Grader's comments (Homework #4)

#1.
Part a: Refer to formula (2.8), and you should be able to get the result immediately
Part b: Use the result in part a

#2.
Part b. The estimated return to education at the AVERAGE WAGE is

$$\frac{b_2}{wage}100\% = \frac{1.9803}{20.6157}100\% = 9.61\%$$

The estimated return to education is

$$b_2 100\% = 9.04\%$$

Part c. linear $JB = 839.82$ and log-linear $JB = 27.53$
Part e. Heteroskedasticity
Part f. linear is 24.974
log-linear is

$$exp(1.60944 + 0.0904 * 16 + 0.5266^2/2) = 24.4$$

where 0.5266 is the residual standard error.

#3 and #4.
Almost everyone got these right.

#5.
d. It asks for R^2, which is 0.5097. That's it.