

LPO 8110: Economics of Education
Peabody College, Department of Leadership Policy and Organizations

Spring 2025 Syllabus

Meeting time and location:

Monday, 1:00-3:50 pm, 6 Magnolia Rm. 111

Instructor:

Carolyn Heinrich, Professor of Public Policy, Education and Economics

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Office location and hours: 410F Wyatt - this is a temporary, shared office, therefore, office hours are by appointment.

Course description:

This course is a core course in the Ph.D. program in Leadership and Policy Studies, focusing on economic theory, econometric methods and related social sciences research to investigate economic issues in education. We begin in this course with theory and research that views education as an investment in the future productivity of individuals and economies and that assesses the value of and returns to education. We next turn to the production of education, considering the different inputs into education, and examine the role of education in economic growth (domestically and globally). We also explore the economics of education in early childhood, K-12 education and higher education, with special attention to topics of current policy interest and debate. The course continues with a discussion of the organization of education and the role of incentives in improving organizational and educational effectiveness. We then turn to research on education markets, school quality and choice and consider the influence of peers and the educational environment as well. Finally, we explore various education reforms and efforts to increase accountability in education. While we give attention to the growing role of econometric methods in understanding and assessing educational policies and interventions, we also draw other disciplinary and critical perspectives into our discussions.

Online course text (available through the Vanderbilt University library and assigned chapters on Brightspace)

The Economics of Education: A Comprehensive Overview, Second Edition, Steve Bradley and Colin Green (eds.), 2020.

Course requirements and evaluation:

Course grades will be based on the following (as described in detail below):

Class participation/weekly discussion: 20%

Paper on a postcard and class session discussion questions: 10%

Assignment #1 (due Feb. 10): 2-page critique of the education production function or an alternative theory of your choice for framing and guiding education research, 10%

Assignment #2 (due March 3): Annotated bibliography and paper outline, 15%

Assignment #3: Final paper (due April 25) and short in-class presentation (April 21): 45%

Class participation:

Each week, you are expected to read and come well-prepared to discuss the assigned readings. The quality and profundity of your participation and engagement during our class sessions will depend on your commitment to “consuming” the readings and will determine your **class participation** grade.

John Bryson (U. of Minnesota) offers four “hallmarks of good participation” that I recommend to you: (1) risk-taking (i.e., presenting an opposing view or a different interpretation of readings/information); (2) listening (i.e., trying to understand what others are saying and why they are saying it); (3) bringing in your own work-related and other experiences when relevant to the discussions; and (4) monitoring your own participation in terms of both “airtime” and quality.

Paper on a postcard and class session discussion questions:

The syllabus includes readings with the (*PoP) mark, which indicates a reading available for creating a “paper on a postcard.” You will be given a postcard, and your goal is to summarize the key elements and insights from the reading and describe any policy implications (in that tiny space, front and back sides!). You will take a photo of the postcard (both sides) to share with me and your peers in class. Choice of readings will be allocated “first come, first serve” (i.e., in order requested). Please send me at least three choices in rank order. **Your postcard is due no later than 9 am on day of the class meeting in which we will discuss the reading.**

For the class meeting that you are developing the paper on a postcard, you will also prepare a minimum of three discussion questions for the class meeting. The idea is to identify key issues or themes that you think will be meaningful for you and your peers to discuss on the overarching topic of the day, i.e., the boldface title of the class session. **Your discussion questions are also due by 9 am on the day of the class meeting.**

*Two-page critique of education production function or an alternative theory of your choice for framing and guiding education research (due **February 10**)*

The education production function is a foundational theory/conceptual tool for the economic study of education. What do you see as intuitive or useful about the education production function for framing your research agenda or intellectual pursuits, and in what ways do you find it to be limiting or unconstructive? This assignment is intended in part to get you started in thinking about the research you will pursue in this class and present in a final paper. If preferred, you can undertake this same critique with an alternative theory that better suits your research plans.

Annotated bibliography and final paper outline (due March 3)

You will develop an annotated bibliography on a question in the economics of education that interests you (and which you intend to address in the final paper). The annotated bibliography and outline should show how you plan to conduct research on this particular question. The bibliography should succinctly review the literature on this topic and the data available for analysis, providing just enough description of each item included to show how or why it is important to your chosen topic.

Final paper:

The final paper can be written on a topic in the economics of education of your choosing. In general, your paper should include the following components: (1) clearly define the issue, question or problem you are addressing; (2) describe the framework or theories you are using to approach this issue/question/problem; (3) present your arguments and/or analysis and the evidence that supports them; (4) draw conclusions and make recommendations (as appropriate), referencing the evidence that supports them. If you would like to propose an alternative structure for the paper, you are welcome to set a meeting with me to discuss this. **The final paper (due April 25)** should be between about 10 (min.) and 20 (max.) pages (double-spaced, 1" margins), not including tables, figures and references. **On April 21, you will have 10 minutes to present your work and findings to the class, inclusive of any Q&A time you would like to allow.**

For the final paper (and the annotated bibliography and outline), you may also choose to undertake this work with a classmate and submit joint products. A large share of scholarly research is undertaken in collaboration with others who bring differing skills and strengths to the work, and thus, I offer you the opportunity to partner in the core work of this class.

Classroom Accommodations

Vanderbilt is committed to equal opportunity for students with disabilities, as am I. If you need course accommodations due to a disability, please contact VU Student Access Services (<https://www.vanderbilt.edu/student-access/>) to initiate the process. After SAS has notified me of relevant accommodations, we will discuss how these accommodations may best be approached in this class, and I will facilitate the accommodations.

Honor Code

For this course, you are bound by the terms of the Vanderbilt Honor Code. Any breach of academic honesty, including cheating, plagiarism, or failing to report a known or suspected violation of the Code will be reported to the Honor Council. In particular, papers must assign credit to the sources you use. Material borrowed from another—quotations, paraphrases, key words, or ideas—must be credited following appropriate citation procedures (footnotes or parenthetical citation and bibliography). For group work, you are jointly responsible for ensuring that your work is in compliance with the honor code; all group members are responsible for ensuring that each individual's contributions to the product submitted for grading do not violate the honor code. You can view the full details of the honor code at the following link: https://www.vanderbilt.edu/student_handbook/the-honor-system/.

Artificial Intelligence (AI) - Permission Required

I ask you to obtain permission from me before using generative AI tools (including ChatGPT) for any work or assignments in this course. Using these tools without my explicit permission is prohibited in this course and will be penalized in assignments.

One-on-One Writing Support at the Writing Studio

I encourage you to take advantage of the services at the Writing Studio, which offers feedback beneficial to writers at all skill levels. Writing Studio consultants can offer a fresh perspective on any of your writing projects. Go to: vanderbilt.edu/writing.

Mental Health & Wellness

If you are experiencing undue stress that may be interfering with your ability to perform academically, Vanderbilt's Student Care Network offers a range of support services. The Office of Student Care Coordination (OSCC) is the central and first point of contact to help you navigate and connect to appropriate resources. You can schedule an appointment with the OSCC at <https://www.vanderbilt.edu/carecoordination/> or call 615-343-WELL. You can find a calendar of services at <https://www.vanderbilt.edu/studentcarenetwork/satellite-services/>.

If you or someone you know needs to speak with a professional counselor immediately, the University Counseling Center offers Urgent Care Counseling. Students should call the UCC at (615) 322-2571 during office hours to speak with an urgent care clinician. You can also reach an on-call counselor after hours or on the weekends by calling (615) 322-2571 and pressing option 2 at any time. You can find additional information at <https://www.vanderbilt.edu/ucc/>.

Mandatory Reporter Obligations

All University faculty and administrators are mandatory reports. What this means is that all faculty, including me, must report allegations of sexual misconduct and intimate partner violence to the Title IX Coordinator. In addition, all faculty are obligated to report any allegations of discrimination to the Title IX Coordinator. I am willing to discuss with you such incidents but can only do so in the context of us both understanding my reporting obligations. If you want to talk with someone in confidence, officials in the Student Health Center, the University Counseling Center, and the Office of the Chaplain and Religious Life (when acting as clergy) can maintain confidentiality. The Project Safe Center serves as the central resource for those impacted by sexual misconduct and intimate partner violence and can assist with navigating all facets of the University's resource and support network and other processes. In addition, officials in the Project Safe Center <https://www.vanderbilt.edu/projectsafe/> have limited confidentiality, in that they must report the incidents but can do so without providing identifying information.

Course outline

January 6

1. Introduction to the Economics of Education

Blaug, M. 1985. Where Are We Now in the Economics of Education? *Economics of Education Review*, 4(1):17–28.

Dominic J. Brewer, Guilbert C. Hentschke and Eric R. Ride. 2008. The Role of Economics in Education Policy Research. Ch. 2 in *Handbook of Research in Education Finance and Policy*, edited by Helen F. Ladd and Edward B. Fiske, Routledge, New York, pp. 23-41.

Course text, Ch. 2, Behavioral economics and nudging in education: evidence from the field, by Mette Trier Damgaard and Helena Skyt Nielsen.

Ladson-Billings, Gloria. 1998. Just what is critical race theory and what's it doing in a nice field like education? *International Journal of Qualitative Studies in Education*, 11:1, 7-24, DOI: 10.1080/095183998236863

January 13

2. Investing in human capital and the returns to education

Course text, Ch. 3, Returns to education in developed countries, by Morley Gunderson and Philip Oreopoulos.

Course text, Ch. 4, Returns to education in developing countries. Harry Anthony Patrinos and George Psacharopoulos.

McMahon, Walter W. 2004. The social and external benefits of education. Ch. 6 in the International Handbook on the *Economics of Education*, edited by Geraint Johnes, and Jill Johnes, pp. 211-259.

Ashenfelter, Orley and Alan Krueger 1994. Estimates of the Economic Return to Schooling from a New Sample of Twins. *The American Economic Review*, Vol. 84, No. 5, pp. 1157-1173.

*PoP - Kuka, Elira, Na'ama Shenhav, and Kevin Shih. 2020. "Do Human Capital Decisions Respond to the Returns to Education? Evidence from DACA." *American Economic Journal: Economic Policy*, 12 (1): 293-324.

January 27

3. Educational inequality and returns to education quality

Course text Ch. 5, Returns to education quality, by Mark Hoekstra

Course text Ch. 10, Education and inequality, by Jo Blanden

Stephan Klasen. 2002. Low Schooling for Girls, Slower Growth for All? Cross-Country Evidence on the Effect of Gender Inequality in Education on Economic Development. *The World Bank Economic Review*, Vol. 16, No. 3, pp. 345-373.

*PoP - Chelwa, Grieve, Darrick Hamilton, and James Stewart. 2022. Stratification Economics: Core Constructs and Policy Implications. *Journal of Economic Literature*, 60 (2): 377–99.

*PoP - Ewert S, Sykes BL, Pettit B. 2014. The Degree of Disadvantage: Incarceration and Inequality in Education. *The ANNALS of the American Academy of Political and Social Science*, 651(1):24-43.

February 3

4. Education, wages and the signaling value of education

Andrew Weiss, Human Capital vs. Signaling Explanations of Wages, *The Journal of Economic Perspectives*, Vol. 9, No. 4 (Autumn, 1995), pp. 133-154

John H. Tyler, Richard J. Murnane and John B. Willett. 2000. Estimating the Labor Market Signaling Value of the GED. *The Quarterly Journal of Economics*, Vol. 115, No. 2, pp. 431-468.

Joseph G. Altonji and Charles R. Pierret. 2001. Employer Learning and Statistical Discrimination. *The Quarterly Journal of Economics*, Vol. 116, No. 1, pp. 313-350.

Heinrich, C. J., & Cheng, H. (2022). Does online credit recovery in high school support or stymie later labor market success? *Journal of Policy Analysis and Management*, 41(4), 984–1011.

*PoP - Carolina Arteaga. 2018. The effect of human capital on earnings: Evidence from a reform at Colombia's top university. *Journal of Public Economics*, Volume 157: 212-225.

February 10

5. Production of education and resources for production

Jennifer King Rice and Amy Ellen Schwartz. 2008. Toward an Understanding of Productivity in Education. Ch. 8 in *Handbook of Research in Education Finance and Policy*, edited by Helen F. Ladd and Edward B. Fiske, Routledge, New York, pp. 131-146.

Course text Ch. 13, Education production functions, by Eric A. Hanushek.

Alan B. Krueger. 1999. Experimental Estimates of Education Production Functions. *The Quarterly Journal of Economics*, Vol. 114, No. 2, pp. 497-532.

*PoP - Paul N. Thompson. 2021. Is four less than five? Effects of four-day school weeks on student achievement in Oregon. *Journal of Public Economics*, Volume 193.

Assignment #1 due: Critique of education production function for framing and guiding education research due by start of class

February 17

6. K-12 education inputs

Course text Ch. 16, Schooling inputs and behavioral responses by families, by Birgitta Rabe

Greenwald, Rob, Hedges, Larry V. ; Laine, Richard D. 1996. The Effect of School Resources on Student Achievement. *Review of Educational Research*, Vol.66 (3), p.361-96.

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

*PoP Boyd, Donald J., Pamela L. Grossman, Hamilton Lankford, Susanna Loeb and James Wyckoff. 2009. Teacher Preparation and Student Achievement. *Educational Evaluation and Policy Analysis*, Vol. 31, No. 4 (Dec., 2009), pp. 416-440.

Martorell, Paco, Kevin Stange, and Isaac McFarlin Jr, (2016). Investing in schools: capital spending, facility conditions, and student achievement, *Journal of Public Economics*, 140 (2016) 13–29.

February 24

7. Early childhood education

Course text Ch. 17, The economics of early childhood interventions, by M. Nores.

Drew Bailey, Greg J. Duncan, Candice L. Odgers & Winnie Yu. 2017. Persistence and Fadeout in the Impacts of Child and Adolescent Interventions, *Journal of Research on Educational Effectiveness*, 10:1, 7-39.

Katherine Magnuson, Greg J. Duncan. 2016. Can Early Childhood Interventions Decrease Inequality of Economic Opportunity? *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 2 (2) 123-141.

*PoP - Bailey, Martha J., Shuqiao Sun, and Brenden Timpe. 2021. "Prep School for Poor Kids: The Long-Run Impacts of Head Start on Human Capital and Economic Self-Sufficiency." *American Economic Review*, 111 (12): 3963–4001.

March 3

8. Organization and finance in education

Course text Ch. 24, School finance: an overview, by Jennifer King Rice, David Monk, and Jijun Zhang

Sean P. Corcoran and William N. Evans. 2008. Equity, Adequacy and the Evolving State Role in Education Finance. Ch. 19 in in *Handbook of Research in Education Finance and Policy*, edited by Helen F. Ladd and Edward B. Fiske, Routledge, New York, pp. 332-356.

C. Kirabo Jackson, Rucker Johnson, Claudia Persico. 2016. The Effect of School Finance Reforms on the Distribution of Spending, Academic Achievement, and Adult Outcomes. *The Quarterly Journal of Economics* (2016), 157–218.

*PoP - Weathers, E. S., & Sosina, V. E. (2022). Separate Remains Unequal: Contemporary Segregation and Racial Disparities in School District Revenue. *American Educational Research Journal*, 59(5), 905-938.

Assignment #2: Annotated bibliography and final paper outline due by start of class

March 17

9. Education markets, school quality and choice

Harris, D. N. (2024). How Free Market Logic Fails in Schooling—And What It Means for the Role of Government. *Educational Researcher*, 53(2), 111-122.

Course text Ch. 39, The economics of charter schools, by Adam Kho, Ron Zimmer, and Richard Buddin. *Optional*: course text Ch. 34, Tiebout sorting and competition, by Thomas J. Nechyba.

Jabbar, H., Fong, C. J., Germain, E., Li, D., Sanchez, J., Sun, W.-L., & Devall, M. (2022). The Competitive Effects of School Choice on Student Achievement: A Systematic Review. *Educational Policy*, 36(2), 247-281.

*PoP - Atila Abdulkadiroglu, Parag A. Pathak, and Christopher R. Walters. 2018. Free to Choose: Can School Choice Reduce Student Achievement? *American Economic Journal: Applied Economics*, 10(1): 175–206

March 24

10. Peer effects and the educational environment

Course text Ch. 21, Peer effects in education: recent empirical evidence, Alfredo R. Paloyo

Lazear, Edward P. 2001. Educational Production. *The Quarterly Journal of Economics*, 116 (3), pp.777-803.

*PoP - Steinberg, Matthew P. and Johanna Lacoe. 2018. Reforming School Discipline: School-Level Policy Implementation and the Consequences for Suspended Students and Their Peers. *American Journal of Education*, 125:1, 29-77

*PoP - Figlio, D. N. (2007). Boys Named Sue: Disruptive Children and Their Peers. *Education Finance and Policy*, 2(4), 376–394.

Nonoyama-Tarumi, Y., & Reardon, S. F. (2024). Cross-National Comparison of the Relative Size of Lower-Tail and Upper-Tail SES Achievement Gaps. *AERA Open*, 10.

March 31

11. Higher education: demand and supply-side economics

Gordon C. Winston. 1999. Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education. *The Journal of Economic Perspectives*, Vol. 13, No. 1, pp. 13-36.

Course text Ch. 25, The economics of tuition and fees in American higher education, by R.G. Ehrenberg.

Calcagno, Carlos, Thomas Bailey, Davis Jenkins, Gregory Kienzl, Timothy Leinbach. 2008. Community college student success: What institutional characteristics make a difference? *Economics of Education Review* 27: 632–645.

David J. Deming, Claudia Goldin, and Lawrence F. Katz. 2012. The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators? *Journal of Economic Perspectives*, Volume 26, Number 1, pp 139–164.

*PoP - Martha Bailey and Susan Dynarski. 2011. “Inequality in College Entry and Completion” in Greg Duncan & Richard Murnane (Eds.) *Whither Opportunity: Rising Inequality, Schools, and Children's Life Chances*, New York: Russell Sage.

April 7

12. Evaluating teacher and educational effectiveness

Scott Condie, Lars Lefgren and David Sims. 2014. Teacher heterogeneity, value-added and education policy. *Economics of Education Review*, 40: 76–92.

*PoP - Jing Liu and Susanna Loeb. 2021. Engaging Teachers: Measuring the Impact of Teachers on Student Attendance in Secondary School. *Journal of Human Resources*, 56 (2) 343-37.

Nicholas A. Bowman, Sanga Kim, Laura Ingleby, David C. Ford and Christina Sibaouih. 2018. Improving College Access at Low-Income High Schools? The Impact of GEAR UP Iowa on Postsecondary Enrollment and Persistence. *Educational Evaluation and Policy Analysis*, Vol. 40, No. 3, pp. 399–419.

Henry M. Levin & Clive Belfield (2015) Guiding the Development and Use of Cost-Effectiveness Analysis in Education. *Journal of Research on Educational Effectiveness*, 8:3, 400-418.

April 14

13. Education reform and accountability

Course text Ch. 42, The economics of school accountability, by D.N. Figlio and H.F. Ladd

Dee, Thomas S; Jacob, Brian; Schwartz, Nathaniel L 2013. The Effects of NCLB on School Resources and Practices. *Educational Evaluation and Policy Analysis*, vol. 35 no. 2, 252-279.

Li Feng, David Figlio and Tim Sass 2018. School accountability and teacher mobility. *Journal of Urban Economics*, 103 (2018) 1–17.

*PoP - Steven G. Craig, Scott A. Imberman and Adam Perdue. 2015. Do administrators respond to their accountability ratings? The response of school budgets to accountability grades. *Economics of Education Review*, Volume 49, pp. 55–68.

*PoP - Ortagus, J. C., Kelchen, R., Rosinger, K., & Voorhees, N. (2020). Performance-Based Funding in American Higher Education: A Systematic Synthesis of the Intended and Unintended Consequences. *Educational Evaluation and Policy Analysis*, 42(4), 520-550.

April 21

14. Student presentations

Final paper due April 25