

RPAD 643: Economics of Government Programs

Lucy C. Sorensen – Spring 2021

Format: Synchronous Online

Email: lsorensen@albany.edu

Time: Wednesday 6:00 - 9:40 PM

Meet: lucysorensen.youcanbook.me

I didn't want to spend any more time inside the mind of an economist. It was dark and disturbing. – Andy Weir, *Artemis*

Course Description

This four-credit course provides students with tools and theoretical models from economics to analyze public policy challenges. Students will apply these tools and models across multiple policy domains, including education, health, social welfare, criminal justice, and the environment. Through problem sets, current event analyses, and team projects, students will navigate questions such as: How does policy design incentivize individual behaviors and choices? How should we weigh the potential benefits of regulation against the costs? What are the promises and pitfalls of market-based reforms in government? And, how can public programs effectively dismantle, rather than reenforce, societal structural inequalities?

Course Format

The 3 hours and 40 minutes (4 credits) of designated class time will be split into:

- 2 hours in a synchronous Zoom meeting; and
- 1 hour and 40 minutes dedicated to individual and team asynchronous activities.

The technological tools for the course include: Zoom and Blackboard.

Required Materials

- Gruber, Jonathan. *Public Finance and Public Policy*. New York: Worth Publishers.*
- Other assigned papers are available either on Blackboard or through the [UAlbany library search function](#).

*To save money, students are welcome to purchase or rent an older edition of this textbook, such as the 2nd or 3rd edition, instead of the current edition (6th).

- RPAD 503 Principles of Public Economics

Other graduate-level or advanced undergraduate economics coursework may be acceptable substitution for 503, with instructor permission. Familiarity with the main sources of market failure – externalities, public goods, market power, and asymmetric information – is important for this course.

Students should be proficient with the following types of tasks: using Microsoft Excel; solving algebraic problems; reading a statistical regression table; academic writing (with citations); and public speaking with slides.

Learning Objectives

At the end of the course, students should be able to:

1. Evaluate policies and programs based on their costs, benefits, incentive structures, and distributional impacts;
2. Delineate the roles of local, state, and federal levels of government – as well as private actors – in the provision of public services; and
3. Predict likely individual and collective behavioral responses to public policies.

Course Policies

Office hours. I am available to help with course assignments and meet with students outside of class. Please use the following link to set up a virtual meeting on Tuesday or Friday afternoons: <https://lucysorensen.youcanbook.me/>. This automatically adds an appointment to my calendar and provides a Zoom link. If you cannot find a time on the booking website that works for you, please email me to find an alternative time to meet.

Wellness. The health and wellbeing of students, to me, always takes higher priority than academic expectations. This is true at all times, but particularly so during this year. Please speak to me if you are struggling to meet course deadlines or if something comes up in your personal or professional life that requires you to miss class or assignments. I will work with you to develop flexible accommodations. Additional campus resources:

- Mental health: Counseling and Psychological Services.
- Food insecurity: Purple Pantry
- Sexual violence: Advocacy Center
- Financial hardship: Student Emergency Fund

Communication. You may contact me anytime using email (lsorensen@albany.edu) or the “Ask a Question!” forum, and I will respond as promptly as I can. Please put “RPAD 643” in the subject line so that I can prioritize course-related emails.

Attendance. Students should aim to attend and actively participate in every class. If students need to miss class, they should communicate with the instructor ahead of time, and coordinate with classmates to make up missed material. Students are never *required* to have their video turned on in virtual classes, but are encouraged to turn it on when they are comfortable doing so, especially for breakout rooms.

Grading Policies

Late work. Please speak to me if you ever need an extension due to personal, family, or medical circumstances. Most assignments are due one hour before class. Work turned in after this will receive a grade deduction of 5 percentage points, and then an extra 5 percentage points deducted for each additional day that passes after the original deadline.

Regrading. If you believe that an error has been made in the grading of your assignment, please make a written appeal describing why you think the grade should be changed. On review, your grade may be lowered, increased, or remain the same.

Incompletes. Please see https://www.albany.edu/graduatebulletin/requirements_degree.htm#graduate_grades for the university policy on incomplete grades.

University Policies

Reasonable accommodations for students with documented disabilities. Reasonable accommodations will be provided for students with documented physical, sensory, systemic, cognitive, learning and psychiatric disabilities. If you believe you have a disability requiring accommodation in this class, please notify the Director of the Disability Resource Center (Campus Center 130, 518-442-5490, DRC@albany.edu). That office will provide the course instructor with verification of your disability, and will recommend appropriate accommodations.

Absence due to religious observance. Students are excused, without penalty, to be absent because of religious beliefs, and will be provided equivalent opportunities for make-up examinations, study, or work requirements missed because of such absences. Students should notify the instructor of record in a timely manner, and the instructor will work directly with students to accommodate religious observances. Online courses will not schedule any assignment deadlines on religious holidays.

Academic integrity. The academic community needs to trust that its members do not misrepresent their data, take credit for another’s ideas or labor, misrepresent or interfere with the work of other scholars, or present previous work as if it were new. Acts of academic dishonesty undermine the value and credibility of the institution as a whole, and may

distract others from important scholarship or divert resources away from critical research. In particular, students who plagiarize or falsify their work not only fail to adhere to the principles of scholarly inquiry and fail their peers by taking undeserved credit or reward, but they also fail to demonstrate their learning.

- *Practicing Academic Integrity*: library.albany.edu/infolit/integrity. This site provides access to concise and engaging educational resources that will help students navigate through the complexities surrounding information use and creation in today's digital environment. Acknowledging the work of others through citation (and its flip side, plagiarism), copyright, the ethics of sharing information in different formats, and the importance of contributing one's own voice to academic conversations are all highlighted. Students should consult syllabi, their instructors, and in relevant circumstances their advisors for information about specific policies on academic integrity.
- *Citation Tools*: the University Libraries offers a wide variety of citation tools which may be found at <https://libguides.library.albany.edu/citationhelp>. These resources include citation generators and more extensive citation management tools, such as Zotero. Citation generators are websites or mobile apps that automatically format citations and bibliographies. Also available is CitationFox, an extensive resource developed by UAlbany librarians that provides citation guidance and examples for both the MLA and APA style.

Course Assignments

Grading

Your grade for this course will comprise a weighted average of all weekly assignment, current events forum, and project grades, with the breakdown specified in the table below.

Component	Type	Points	Total
Applied projects	(team)	= 4 projects × 12 points each	48 points
Weekly assignments	(individual)	= 10 assignments × 3 points each	30 points
Current events forum	(individual)	= 1 forum × 12 points each	12 points
Course participation	(individual)	= (forum × 5 pts) + (class × 5 pts)	10 points

Your final course grade will be calculated as the total point sum from the table above. These numerical scores will be converted to a final letter grade as follows, with no rounding:

Percent Grade	Letter Grade
93-100	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
70-72	C-
67-69	D+
63-66	D
60-62	D-
Below 60	E

Applied projects (48 points)

Working in teams is an essential lifelong skill. Four team projects throughout the semester will test student capabilities in applying analytical economic skills (such as incentive design, cost-benefit analysis, and public-private dynamics) to important policy issues. Teams will be prepare a written analytical report and be prepared to explain and defend their analysis in class. Students will gather and cite appropriate sources, provide a clearly-written summary with recommendations, and as appropriate supplement with quantitative analysis and/or economic modeling. The breakdown of component grades and more detail on expectations will be provided to students.

Weekly assignments (30 points)

Each week, you will individually complete a Blackboard assignment based on the readings. Each assignment will consist of some combination of multiple choice, practice problems, and/or short answer questions, which are intended to probe not only your topical knowledge from the readings (key models and terms), but also your deeper conceptual and mathematical understanding.

Your lowest two scores on the weekly assignments during the semester will be automatically dropped. You may either consider these “free weeks” to skip the assignment without penalty, or you may use it as a way to boost your final grade.

Current events forum (12 points)

At different points during the semester, students will post a current events story that can relate to course concepts, write up an analysis of the story, and pose a discussion question for teammates in a discussion forum. The post can discuss a local, state, national, or international policy topic. These will be due 4 days before class to allow adequate time for classmate discussion. More specific guidance and a rubric will be provided to students.

To prepare for this task, students should read online news sources every week (or read policy/social science blogs or listen to podcasts) and keep an eye out for relevant topics.

Identifying reliable, non-partisan news and policy analysis sources can be a challenging task. Recommended policy / social science blogs include: Wonkblog, Upshot, Monkey cage, fivethirtyeight, City Lab, and Marginal Revolution. Recommended news sources include, but are not limited to, the following: Wall Street Journal, New York Times, The Economist, The Atlantic, BBC, Washington Post, Foreign Affairs, NPR, The Los Angeles Times, Forbes Magazine, The Guardian, The Christian Science Monitor.

Participation (10 points)

Students' course participation scores comprise two components: (1) discussion forum participation; and (2) in-class participation. For discussion forum participation, students are expected to read posted articles and student summaries, respond thoughtfully in the forum, and read and react to other students' responses. At the end of the course, a participation score will be calculated based on how many weeks the student fully participated in these forums and the quality and depth of typical responses.

Students will receive full credit for in-class participation if they regularly attend class on time, complete all readings, ask questions throughout the class period, engage in friendly classroom debate with classmates, and contribute fully in group activities. Students may ask the instructor at any point throughout the semester for feedback on the current status of their in-class or online participation grade.

Course Schedule

Please check the academic calendar for dates regarding adding, dropping, and withdrawing from the course: <https://www.albany.edu/registrar/fall-2020-academic-calendar.php>.

Week	Topic	Due	Readings
2/3	Choice Under Constraint	Weekly Practice #0	Syllabus Chapter 2 of Gruber, "Theoretical Tools of Public Finance."
2/10	Incentives and Behavioral Science	Weekly Practice #1	Gneezy, U., Meier, S., & Rey-Biel, P. (2011). When and Why Incentives (Don't) Work to Modify Behavior. <i>Journal of Economic Perspectives</i> , 25(4), 191-210. Chapter 6 of Grant, R. W. (2011). <i>Strings Attached: Untangling the Ethics of Incentives</i> . Princeton, NJ: Russell Sage Foundation and Princeton University Press. Balz, J., Sunstein, C., & Thaler, R. (2014). Choice Architecture. In E. Shafir, <i>The Behavioral Foundations of Public Policy</i> , 428-439. Kahneman, D. & Tversky, A. (1982). The Psychology of Preferences. <i>Scientific American</i> , 246(1), 160-173.

Week	Topic	Due	Readings
2/17	Redistribution and Welfare Policy	Current Events Forum (Team A) Weekly Practice #2	<p>Ulbrich, H. H. (2011). Public Finance in Theory and Practice. Chapter 5: "Equity, income distribution, and the social safety net."</p> <p>Acemoglu, D. A. & Robinson, J. A. (2001). Inefficient Redistribution. <i>American Political Science Review</i>, 95(3), 649-661. Skip "The Basic Model" and "Specific Factors" sections.</p> <p>Bertrand, M., Mullainathan, S., & Shafir, E. (2004). A Behavioral-Economics View of Poverty. <i>The American Economic Review</i>, 94(2), 419-423.</p>
2/24	Collective Behavior	Team Project #1: Conditional Cash Transfers Weekly Practice #3	<p>Chapter 9 of Gruber, "Political Economy."</p> <p>Olson, M. (1990). The Logic of Collective Action. Chapter 1, pp. 1-21, 33-36</p> <p>Ostrom, E. (1990). Governing the Commons: The Evolution of Institutions for Collective Action. Chapter 1.</p>
3/3	NO CLASS THIS WEEK		
3/10	Cost-Benefit Analysis	Current Events Forum (Team B) Weekly Practice #4	<p>Chapter 8 of Gruber, "Cost-Benefit Analysis."</p> <p>Boardman, A. E., Greenberg, D. H., Vining, A. R., & Weimer, D. L. Cost-Benefit Analysis: Concepts and Practice. Chapter 1, pp. 18-22</p> <p>Chen, G. & Warburton, R. N. (2006). Do Speed Cameras Produce Net Benefits? Evidence from British Columbia, Canada. <i>Journal of Policy Analysis and Management</i>, 25(3), 661-678.</p>
3/17	Environmental Regulation	Current Events Forum (Team C) Weekly Practice #5	<p>Hussen, A. (2004). <i>Principles of Environmental Economics</i>. New York, NY: Routledge. Chapter 8: Economic valuation of environmental services.</p> <p>Porter, M. E. & van der Linde, C. (1995). Towards a New Conception of the Environment-Competitiveness Relationship. <i>Journal of Economic Perspectives</i>, 9(4), 97-118.</p> <p>Banzhaf, S., Ma, L., & Timmins, C. (2019). Environmental Justice: The Economics of Race, Place, and Pollution. <i>Journal of Economic Perspectives</i>, 33(1), 185-208.</p>

Week	Topic	Due	Readings
3/24	Criminal Justice Policy	Team Project #2: Cost-Benefit Analysis Weekly Practice #6	Schelling, T. (1971). Economics and Criminal Enterprise. In <i>The Economics of Crime</i> . NY: John Wiley and Sons. Owens, E. (2019). Economic approach to "de-policing"
3/31	Program Evaluation	Weekly Practice #7	Chapter 3 of Gruber, "Empirical Tools of Public Finance" Leventhal, T., & Brooks-Gunn, J. (2003). Moving to Opportunity: an Experimental Study of Neighborhood Effects on Mental Health. <i>American Journal of Public Health</i> , 93(9), 1576-1582.
4/7	Healthcare and Insurance	Current Events Forum (Team D) Weekly Practice #8	Chapter 15 of Gruber, "Health Economics and Private Health Insurance." Chapter 16 of Gruber, "Medicare, Medicaid, and Health Care Reform." Read p. 1-15: Blumberg, L. J., Holahan, J., Buettgens, M., Gangopadhyaya, A., Garrett, B., Shartz, A., ... & Arnos, D. (2019). <i>From Incremental to Comprehensive Health Insurance Reform: How Various Reform Options Compare on Coverage and Costs</i> . Washington, DC: Urban Institute.
4/14	Local, State, and Federal Government	Current Events Forum (Team E) Weekly Practice #9	Chapter 10 of Gruber, "State and Local Government Expenditures." Evans, W. N., & Owens, E. G. (2007). COPS and Crime. <i>Journal of Public Economics</i> , 91(1), 181-201.
4/21	Education Finance		Chapter 11 of Gruber, "Education" Koski, W. S. & Hahnel, J. (2008). The Past, Present and Future of Educational Finance Reform Litigation. In H. F. Ladd and E. B. Fiskes <i>Handbook of Research in Education Finance and Policy</i> . Dynarski, S. & Scott-Clayton, J. (2013). Financial Aid Policy: Lessons from Research. <i>The Future of Children</i> , 23(1), 67-91.

Week	Topic	Due	Readings
4/28	Market-Based Reforms in Education	Team Project #3: Evaluating COVID Response Weekly Practice #11	Gill, B., Timpane, P. M., Ross, K. E., Brewer, D. J., & Booker, K. (2007). <i>Rhetoric Versus Reality: What We Know and What We Need to Know About Vouchers and Charter Schools</i> . RAND Corporation. Chapter 1: Family Choice and the Common School. Springer, M. (2009). "Rethinking Teacher Compensation Policies: Why Now, Why Again" In <i>Performance Incentives: Their Growing Impact on American K-12 Education</i> , 1-22.
5/5	Social Insurance and Pensions	Current Events Forum (Team F) Weekly Practice #12	Chapter 12 of Gruber, "Social Insurance: The New Function of Government." The Economist. (2019). <i>America's Public-Sector Pension Schemes are Trillions of Dollars Short.</i>
5/12	NO CLASS	Team Project #4: Performance Pay	

Note: I am thankful to Professor Stephen Weinberg for consulting in the design of this class and whose original syllabus I have drawn from.