Public Affairs 881: Cost-Benefit Analysis  
University of Wisconsin Madison  
Fall 2021 Syllabus, Version 1

Course Information
Instructor: Dr. Morgan Edwards, 301 Observatory Hill Office Building, morgan.edwards@wisc.edu. Please contact me via email if you would like to discuss anything about the course.

Meeting Times and Locations: Mondays and Wednesdays, 8:00-9:15 a.m.

This is one of two sections of cost-benefit analysis taught this fall. The two sections will meet separately for the first two sessions and then generally meet together for the remainder of the semester (with a few exceptions). Our individual section meetings will be in Social Sciences 6116 and joint meetings will be in Social Sciences 4308. The meeting location for each session is listed in the course schedule.

Office Hours: Office hours will be conducted virtually via Zoom. I will determine office hours for each project group based on a survey at the beginning of the semester. You can use office hours to discuss your project and anything else about the course.

Prerequisites: Familiarity with the basic concepts of microeconomics and statistical inference. Public Affairs 880 and Public Affairs 819, or their equivalents. Please email me if you have any questions or concerns about your preparation for the course or would like suggestions for extra resources.

Canvas Site: https://canvas.wisc.edu/courses/266479


Course Expectations: This is a three-credit course. We will meet for two 75-minute class periods per week over the fall semester. You should plan to spend at least two hours on learning activities outside the classroom for every hour of classroom time. I expect you to complete all readings and assignments for each session before coming to class and come prepared to discuss. A key element of the course is a group project for a real-world client. I expect you to give this project a high priority and be professional in your interactions with the client and your classmates.

Learning Outcomes
Cost-benefit analysis (CBA) is an approach for evaluating a policy or project by expressing its total costs and benefits in monetary terms. This may sound straightforward, but as you will see throughout the semester, it rarely is. At the end of this course, you will be able to:

- **Explain** the basic mechanics of performing a CBA, including methods for valuing costs and benefits, aggregating over time, and analyzing uncertainties.
- **Evaluate** the strengths and weaknesses of different CBAs and propose strategies to address any shortcomings.
- **Debate** the advantages and limitations of CBA for policy analysis and compare it to other approaches.
- **Create** a CBA for a real-world client from start to finish, including scoping, background research, valuation of costs and benefits, uncertainty analysis, and interpretation.

Assessment and Grades
Your progress toward the course learning outcomes will be assessed in multiple ways. Parentheses indicate the weights given to these components in your final grade.
Participation (20%): Class will be a mixture of lectures, discussions, and problem solving. I expect you to complete all readings and assignments before class and come ready to actively participate. For example, you may be called on to summarize the main arguments from a reading and provide your reaction or explain how you would approach one of the assigned exercises. Remember that engagement means not only sharing your ideas but also listening and responding to what others have to say. You can also participate outside of class time through the discussion board on Canvas.

Midterm Exam (30%): There will be a midterm exam on November 1. The exam will give you an opportunity to demonstrate your knowledge of the basic mechanics of CBA.

Team Project (40%): A large component of the course is a project where you will work in groups to create a CBA for a real-world client. This is where you will move from the theory of CBA to practice. Please do not take this course if you are unable to devote the time to create a professional-level project. You should begin your project early in the semester; several project reports throughout the course will help you keep on track and give you opportunities for feedback. Additionally, you are highly encouraged to schedule regular meetings with me to discuss questions and ideas about your project.

- **Summary and Plan** – Prepare a report that describes the issue being addressed in the project and your plan for completion (due September 20).
- **Data Sources and Literature Review** – Prepare a report on the data that you have from the client and/or from the literature and an annotated bibliography with at least ten studies relevant to your project (due October 11).
- **Categories and Measurement** – Prepare a full list of the relevant categories of costs and benefits and a detailed description (with sources) on how you plan to measure each; provide a justification for any costs or benefits that you will not include in your analysis (due October 20).
- **Paper Draft** – Your paper draft should be a polished report that includes an executive summary, introduction, analysis of costs and benefits, discussion of non-monetized costs and benefits, sensitivity analysis, discussion of limitations, recommendation, appendices with detailed methods, and list of references (due December 8).
- **Class Presentation** – Each group will have one class period to present their project. You should prepare an approximately 45-minute presentation followed by class discussion.
- **Final Paper** – Your final paper should address comments you received from your peer feedback as well as feedback from me. Submit a separate document that lists the comments you received and describes how you addressed them (due December 17).
- **Peer Evaluation** – You will have the opportunity to evaluate the effort and contributions of the other team members on your project. Please wait until you have submitted your final draft to send in your peer evaluations (due December 17).
- **Client Briefing** – You should plan on briefing your client on your final report at their convenience. Depending on schedules, this briefing may occur in December or January.

Peer Feedback (10%): You will be asked to carefully read another team’s Cost Benefit Project and submit a memo with constructive feedback and suggestions (due December 13).

**Values and Policies**

**COVID-19**: Learning together during a global pandemic is an unprecedented experience for everyone. While we are hopeful for a more “normal” return to classes this semester, plans for this course may change as the situation evolves. I recognize that COVID-19 may continue impact your life in ways that are not always easy to predict. I hope that we can all navigate this semester with flexibility and compassion. We are partners in this learning process, and I welcome suggestions for new ways to engage with course content. I will send out a survey before the first day of class to assess your needs for COVID-19 accommodations and give you an opportunity to express any thoughts and concerns. Please feel free to update me if your needs change during the semester.
For more information, see the COVID-19 Response page: https://covidresponse.wisc.edu

**Justice, Diversity, Equity, and Inclusion:** Justice, equity, diversity, and inclusion are central to our work in the classroom and beyond. I echo the university’s statements on diversity and inclusion:

*Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.*

*The University of Wisconsin Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world. (Source: https://diversity.wisc.edu)*

I recognize the importance of eradicating systemic oppression of all kinds and am actively committed to this work. Policy analysis methods (including CBA) have played roles in both uncovering and obscuring – and therefore perpetuating – sources of injustice. I aim to center social and racial justice in this course. I welcome your feedback and suggestions on how to further these efforts.

It should go without saying that in this classroom Black Lives Matter. For resources on dismantling anti-Black racism in academia, please see: https://www.particlesforjustice.org and https://shutdownstem.com.

**Land Acknowledgement:** I join the university in acknowledging the stolen Ho-Chunk land on which the University of Wisconsin Madison campus sits:

*The University of Wisconsin Madison occupies ancestral Ho-Chunk land, a place their nation has called Teejop since time immemorial. In an 1832 treaty, the Ho-Chunk were forced to cede this territory. Decades of ethnic cleansing followed when both the federal and state government repeatedly, but unsuccessfully, sought to forcibly remove the Ho-Chunk from Wisconsin. This history of colonization informs our shared future of collaboration and innovation. Today, UW-Madison respects the inherent sovereignty of the Ho-Chunk Nation, along with the eleven other First Nations of Wisconsin. (Source: https://chancellor.wisc.edu/blog/our-shared-future)*

For more information on the Ho-Chunk Nation, please refer to: https://ho-chunknation.com.

To learn about other places of significance to you and the practice and importance of land acknowledgements, please see: https://native-land.ca.

**Accessibility and Accommodations for Students with Disabilities:** I am committed to making this class accessible for all students, including upholding all university disability policies:

*The University of Wisconsin Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform me of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. I will work either directly with you or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student’s educational record, is confidential and protected under FERPA. (Source: https://mcburney.wisc.edu/instructor)*
Additionally, I recognize that accessibility needs may arise that are not explicitly covered by these policies. You are invited to contact me directly to discuss any situation that impacts your ability to engage with this course and how I can best support you and your learning.

**Absences and Religious Observances:** Participation in class is an important part of this course. However, I recognize that situations can arise that require you to miss class. Please contact me in advance of any planned absences, or as soon as is reasonable after unplanned absences, so we can discuss ways to make up what you missed. This may take the form of a memo reflecting on pre-class assignments.

If a religious observance will require you to miss class during an exam or final presentation, please notify me over email within the first two weeks of the semester. For more information on university policies on religious observances, please see: [https://secfac.wisc.edu/academic-calendar/#religious-observances](https://secfac.wisc.edu/academic-calendar/#religious-observances).

This year, the first day of classes is unfortunately scheduled to occur during Rosh Hashana, the Jewish New Year and one of Judaism’s holiest holidays. I am very sorry about this. Please contact me to let me know if you are affected. As with all religious observances, you will not be penalized for missing class. I will record the first session so you can participate after the holiday and am also happy to schedule a separate meeting to know you and discuss any questions you have about the course.

**Academic Integrity:** By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin Madison. Examples of misconduct include cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts. Misconduct may result in disciplinary action including but not limited to failure on the assignment or course, probation, suspension, or expulsion. For more information please see: [https://conduct.students.wisc.edu/syllabus-statement](https://conduct.students.wisc.edu/syllabus-statement). You can also contact me directly if you have any doubts or concerns.

A large portion of your work in this course is a Cost-Benefit Project that will culminate in a written report. All group members are responsible for understanding and applying the rules for acknowledging, paraphrasing, and quoting sources in professional writing. You should review all sections of your report carefully with these rules in mind. You can also refer to the Writing Center Handbook: [https://writing.wisc.edu/handbook](https://writing.wisc.edu/handbook).

**Tentative Schedule**
Please complete readings and exercises before each class session and come prepared to discuss. For modules that are spread out over multiple class periods, due dates for readings and exercises will be announced in class and on Canvas. More details on each module, including assigned readings and exercises, can be found on Canvas.

**September 8** – Module 1: Welcome to Cost-Benefit Analysis! (SS 6116)

**September 13** – Module 2: Previous Projects (SS 6116)

**September 15** – Module 3: Conceptual Foundations (SS 4308)

**September 20, 22, 27, 29** – Module 4: Valuing in Primary Markets (SS 4308)

**October 4** – Module 5: Valuing in Secondary Markets (SS 4308)

**October 6, 10** – Module 6: Basics of Discounting (SS 4308)

**October 13, 18, 20** – Module 7: Dealing with Uncertainty (SS 4308)

**October 25** – Module 8: Option Price and Option Value (SS 4308)
**October 27** – Module 9: Life Cycle Assessment (SS 4308)

**November 1** – Midterm Exam (SS 4308)

**November 3** – Module 10: Demonstrations and Experiments (SS 4308)

**November 8, 10** – Module 11: Observational Studies (SS 4308)

**November 15, 17, 22** – Module 12: Contingent Valuation (SS 4308)

**November 24** – Project Consultations (conducted as needed via Zoom)

**November 29, December 1** – Module 12: Contingent Valuation, cont. (SS 4308)

**December 6** – Module 13: Alternatives to Cost-Benefit Analysis (SS 4308)

**December 8, 13, 15** – Project Presentations (SS 6116)