

Quiz 8 (answers)
ECNS 432
Spring 2019

_____Name

4.) (10 points) Consider a project that would involve starting a “drunk-bus” program at the University of Moose Drool. The goal of the drunk-bus is to decrease drunk-driving by picking up students at bars and dropping them off at home. Researchers designed a survey to implement the dichotomous choice method to a random sample of students at UMD. They reported the following data:

<i>WTP amounts per semester for implementation of the drunk-bus (in dollars)</i>	<i>Fraction of respondents willing to pay the stated fee</i>
0	1.00
5	0.75
10	0.62
15	0.50
20	0.45
25	0.38
30	0.30
35	0.27

What is the mean WTP for the sampled population?

$$\text{Mean WTP} = 5(1 + .75 + .62 + .50 + .45 + .38 + .30 + .27) = \$21.35$$