

University of Alaska Anchorage
Department of Economics
Spring 2015 Course Syllabus

ECON A390, Methods for Public Policy Evaluation, 3 Credits
Jan 12, 2015 – May 2, 2015

Instructor: Prof. Matt Reimer
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Office: DPL 504F

Location: RH 111
Time: TR 4:00p – 5:15p
Office Hours: TBA, or by appointment.
Note that office hours will be held in RH 205H.

Course Prerequisites: ECON A202 with a minimum grade of C. Students are strongly encouraged to have taken an introductory statistics course such as BA A273 or STAT A307.

Textbook(s):

(A&P) Angrist, J., and J. Pischke. 2015. *Mastering 'Metrics: The Path from Cause to Effect*. 1st Ed. Princeton: Princeton University Press.

- REQUIRED. Paperback and Kindle editions available on Amazon.com.

(WB) Gertler, P., and S. Martinez, P. Premand, L. Rawlings, and C. Vermeersch. 2011. *Impact Evaluation in Practice*. The World Bank.

- REQUIRED. Available as a pdf on Blackboard.

(KH) Khandker, S.R., G.B. Koolwal, H.A. Samad. 2010. *Handbook on Impact Evaluation: Quantitative Methods and Practices*. The World Bank.

- REQUIRED. Available as a pdf on Blackboard.

Other useful readings:

(M&W) Morgan, S., and C. Winshap. 2007. *Counterfactuals and Causal inference: Methods and Principles for Social Research*. 1st Ed. Cambridge: Cambridge University Press.

- NOT REQUIRED. Key chapters will be posted on Blackboard.

- Note: lectures will draw from the textbooks and journal articles. Supplementary reading material will be posted regularly on the course Blackboard site.

Course Description: Policy evaluation comprises a set of tools designed to assess whether a public program, such as job training, has achieved its intended results, such as increased earnings. This course

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will introduce students to the fundamentals of causality and causal inference, empirical techniques for estimating program impacts, methods for identifying parameters of policy interest, and integration of evaluation findings into policy decision making.

Class Objectives: The goal of this course is to provide students with a basic knowledge of how to perform statistical methods useful in answering public policy questions using observational or experimental data. It will also allow students to more critically review research published that claims to answer causal policy questions.

Student Learning Outcomes: By the end of this class, I expect students will be able to:

1. Understand the process of causal inference for evaluating public policy interventions.
2. Critically assess the validity of research that claims to answer causal policy questions.
3. Write concise summaries and critiques of empirical research papers that evaluate public policy interventions.
4. Apply statistical techniques to evaluate real world policy questions using statistical software, such as STATA or SASS.

Communications and availability: The best way to reach me is through email, or by coming to scheduled office hours or at a scheduled appointment. Note that my main office is in the Diplomacy Building (DPL 504F). The office that I will hold office hours in (RH 205H) is a shared office for faculty from the Institute of Social and Economic Research. I will therefore not always be around Rasmuson Hall, so that a scheduled appointment works better than “dropping in.” I will communicate regularly through Blackboard, so students are expected to visit the course Blackboard site on a regular basis and ensure that Blackboard is using a current email address.

Assignments and Evaluation: Students will be graded according to the following scheme:

Reading Summaries	30%
Problem Sets	30%
In-class Participation	15%
Take-home Final Exam	25%

Grades: A = 90-100; B = 80-89; C = 70-79; D = 60-69; F <=59.

Reading Summaries (30%): There are several lectures (approximately 8) that cover direct applications of policy evaluation methods. For each of these lectures, students will write a 2-page (maximum, single spaced) summary and critique of the assigned readings. **Reading summaries must be submitted online on Blackboard by 11:59 pm the day prior to class** during which the papers will be discussed. Please see the Blackboard site for directions on how to submit assignments. Reading summaries will be given a grade between 1 and 3. Most summaries will receive a score of 2 points; 3-point summaries will be reserved for exceptional insights and 1-point summaries for insufficient summaries. Late summaries will not be graded and will receive 0 points. **I will drop the lowest two grades on the reading summaries.** *Students are responsible for completing their own reading summaries; group work is not acceptable.*

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Problem Sets (30%): There will be four problem sets. The problem sets will require students to perform statistical operations in order to apply the material covered in class to actual policy evaluations. *Students are encouraged to work as a group, with a maximum group size of three.* However, students are responsible for handing in their own copy of the problem set (even if it is identical to one of your groups members). It is highly recommended that students use STATA for the problem sets. Students may use a different statistics software package (e.g. SASS) upon my approval; however, I will not provide support for any other software program. **Problem sets—comprised of write-ups to the questions and any code used to perform statistical operations (e.g. STATA dofiles)—must be submitted online on Blackboard by 11:59 pm on the appropriate due date.** Students must include a list of group members that contributed to the problem set. Problem sets are marked down 10% for each day they are late.

In-class Participation (15%): Students are expected to attend class on a regular basis. Students will be graded on their participation in discussions during class time.

Take-home Final Exam (25%): Students will be graded on a take-home final exam covering topics presented over the course of the semester. All course materials are fair to use but ***you are not to consult with classmates or faculty or ANY other human being.*** This is to be your work and your opportunity to demonstrate your ability to learn and communicate. I take a very dim view of exams that are identical (see the *Academic Honesty* section below). Students will have one week to complete the take-home exam and must be submitted—along with any STATA code—online on Blackboard by **11:59pm on May 2, 2015.**

Lecture Plan and Readings: The following outline describes the topics that will be covered along with anticipated associated readings. Readings highlighted with an ** are required for the reading summaries. Readings highlighted with an * are recommended, not required. All non-textbook readings will be available on Blackboard.

January 13 (Tue): Motivation—What is Public Policy Evaluation?

- WB, Chapters 1 & 2.

January 15 (Thrs): Causal Inference: Counterfactuals and the Potential Outcome Model

- WB, Chapter 3; A&P, Chapter 1; *M&W, Chapter 2.

January 20 (Tue): Causal Inference: The Role of Statistics I

- Problem Set #1 distributed.
- A&P, Chapter 1 Appendix.
- Handout #1

January 22 (Thrs): Causal Inference: The Role of Statistics II

- A&P, Chapter 1 Appendix.
- Handout #1

January 27 (Tue): Causal Inference—Causal Graphs

- M&W, Chapter 1 (pp 24-30); M&W, Chapter 3.

January 29 (Thrs): Random Assignments and Experiments

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- WB, Chapter 4; A&P, Chapter 1.

February 3 (Tue): Applications of Random Assignment and Experiments

- Reading Summary Due
- **Finkelstein, Amy, et al. 2012. "The Oregon Health Insurance Experiment: Evidence from the First Year," *Quarterly Journal of Economics*, 127(3): 127-1106.
- **Taubman, Sarah, et al. 2014. "Medicaid Increases Emergency Department Use: Evidence from Oregon's Health Insurance Experiment," *Science*, 343(6168): 263-268.

February 5 (Thrs): Difficulties with Random Assignments and Experiments

- WB, Chapter 4

February 10 (Tue): Selection on Observables—Regression I

- Problem Set #1 due.
- Problem Set #2 distributed.
- A&J, Chapter 2; *M&W, Chapter 6.

February 12 (Thrs): Selection on Observables—Regression II

- A&J, Chapter 2; *M&W, Chapter 6.

February 17 (Tue): Selection on Observables—Matching I

- A&J, Chapter 2; WB, Chapter 7; *M&W, Chapter 5.

February 19 (Thrs): No class

February 24 (Tue): Selection on Observables—Matching II

- A&J, Chapter 2; WB, Chapter 7; KH, Chapter 12.

February 26 (Thrs): Applications of Selection on Observables

- Reading Summary due.
- ** Ferraro, P., et al. 2007. "The Effectiveness of Listing Under the U.S. Endangered Species Act: An Econometric Analysis Using Matching Methods," *Journal of Environmental Economics and Management*, 54(3): 245-261.
- ** Andam, K., et al. 2008. "Measuring the Effectiveness of Protected Area Networks in Reducing Deforestation," *Proceedings of the National Academy of Sciences*, 105(42): 16089-16094.

March 3 (Tue): Selection on Unobservables: Difference-in-Differences I

- Problem Set #2 due.
- Problem Set #3 distributed.
- WB, Chapter 6; A&P, Chapter 5.

March 5 (Thrs): Selection on Unobservables: Difference-in-Differences II

- A&P, Chapter 5; KH, Chapter 14.

March 10 and 12: No class

March 17 (Tue): Applications of Difference-in-Differences

- Reading Summary due.
- **DiTella, R., and E. Schargrodsky. 2005. "Do Police Reduce Crime? Estimates Using the Allocation of Police Forces after a Terrorist Attack," *American Economic Review*, 94(1): 115-133.

March 19 (Thrs): Selection on Unobservables: Instrumental Variables I

- A&P, Chapter 3; KH, Chapter 6.

March 24 (Tue): Selection on Unobservables: Instrumental Variables II

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- A&P, Chapter 3; KH, Chapter 15.

March 26 (Thrs): Applications of Instrumental Variables

- Reading Summary due.
- Problem Set #3 due.
- Problem Set #4 distributed.
- **Levitt, S.D. 2002. "Using Electoral Cycles in Police Hiring to Estimate the Effects of Police on Crime: Reply," *American Economic Review*, 92(4): 1244-1250.

March 31 (Tue): Selection on Unobservables: Regression Discontinuity I

- WB, Chapter 5; A&P, Chapter 4.

April 2 (Thrs): Selection on Unobservables: Regression Discontinuity II

- KH, Chapter 16.

April 7 (Tue): Applications of Regression Discontinuity

- Reading Summary due.
- **Carpenter, C. and Dobkin, C. 2009. "The Effect of Alcohol Consumption on Mortality: Regression Discontinuity Evidence from the Minimum Drinking Age," *American Economic Journal: Applied Economics*, 1(1): 164-182.

April 9 (Thrs): Combining Methods: Matched Difference-in-Differences

- WB, Chapter 8.

April 14 (Tue): Application of Matched Difference-in-Differences

- Reading Summary
- ** Cattaneo, M., et al. 2009. "Housing, Health and Happiness," *American Economic Journal: Economic Policy*, 1(1): 75-105.

April 16 (Thurs): Challenges for Policy Evaluations: Spillovers

- Problem Set #4 due.
- WB, Chapter 8; *M&W, Chapter 2 Section 2.5.

April 21 (Tue): Applications for dealing with Spillovers

- Reading Summary due.
- **Kremer, M., and E. Miguel. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, 72(1): 159-217.

April 26 (Thrs): Challenges for Policy Evaluations: Controversies over Experiments

- Reading Summary due.
- ** Deaton, Angus. 2010. "Instruments, Randomization, and Learning about Development," *Journal of Economic Literature*, 48(2): 424-455.
- ** Banerjee, A., and E. Duflo. 2009. "The Experimental Approach to Development Economics," *Annual Review of Economics*, 1(1): 151-178.

Student Code of Conduct

As with all members of the University community, the University requires students to conduct themselves honestly and responsibly, and to respect the rights of others. Conduct that unreasonably interferes with the learning environment or that violates the rights of others is prohibited by the standards and guidelines collectively described as the Student Code of Conduct. For more information, refer to Student Rights, Freedoms, and Responsibilities section in the *UAA Fact Finder/Student Handbook*

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<http://www.uaa.alaska.edu/studentaffairs/fact-finder.cfm> or Chapter 7 Academic Standards and Regulations in the UAA catalog <http://www.uaa.alaska.edu/records/catalogs/catalogs.cfm>.

Academic Honesty

Academic integrity is a basic principle, which requires that students take credit only for ideas and efforts that are their own. Cheating, plagiarism, and other forms of academic dishonesty are defined as the submission of materials in assignments, exams, or other academic work that is based on sources prohibited by the faculty member. Plagiarism in written work will result in a class grade of F. Plagiarism includes: (i) stealing or passing off the ideas or words of another as one's own, (ii) using another's production without crediting the source, and (iii) to present as new and original an idea derived from an existing source. In addition to any adverse academic action, which may result from engaging in academically dishonest behavior, the university specifically reserves the right to address and sanction the conduct involved through the student judicial review procedures outlined in the *UAA Fact Finder/Student Handbook*.

Additional information on plagiarism is located on the UAA Library website:

<http://www.consortiumlibrary.org/blogs/ahi/plagiarism/>

Disability Support Services

Disability Support Services (DSS) coordinates academic support services for students who experience disabilities. To access support services, students should contact DSS and provide current disability documentation. Additional information may be accessed at the DSS Office in Rasmuson Hall (RH105) or on-line at www.uaa.alaska.edu/dss. Services include, but are not limited to, American Sign Language interpreters, note-taking assistance, testing adjustments, ergonomic furniture, textbooks in alternate formats (e.g., large print, audio, e-text, etc.), and access to adaptive technology. DSS also serves as a resource for the community, facilitating workshops and awareness-building events, and maintaining an extensive lending library.

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