic: Class Size and Student Achievement

Required reading

- Mishel and Rothstein, eds. *The Class Size Debate*, Chapters 3-4.)
- Rice, Jennifer King. 1999. The Impact of Class Size on Instructional Strategies and the Use of Time in High School Mathematics and Science Courses. *Educational Evaluation and Policy Analysis* vol. 21, No. 2, Special Issue: Class Size: Issues and New Findings (summer): 215-229. (JSTOR)

**Assignment: Homework Assignment 2 due at 4:00 P.M. at the beginning of class.**

**Tuesday, October 30, 2007 (Week 11)**

Topic: School Finance

Required reading

- Hanushek, Eric A. and Steven G. Rivkin. 1997. Understanding the Twentieth-Century Growth in U.S. School Spending. *Journal of Human Resources* 32 (winter): 35-68.
- Biddle, Bruce J. and David C. Berliner. 2003. What Research Says about Unequal Funding. San Francisco, CA: WestEd. Available online at [http://www.wested.org/online\\_pubs/pp-03-01.pdf](http://www.wested.org/online_pubs/pp-03-01.pdf)
- McElroy, Susan Williams, and Kruti Dholakia. 2004. Between Plessy and Brown: Georgia School Finance in 1910. Manuscript. The University of Texas at Dallas. School of Economic, Political, and Policy Sciences. (posted on WebCT4)

Recommended reading (optional)

- \* Guthrie, James W. 1997. School Finance: Fifty Years of Expansion. *The Future of Children* Vol. 7, No. 3, Financing Schools. (winter): 24-38. (accessible via JSTOR data base which students can access via the UTD Library's home page on the Web)

**Tuesday, November 6, 2007 (Week 12)**

Topic: Education, Economic Growth, and Poverty in a Global Context

Required reading

- Barro, Robert J. 1991. Economic Growth in a Cross Section of Countries. *Quarterly Journal of Economics*, Vol. 106, No. 2. (May): 407-443.
- (reading accessible through JSTOR data base, which you can access via the UTD Library's home page – directions for how to access JSTOR are posted on WebCT4)
- Bruns, Barbara, Alain Mingat, and Ramahatra Rakotomalala. 2003. Achieving Universal Primary Education by 2015 - A Chance for Every Child. Washington, D.C.: World Bank. Available online at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20225533~menuPK:540090~pagePK:148956~piPK:216618~theSitePK:282386,00.html>

- Read Executive Summary on pages 1-21.
  - NOTE: Once you get to the URL listed above, scroll down and then click on “Frontmatter” to go to the section of the report that includes the Executive Summary.
  - Gylfason, Thorvaldur. 2000. Natural Resources, Education, and Economic Development. For the 15th Annual Congress of the European Economic Association, Bolzano, 30 August – 2 September 2000. Available online at <http://www.hi.is/~gylfason/pdf/eea2000k.pdf> (NOTE: focus on the section on education)
  - Boissiere. 2004. Rationale for Public Investment in Primary Education in Developing Countries. Background Paper for the Evaluation of the World Bank’s Support to Primary Education. Washington, D.C. The World Bank. Available online at [http://www.worldbank.org/oed/education/documents/education\\_primary\\_rationale\\_paper.pdf](http://www.worldbank.org/oed/education/documents/education_primary_rationale_paper.pdf)
  - World Bank. 2006. World Development Report 2007. Overview. Available online at <http://siteresources.worldbank.org/INTWDR2007/Resources/1489782-1158107976655/overview.pdf> Washington, D.C. World Bank. (NOTE: Focus on the part on education)
  - “Economics of Education” (please read summary on World Bank’s web page). Available online at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20264769~menuPK:613701~pagePK:148956~piPK:216618~theSitePK:282386,00.html>
  - “Finance and Expenditures in Education” (please read summary on World Bank’s web page). Available online at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20754713~menuPK:2448306~pagePK:210058~piPK:210062~theSitePK:282386,00.html>
- Recommended reading (optional)
- \* Delamonica, Enrique, Santosh Mehrota, and Jan Vandemoortele. 2001. Is EFA Affordable: Estimating the Minimum Cost of ‘Education for All’. Innocenti Working Paper No. 87. United Nations Children’s Fund. Innocenti Research Centre. Florence, Italy. Available online at <http://unicef-irc.org/publications/pdf/iwp87.pdf> Date accessed August 28, 2007.

## **Tuesday, November 13, 2007 (Week 13)**

Topics: Early Childbearing and Education, Family Background and Education

### Required reading

- McElroy, Susan Williams. 1996. Early Childbearing, High School Completion, and College Enrollment: Evidence from 1980 High School Sophomores. *Economics of Education Review* Vol. 15, no. 3: 303-24.
- Hotz, V. Joseph Hotz, Susan Williams McElroy, and Seth G. Sanders. 2005. Teenage Childbearing and Its Life Cycle Consequences: Exploiting a Natural Experiment. *Journal of Human Resources* 40 (summer): 683-715.
- Duncan, Greg J. and Katherine A. Magnuson. 2005. Can Family Socioeconomic Resources Account for Racial and Ethnic Test Score Gaps? *Future of Children* (spring): 35-54.

### Recommended reading (optional)

- Hofferth, Sandra L. Lori Reid, and Frank L. Mott. 2001. The Effects of Early Childbearing on Schooling over Time. *Family Planning Perspectives* 33 (November – December): 259-67.
- Klepinger, Daniel, Shelly Lundberg, and Robert Plotnick. 1999. How Does Adolescent Fertility Affect the Human Capital and Wages of Young Women? *Journal of Human Resources* Vol. 34, No. 3. (summer): 421-448.

**Tuesday, November 20, 2007 (Week 14)**

**Final Exam given in class.** The exam will begin promptly at 4:00 P.M., so please plan to arrive a few minutes early to class.

Format of Final Exam: The midterm exam will be a combination of multiple choice and short-answer essay questions.

**List of Assignments, Due Dates, and Exam Dates****Homework Assignment 1**

Due Tuesday, September 11, 2007 at 4:00 P.M. at the beginning of class

**Midterm Exam**

Tuesday, September 25, 2007 from 4:00 to 6:45 PM -- exam will be given in class.

Format of Midterm exam: The midterm exam will be a combination of multiple choice and short-answer essay questions.

**Homework Assignment 2**

Due Tuesday, October 23, 2007 at 4:00 P.M. at the beginning of class

**Final Exam**

Tuesday, November 20, 2007 from 4:00 to 6:45 PM -- exam will be given in class.

Format of Final exam: The final exam will be a combination of multiple choice and short-answer essay questions.

**Course Policies**

<b>Grading Criteria</b>	Homework Assignments 20% Midterm Exam 30% Final exam 40% Class attendance and participation 10% Oral presentation on current events in the economics of education (for 5 extra points on final course weighted average)
<b>Make-up Exams</b>	There will be no make-up exams in this course. Students must notify professor in advance if they will be absent on a test day for any reason.
<b>Late Work</b>	Points will be deducted for any work not submitted on time.
<b>Special Assignments</b>	There will be no special assignments for this course.
<b>Class Attendance</b>	Class attendance and participation combined count for 10% of your final grade.
<b>Classroom Citizenship</b>	Please be courteous and respectful to everyone in the classroom at all times. Prior to the beginning of each class, please remember to turn off cell phones, pagers, and any electronic devices that are capable of producing noise.
<b>Field Trip Policies</b>	There are no field trips for this course.
<b>Student Conduct and Discipline</b>	The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, <i>A to Z Guide</i> , which is provided to all registered students each academic year.

	<p>The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the <i>Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3</i>, and in Title V, Rules on Student Services and Activities of the university's <i>Handbook of Operating Procedures</i>. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).</p> <p>A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.</p>
<b>Academic Integrity</b>	<p>The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.</p> <p>Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.</p> <p>Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.</p>
<b>Email Use</b>	<p>The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.</p>
<b>Withdrawal from Class</b>	<p>The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.</p>
<b>Student Grievance Procedures</b>	<p>Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's <i>Handbook of Operating Procedures</i>.</p>

	<p>In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.</p> <p>Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.</p>
<b>Incomplete Grades</b>	<p>As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of <u>F</u>.</p>
<b>Disability Services</b>	<p>The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.</p> <p style="padding-left: 40px;">The contact information for the Office of Disability Services is: The University of Texas at Dallas, SU 22 PO Box 830688 Richardson, Texas 75083-0688 (972) 883-2098 (voice or TTY)</p> <p>Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.</p> <p>It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.</p>
<b>Religious Holy Days</b>	<p>The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose</p>



	<p>places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.</p> <p>The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.</p> <p>If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.</p>
<b>Off-Campus Instruction and Course Activities</b>	<p>Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at <a href="http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm">http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm</a>. Additional information is available from the office of the school dean.</p>

*These descriptions and timelines are subject to change at the discretion of the Professor.*

Last updated: August 28, 2007