Economics of the U.S. Social Safety Net
Spring 2016

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Office Hours: Th 2:45-4:15pm

Lecture Time and Location: Tu/Th 1:25-2:40pm; Ives 215.

Course description: This course provides an overview of the major programs that make up the social safety net in the United States, and the various issues in program implementation and design. We will review the economic rationale behind social programs, identify the economic consequences of these programs, and assess the empirical research on these topics. A major emphasis of this course will be on understanding the strengths and limitations of the core methodologies used in the existing economics literature.

Learning goals: At the end of this course, you will be able to:

1. Identify and explain the reasons for government redistribution and provision of social insurance.
2. Describe the ways in which social programs are implemented in reality, and analyze the potential distortions and consequences of program design using economic reasoning.
3. Evaluate the empirical evidence on the impact of social programs on individual behavior and well-being by applying knowledge of econometric methodology.
4. Formulate and express well-reasoned arguments for or against specific policies through written and oral presentations.

Prerequisites:
- Intermediate Microeconomics: PAM 2000 or equivalent
- Statistics: PAM 2101 or equivalent
- (Strongly recommended) Multiple Regression Analysis: PAM 3100 or equivalent

Texts and materials: All required readings will be posted on Blackboard. Although there is no required textbook for this course, students might find the following textbooks to be useful references:

- (Public Finance) Gruber, Jonathan, Public Finance and Public Policy (Fourth Edition)
- (Econometrics) Angrist, Joshua D. and Pischke, Jorn-Steffan, Mastering 'Metrics: The Path from Cause to Effect

Course requirements: Students will be evaluated on the basis of written responses to readings, a final project, and class participation.
Reading Responses: Brief (1-2 pages) written responses to readings will be due most weeks of the course. For each reading response, students will answer a set of guiding questions about two of the starred (*) readings for the week. These responses should be submitted before the corresponding lectures, at noon on Mondays (specific due dates listed below). Students are allowed one instance of “borrowing against the future”: If you miss one week of responses, you may make it up by “doubling up” another week in the semester. Students may not miss more than one week of reading responses without penalty.

Final Project (Marginal Tax Rate Project): For this project, each student will select a U.S. state and research the components of the social safety net in that state. The project will consist of data collection (trends in expenditures and caseloads; demographic and labor market characteristics), understanding institutions (calculating marginal tax rates), and a written analysis of policy implications that draws on lessons from the course readings. There will be several “checkpoints” throughout the semester when some portions of the project should be completed, and the final project is due on 5/9.

For CIPA students only: CIPA students will be required to complete a short term paper (~10 pages) (in addition to the above requirements) analyzing a specific aspect of a social program of their choice. An excellent paper will include a detailed description of the potential economic effects of the program feature and a critical review of related studies that speak to the magnitude of the effects. Students who are planning to complete this paper will be required to meet with me to discuss their plans for the paper no later than 3/14. For CIPA students, the paper is worth 20% of the grade, while the reading responses are 40%. This paper is due on the last day of classes, 5/10.

Disability Accommodations: In compliance with section 504 of Rehabilitation Act of 1973 and the Americans with Disabilities Act, reasonable accommodation will be provided to students with documented disabilities. Students with disabilities must provide the College with appropriate documentation of their disability before any accommodation can be made. Reasonable accommodation will be provided, on a case-by-case basis.

Academic Integrity Statement: Absolute integrity is expected of every Cornell student in all academic undertakings. Integrity entails a firm adherence to a set of values, and the values most essential to an academic community are grounded on the concept of honesty with respect to the intellectual efforts of oneself and others. Academic integrity is expected not only in formal coursework situations, but in all University relationships and interactions connected to the educational process, including the use of University resources. A Cornell student’s submission of work for academic credit indicates that the work is the student’s own. All outside assistance should be acknowledged, and the student’s academic position truthfully reported at all times. In addition, Cornell students have a right to expect academic integrity from each of their peers. For further information regarding the Cornell Code of Academic Integrity see: [http://cuinfo.cornell.edu/Academic/AIC.html](http://cuinfo.cornell.edu/Academic/AIC.html) Unless you have the express permission of the instructor, you should not buy or sell course materials. Such unauthorized behavior constitutes academic dishonesty.

TurnItIn.com Acknowledgement: Students agree that by taking this course that all papers submitted for the course may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site.
# Course outline and assigned readings

(+) Overview Readings  
(*) Response Readings  
(**) Response Reading Examples

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<th>Lecture</th>
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- Dahl: 2/22
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| 4/5-4/7 | Low-Income Housing                 | • (+) Collinson, R. et al. 2015. “Low Income Housing Policy.” In *Economics of Means-Tested Transfer Programs in the United States*, vol. 2. (pp.1-29)  
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<td>24</td>
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<td>Multiple Program Participation</td>
<td>• (+) CBO. 2012. “Effective Marginal Tax Rates for Low- and Moderate-Income Workers.”</td>
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