RPAD 643: Economics of Public Policy

Lucy C. Sorensen – Fall 2023

Classroom: Husted Hall 302
Time: Thursday 6:00 - 8:50 PM

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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 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, structural inequalities in society?

Required Materials

- Gruber, Jonathan. *Public Finance and Public Policy*. New York: Worth Publishers.

    - To save money, students are welcome to purchase or rent an older edition of this textbook instead of the current edition (7th).

- Other assigned papers are available either on Brightspace or through the UAlbany library search function.

Learning Objectives

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

1. Predict likely individual and collective behavioral responses to public policies;

2. Evaluate policies and programs based on their costs, benefits, incentive structures, and distributional impacts; and

3. Delineate the roles of local, state, and federal levels of government – as well as other actors – in the provision of public services.

Course Policies

Office hours. I am regularly available to meet with students and help with course concepts or assignments. Please use the following link to set up a virtual meeting on Monday or Wednesday 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, email me to find an alternative time to meet.

- What are office hours and why should you go?

Wellness. The wellbeing of students, to me, takes higher priority than academic expectations. 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 accommodations. I also encourage you to use campus resources if needed:

- Mental health: Counseling and Psychological Services.

- Food insecurity: Purple Pantry

- Sexual violence: Advocacy Center

- Financial hardship: Student Emergency Fund

- Accommodations: Disability Resource Center

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.

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 online 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.

Large language models (LLMs). You may use AI programs such as ChatGPT to help you learn conceptual or definitional questions about economics during the course. These can be extremely valuable learning tools. However, be warned that these programs often will pretend to know something but produce an incorrect answer. Also, be warned that we usually have the capacity to detect what text has been written directly by LLMs.

In order to ensure that you are mastering the course concepts yourself, you are <u>NOT</u> allowed to use AI programs such as ChatGPT directly for the following tasks:

- To answer weekly quiz questions;

- To write current events forum posts; or

- To write any portion of reports.

Using LLMs for any of these tasks will be considered academic dishonesty under UAlbany policies and will lead to serious consequences.

University Policies

Reasonable accommodations for student with documented disabilities. We are committed to providing an accessible learning environment for all students. This includes students with physical, sensory, medical, cognitive, learning, mental health, and other disabilities. If you have, or think you may have a disability, please contact Disability Access and Inclusion Student Services (DAISS) by emailing daiss@albany.edu or calling 518 -442-5501. DAISS staff will explain the documentation and registration process, and set you up with an appointment. Once you have completed registration, you will be provided with a letter to inform your instructors that you are a student with a disability registered with DAISS, and which lists the recommended reasonable accommodations for your courses.

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 and conduct. Statement of conformance to University academic integrity expectations and regulations, along with reference to resources, available here:

- Graduate Bulletin

- Undergraduate Bulletin

- University Library

Incomplete grades. This is a temporary grade requested by the student and assigned by the instructor only when the student has nearly completed the course requirements but because of circumstances beyond the student's control the work is not completed. Please see the `Graduate Bulletin` for university policies regarding incomplete grades.

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)	= 2 midterm projects × 15 points each	50 points
	(team)	= 1 final project × 20 points each	
Weekly assignments	(individual)	= 10 assignments × 3 points each	30 points
Current events forum	(individual)	= 1 forum post × 10 points each	10 points
Course participation	(individual)	= forum participation × 5 pts	10 points
	(individual)	= team and class participation × 5 pts	

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 (50 points)

Working in teams is an essential lifelong skill. Three team projects throughout the semester will test student capabilities in applying analytical economic skills (such as incentive design, cost-benefit analysis, and program evaluation) to important policy issues. Teams will be prepare a written analytical report and be prepared to explain and justify 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 Brightspace 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 (10 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 or 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 three components: (1) discussion forum participation; (2) in-class participation; and (3) team 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. 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. Team participation will be based on peer assessments of the quality of student contributions to collaborative projects. Students may ask the instructor at any point throughout the semester for feedback on the current status of their 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
8/24	Choice Under Constraint	Weekly Practice #0	Syllabus Chapter 2 of Gruber, "Theoretical Tools of Public Finance."

Week	Topic	Due	Readings
8/31	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. *Journal of Economic Perspectives*, 25(4), 191-210.
			Chapter 6 of Grant, R. W. (2011). *Strings Attached: Untangling the Ethics of Incentives.* Princeton, NJ: Russell Sage Foundation and Princeton University Press.
			Balz, J., Sunstein, C., & Thaler, R. (2014). Choice Architecture. In E. Shafir, *The Behavioral Foundations of Public Policy*, 428-439.
			Kahneman, D. & Tversky, A. (1982). The Psychology of Preferences. *Scientific American*, 246(1), 160-173.
9/7	Redistribution and Welfare Policy	Current Events Forum Weekly Practice #2	Ulbrich, H. H. (2011). Public Finance in Theory and Practice. Chapter 5: "Equity, income distribution, and the social safety net."
			Acemoglu, D. A. & Robinson, J. A. (2001). Inefficient Redistribution. *American Political Science Review*, 95(3), 649-661. **Skip "The Basic Model" and "Specific Factors" sections**.
			Bertrand, M., Mullainathan, S., & Shafir, E. (2004). A Behavioral-Economics View of Poverty. *The American Economic Review*, 94(2), 419-423.
9/14	Collective Behavior	**Team Project #1: Conditional Cash Transfers** Weekly Practice #3	Chapter 9 of Gruber, "Political Economy."
			Olson, M. (1990). The Logic of Collective Action. Chapter 1**, pp. 1-21, 33-36**
			Ostrom, E. (1990). Governing the Commons: The Evolution of Institutions for Collective Action. Chapter 1.
9/21	Cost-Benefit Analysis	Current Events Forum Weekly Practice #4	Chapter 8 of Gruber, "Cost-Benefit Analysis."
			Boardman, A. E., Greenberg, D. H., Vining, A. R., & Weimer, D. L. Cost-Benefit Analysis: Concepts and Practice. Chapter 1**, pp. 18-22**
			Chen, G. & Warburton, R. N. (2006). Do Speed Cameras Produce Net Benefits? Evidence from British Columbia, Canada. *Journal of Policy Analysis and Management*, 25(3), 661-678.

Week	Topic	Due	Readings
9/28	Environmental Regulation	Current Events Forum Weekly Practice #5	Hussen, A. (2004). *Principles of Environmental Economics*. New York, NY: Routledge. Chapter 8: Economic valuation of environmental services. Porter, M. E. & van der Linde, C. (1995). Towards a New Conception of the Environment-Competitiveness Relationship. *Journal of Economic Perspectives*, 9(4), 97-118. Banzhaf, S., Ma, L., & Timmins, C. (2019). Environmental Justice: The Economics of Race, Place, and Pollution. *Journal of Economic Perspectives*, 33(1), 185-208.
10/5	Program Evaluation	**Team Project #2: Cost-Benefit Analysis** Weekly Practice #6	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. *American Journal of Public Health*, 93(9), 1576-1582.
10/12	Healthcare and Insurance	Current Events Forum Weekly Practice #7	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., Shartzer, A., ... & Arnos, D. (2019). *From Incremental to Comprehensive Health Insurance Reform: How Various Reform Options Compare on Coverage and Costs*. Washington, DC: Urban Institute.
10/19	Local, State, and Federal Government	Current Events Forum Weekly Practice #8	Chapter 10 of Gruber, "State and Local Government Expenditures." Evans, W. N., & Owens, E. G. (2007). COPS and Crime. Journal of Public Economics, 91(1), 181-201.
10/26	Education Finance	Current Events Forum (Team G) Weekly Practice #10	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 Handbook of Research in Education Finance and Policy*. Dynarski, S. & Scott-Clayton, J. (2013). Financial Aid Policy: Lessons from Research. *The Future of Children*, 23(1), 67-91.

Week	Topic	Due	Readings
11/2	Market-Based Reforms in Education	Current Events Forum Weekly Practice #11	Gill, B., Timpane, P. M., Ross, K. E., Brewer, D. J., & Booker, K. (2007). *Rhetoric Versus Reality: What We Know and What We Need to Know About Vouchers and Charter Schools*. RAND Corporation. **Chapter 1: Family Choice and the Common School.** Springer, M. (2009). "Rethinking Teacher Compensation Policies: Why Now, Why Again" In *Performance Incentives: Their Growing Impact on American K-12 Education*, 1-22.
11/9	No Class		
11/16	A Critical View	**Team Project #3b: Evaluating COVID Response** Current Events Forum Weekly Practice #12	Popp Berman, E. 2021. "Thinking like an Economist: How Efficiency Replaced Equality in U.S. Public Policy." Chapter 1
11/23	Thanksgiving Break		
11/30	RPAD 643 Trivia		

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