

Anderson, Andrew. (2014). **Human Capital and Educational Institutions.**

This work investigates the implications of human capital specialization as well as the challenges of teacher evaluation. The first two chapters contrast occupational college majors with more general courses of study, for example mathematics versus accounting. The first chapter introduces the Herfindahl-Hirschman index as an objective measure of the occupational concentration of a college major. Outcomes are documented using the American Community Survey 2009 and the National Longitudinal Survey of Youth 1979. Occupational majors are associated with higher wages and are not correlated with either the incidence or the duration of unemployment spells. These findings indicate that occupational study may confer productivity gains without augmenting unemployment risk.

The second chapter uses a life cycle model to evaluate the role of occupational study in providing information about occupational preferences. The model is estimated using a sample from the National Longitudinal Survey of Youth 1979. The results suggest that the opportunity to gain preference information is an important advantage of occupational courses of study. Furthermore, consistent with Chapter 1, the productivity gain from occupational study is much greater than the gain from general study.

The third chapter, co-authored with Douglas N. Harris, focuses on public service worker evaluation. This is challenging when clients contribute to output. Standardized performance measures may be biased if they do not fully capture all outputs or client heterogeneity. We document an important case of such bias using a statewide sample of secondary schools where students are assigned to remedial or advanced tracks. We use a Blinder-Oaxaca style decomposition for differences in achievement across tracks. One component of the difference, targeting, captures the possibility that a given track is not equally beneficial for all students. We find that the lower track is especially helpful for students with low prior achievement. Omitting controls for targeting, as is typical in high-stakes teacher value-added estimates, induces upward bias for lower track teachers. So while standardized measures can provide some information, they should be paired with additional methods of worker performance evaluation.