Syllabus for RPAD 643: Economics of Government Programs

Instructor: Stephen Weinberg

Wednesdays, 5:45-8:50; Milne 215

Office Hours: TBD

Catalog number: 9191

Fall 2013

In 2012, the US federal, state, and local governments spent $5.5 trillion, compared to a GDP of $15.7 trillion.1 Of that, the federal government spent about $680 billion on defense. Where did the rest of the money go? Why does the government spend money? How can we judge the wisdom of this spending? What level of government should undertake different programs? How can government collaborate effectively with private agencies?

RPAD 643 examines the economics of major government programs. It consists of two major units: general issues in public programs and a survey of major government programs.

Under general issues, we will look at two major pieces: evaluation and partnerships. We will look briefly at methods for Cost-Benefit Analysis and some major strategies for evaluating programs, and some of the strengths and weaknesses of each. Three weeks is not enough time to turn you into expert evaluators; the goal is to expose you to concepts so that you will be a more intelligent consumer of evaluations. Under partnerships, we will look at how government agencies coordinate projects with other levels of government, with nonprofit organizations and firms with shared discretion over a project (collaboration), and with firms with little shared discretion (procurement).

Under specific programs, we will look at several of the biggest ticket items in state and federal governance, what the rationale is for that program, and what some of the biggest challenges/reforms for that program. This section could easily be dominated by health care, but I have intentionally reduced the coverage of health care to one week, given that the department offers two courses on health care finance and policy.2

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1 US Economic Report of the President 2013, Tables B-1, B-82

2 Jim Fossett usually teaches 644 every fall. I usually offer 654 every other spring. By a fluke of the schedule, I’m teaching my health policy class again this spring even though I just taught it; there is almost no chance that it will also be offered the following year.
A “traditional” economics-department public finance class would spend more time in Unit II and would cover more programs. We’re not going to spend more time on general economic issues in program implementation, which won’t give us time to cover very many programs. As such, everyone will pick a single program to write a research memo on. We will also choose one program by class vote.

Prerequisites

RPAD 503: I will assume you are reasonably comfortable with the material covered in RPAD 503, which covers microeconomics at the introductory-to-intermediate level.

The mathematics used is at the level of high school algebra. I also assume you have seen statistical regressions and present discounted value before, though I will review them.

Grading

Final Exam (25%): during exam week, at the normal class time

Reading Quizzes (27%): at the beginning of every class with assigned readings, there will be a 20-minute quiz on that day’s readings. The lowest two quizzes will be dropped.  \(^3\)

Problem Set (9%): there will be a problem set on cost-benefit analysis. For those of you anticipating RPAD 503 flashbacks, you will NOT be asked to solve systems of equations.

Memo 1 (9%) Everyone will write the same assignment for memo 1

Pre-Memo Exercises (8%) You will select a particular government program and do some short research exercises on it, to prepare for Memo 2

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\(^3\) If we end up having the intended eleven quizzes, I will drop the lowest three quizzes. However, I am promising only two drops. Also, to give you more time to work on your memo 2 assignments, there will be no readings due Dec 4. I will teach health insurance through straight-up lecturing. You will, however, be responsible for the lecture material for the exam, so take good notes. (Why am I choosing the most important government program area for the “no readings” week? This decision is driven by the supply side of the class topic market; I have more experience lecturing on health policy than on any program.) If you want some recommended outside readings on health policy, see my RPAD 654 syllabus.
Memo 2 (17%) You will write a memo on the particular government program you did your pre-memo exercises on.

Class Participation (5%) is based on attendance, preparation, and the quality of comments and questions. The default participation grade for good attendance is a B; to do better you’ll have to, you know, participate.

Each assignment will receive a letter grade. To calculate your semester grade, I will convert the final grade to a 4-pt scale (A = 4.0, A- = 3.66, B+ = 3.33, etc). I will then take a weighted average of all your assignments to get your semester score. The score will be converted into a final letter grade with the following thresholds: A: 3.7 or higher; A- : 3.55 to 3.69; B+: 3.2 to 3.54; B: 3.0 to 3.19; B- : 2.60 to 2.99; C+ : 2.25 to 2.59.

Math

Much of the reading comes from professional economics articles, and as such includes a fair amount of technical material. You can read around the most technical parts. However, you should be comfortable reading basic algebra equations and the output of regression estimation. You should be able to use the regression results reported in the papers we read as evidence in your memos. The memos and exam, however, are not problem-based. The problem set requires basic algebra.

Plagiarism, Working in Groups, and Editing Services

It should, I think, go without saying that you are to abide with SUNY Albany standards for academic honesty.

I encourage you to discuss the course and assignments with your colleagues. However, you must turn in your own work, written in your own words. At no point should you ever work directly off of a colleague’s manuscript of a memo or paper. You must also indicate in a footnote if you received helpful input from someone.

As per University policy, multiple submission of the same assignment (or substantially the same assignment) to more than one class is not allowed unless approved by all relevant instructors.

If you use an editing service to help you with the language of your memos and papers, you must actually input any changes into your text yourself. Again, you must acknowledge such help in a footnote. Note that such services are allowed only to help you polish your own work.
Readings

Books (on order at Mary Jane’s)


Unless indicated otherwise, professional journal articles are available in full-text electronically through the SUNY library. I strongly recommend that you use the journal finder to track down the journal, and then locate the relevant issue and article. The library’s article finder (EBSCO) has a shaky track record.

Other readings will be made available. Note Well: as a SUNY student, you should not have to pay for National Bureau of Economic Research (NBER) papers; if the nber.org website tries to make you pay for a paper, look for the link for people who think they don’t have to pay, and enter your SUNY e-mail address.

Note Well: you must use the official, published version of articles, unless specified otherwise.

If you are having trouble finding a reading, ask me. (Note: it’s probably a good idea to look for them earlier than Wednesday afternoon.)

Note Well: there will be a reading guide each week telling you what material to focus on and what questions are “fair game” for the reading quiz. You will be expected to read few of the articles in their entirety. While the reading load for this course will be heavy, it will not be quite so heavy as suggested by the syllabus.

All assigned readings are subject to change; the reading guide for each week constitutes the final assignment.
Unit I: Evaluation

Aug 28: Major rationales

Sept 4: no class

Sept 11: Cost-Benefit Analysis

  a. Handout on Present Discounted Value


  c. Fugitt and Wilcox, 1999, Cost-Benefit Analysis for Public Sector Decision Makers, CT: Quorum Books, chapters 1 to 7


Sept 18: the Program Evaluation Problem

  a. Program Evaluation Teaching Note


  d. Baicker et al, New England Journal of Medicine


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4 WARNING: the Surgeon General has determined that this handout may cause déjà vu in students who have taken other courses from me.
Unit 2: Partnerships and Delegation

Oct 2: Federalism

a. Problem Set due

b. Gruber, ch10


Oct 9: Collaborative Governance

a. Donohue and Zeckhauser (2011)

EVERYONE reads ch 1-3, 8-10

PLUS: Group A reads ch4 (applications: security; charter schools)

Group B reads ch5-6 (applications: OSHA, student loans, Medicare)

Group C reads ch7 (applications: parks, FDA)

Oct 16: Procurement

a. Memo 1 due


Unit 3: Individual Programs

Oct 23: Education Provision

a. Gruber, chapter 11


Oct 30: Competition in Education


Nov 6: Social Insurance and Poverty Relief

a. Pre-Memo Exercise 1


e. Gruber ch17.3

Nov 13: Health Insurance


d. Hosseini, Weinberg, and Bachwani, 2012, “Do Medicaid Recipients Use Emergency Departments Because they Cannot Access Primary Care?”

e. Watch video http://kff.org/health-reform/video/health-reform-hits-main-street/


Nov 20: Pensions

a. TBD

b. Pre-Memo Exercise 2

Nov 27: no class

Dec 4: Class Vote Day
a. Readings TBD

Dec 11: Reading Day

a. Final Memo due
b. Optional Exam Review at normal class time

**Sometime During Exam Week,** Probably Dec 18 but Don’t Plan on It: Final Exam