EDHE 6760
Higher Education Finance
Thursdays, 5.30-8.20 pm
Fall 2012

*About the instructor*

Barrett Taylor, PhD
Assistant Professor of Higher Education
Mean Green Village #122
T: 940.565.3238
E: barrett.taylor@unt.edu or bjt512@gmail.com

Office hours: Tuesdays, 11.00 am – 2.00 pm
Thursdays, 11.00 am – 2.00 pm

Although I am in my office almost every weekday, I often have meetings scheduled during these times. I therefore strongly suggest that you email me to make an appointment before coming to my office. Simply write to me at one of the two addresses posted above, noting the days and times at which you are available to meet. I generally reply to email within 24 hours, and often even sooner.

*Course objectives*

This course is designed as part of a sequence of classes intended to prepare you for work in higher education as a scholar-practitioner. To that end, this course has two complementary objectives.

First, this class will familiarize you with basic principles and current issues of higher education finance. Every scholar-practitioner needs an understanding of educational finance because virtually every office oversees a budget and, at times, is required to demonstrate its financial viability to various assessors. I seek to present core concepts in a way that they may be applied readily to educational practice. I will give special attention to the ways in which these topics touch upon other core issues in higher education – such as organization and administration, state and federal policy, and student choices – in an effort to integrate this course's content with the other classes you will take while at UNT.

Second, this course will help you to develop the range of skills that characterize advanced scholar-practitioners in higher education. Necessary skills include the ability to write clear scholarly prose, and to present academic content orally. Course assignments will be graded accordingly. If you do not possess a copy of a "style guide" to writing, I highly recommend purchasing and familiarizing yourself with one. I remain partial to Strunk and White's *Elements of Style*, but any of a number of guides can help you to improve your writing.

In addition, scholar-practitioners must be able to read and comprehend a variety of sources, including books, policy reports, and peer-reviewed journal articles. This will involve some familiarity with qualitative and quantitative research methods. If you do not

possess this familiarity, simply do your best with course readings and raise relevant questions in class. You are responsible for learning all materials presented in the course, so please ask questions that you have so that you can hone your skills as a reader of academic content.

*Assignments*

There are four assignments in this course:

1. Final examination: This take home exam addresses major themes and content from the first two units of the course. Students will have two weeks to respond to exam questions using course materials. 30% of final grade.
2. Student presentation: Students will present preliminary versions of their term papers in weeks fourteen and fifteen. 15% of final grade.
3. Final paper: Term papers should demonstrate a student's fluency with higher education finance by allowing for detailed exploration of a particular topic, concept, or issue. Papers may be: a review of literature related to a particular course topic but not covered in the class; a critical review of a recent scholarly book that is relevant to the financing of US higher education, was published in the last ten years, and addresses one of the major topics presented in the course; an introduction to a proposed research project on the finance of higher education; or another topic that has been approved by the instructor. All papers will briefly summarize the main points of the topic/book reviewed, and then will analyze these points in light of course readings and other relevant materials. Evaluation is based upon demonstrated knowledge of material, quality of analysis, stylistic clarity, and writing mechanics. 40% of final grade.
4. Class participation: **Attendance at all course sessions is required**. In accordance with Texas state law, absences on religious holy days will be considered excused. Students must complete assignments within a reasonable time frame after the absence at no penalty to their grade. I request that you let me know at your earliest convenience if you will be observing a religious holy day at a time during which we have scheduled a course meeting. If you must miss a course meeting for any other reason, please notify the instructor immediately. In addition to attendance, students are required to complete all readings and to participate in all class sessions. Please note that "participation" does not necessarily require speaking, and certainly does not indicate speaking out of turn or talking over classmates. 15% of final grade.

*Grades and evaluation*

A course grade of "A" (90-100) indicates exemplary work. A "B" (80-89) denotes work that meets expectations of a graduate student. A "C" (70-79) is assigned to work that does not meet expectations of graduate student performance. Grades of "D" (65-69) and "F" (<65) are assigned when work is unacceptable.

*Late assignments*

Assignments are due at the dates and times specified in the syllabus. Late work will be penalized one plus or minus for each day that it is late

*Course readings*
There are two required texts for this course:

Archibald, R.B., & Feldman, D.H. (2011). *Why does college cost so much?*. New York: Oxford.

In weekly assignments, I will refer to this text as "A&F. (2011)."

McPherson, M. S., & Schapiro, M. O. (1998). *The student aid game: Meeting need and rewarding talent in American higher education*. Princeton, N.J: Princeton University.

In weekly assignments, I will refer to this text as "M&S. (1998)."

In addition to these texts, we will read from a variety of book chapters, peer-reviewed journal articles, and policy reports. Some of these documents will be made available to you through an electronic course reserve. This reserve is offered as a convenient way to access materials available through the UNT library, and its contents are intended only for educational "fair use" within copyright provisions (ie., you are not to distribute these documents to others).

Find the course reserve by clicking the "course reserve" link on the UNT library's main page. You then can search for this class using the course number found at the top of this syllabus. The password for this reserve is "finance" (case-sensitive). You must not share this password with others outside the class. Further, library staff will not be able to provide the password to you should you lose it. Please ask a classmate or request a duplicate copy of the syllabus.

Peer-reviewed journal articles are available through the UNT library. They are not part of the electronic reserve because you can find them easily using the citation information found in this syllabus. You can find Dynarksi's (2002) ERIC report through the same interface on the library's front page.

The reading from Paula Stephan's (2012) *How economics shapes science* and the Morphew and Taylor chapter from Roger Brown's (2011) *Higher education and the market* are both available through the UNT library as electronic books. Here again, these chapters cannot be posted as part of the course reserve, but can readily be accessed from the library's main page.

Finally, policy reports (Hovey, Wellman and Desroches) are available publicly through the body that published these documents. A simple google search using information in the citation should take you to the items that you will need to read.

*Academic Integrity*
All incidents of academic dishonesty will be reported to the Academic Integrity Office within the Office of the Provost. For any act of academic dishonesty, the instructor may

impose a sanction from a warning up to and including an "F" in the course. Further and more stringent sanctions may be imposed from the Provost's Office.

As discussed in the UNT Graduate Catalog (www.unt.edu/catalog/grad):

> A strong university is built upon the academic integrity of its members. As an intellectual enterprise, it is dependent upon trust, honesty, and the exchange of ideas in a manner that gives full credit and context to the sources of those ideas. UNT's policy on the Student Standards of Academic Integrity is designed to uphold these principles of academic integrity. It protects the rights of all participants in the educational process and validates the legitimacy of degrees awarded by the university.

The policy covers categories of academic dishonesty such as cheating, plagiarism, forgery, fabrication, facilitating academic dishonesty, and sabotage. It includes descriptions of infractions, penalties, and procedures. In the investigation and resolution of all allegations of student academic dishonesty, the university's actions are intended to be corrective, educationally sound, fundamentally fair, and based on reliable evidence. The full policy (18.1.16) is available online at http://vpaa.unt.edu/academic-integrity.htm. If I suspect that you have engaged in academic dishonesty, I will deal with the situation as outlined in the University Policy shown above. You will be allowed to remain in the class during the entire time that the academic misconduct accusation is being investigated, adjudicated, and appealed. As noted above, the maximum academic penalty that can be assessed by an instructor is an F in the course. However, university officials use the academic misconduct information to decide if other misconduct sanctions are then to be applied, and the student has separate rights to appeal those decisions, remaining in the class until all appeals are exhausted.

*Student Behavior in the Classroom*
Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The university's expectations for student conduct apply to all instructional forums, including university and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at www.dos.unt.edu/conduct.

*Access to information – Eagle Connect*
Your access point for business and academic services at UNT occurs within the my.unt.edu site www.my.unt.edu. All official communication from the university will be delivered to your Eagle Connect account. For more information, please visit the website that explains Eagle Connect and how to forward your email: http://eagleconnect.unt.edu/

*ADA statement*

The University of North Texas makes reasonable academic accommodation for students with disabilities. Students seeking accommodation must first register with the Office of Disability Accommodation (ODA) to verify their eligibility. If a disability is verified, the ODA will provide you with an accommodation letter to be delivered to faculty to begin a private discussion regarding your specific needs in a course. You may request accommodations at any time, however, ODA notices of accommodation should be provided as early as possible in the semester to avoid any delay in implementation. Grades assigned before an accommodation is provided will not be changed.
Note that students must obtain a new letter of accommodation for every semester and must meet with each faculty member prior to implementation in each class. For additional information see the Office of Disability Accommodation website at http://www.unt.edu/oda. You may also contact them by phone at 940.565.4323.

*SETE*
The Student Evaluation of Teaching Effectiveness (SETE) is a requirement for all organized classes at UNT. This anonymous short survey will be made available to you at the end of the semester, providing you a chance to comment on how this class is taught. I am very interested in the feedback I get from students, as I work to continually improve my teaching. I consider SETE to be an important part of your participation in this class.

*Emergency notification and procedures*
UNT uses a system called Eagle Alert to quickly notify you with critical information in the event of an emergency (i.e., severe weather, campus closing, and health and public safety emergencies like chemical spills, fires, or violence). The system sends voice messages (and text messages upon permission) to the phones of all active faculty staff, and students. Please make certain to update your phone numbers at www.my.unt.edu. Some helpful emergency preparedness actions include: 1) know the evacuation routes and severe weather shelter areas in the buildings where your classes are held, 2) determine how you will contact family and friends if phones are temporarily unavailable, and 3) identify where you will go if you need to evacuate the Denton area suddenly. In the event of a university closure, please refer to Blackboard for contingency plans for covering course materials.

*Retention of student records*
Student records pertaining to this course are maintained in a secure location by the instructor of record. All records such as exams, answer sheets (with keys), and written papers submitted during the duration of the course are kept for at least one calendar year after course completion. Coursework completed via the Blackboard on-line system, including grading information and comments, is also stored in a safe electronic environment. You have a right to view your individual record; however, information about your records will not be divulged to other individuals without the proper written consent. You are encouraged to review the Public Information Policy and F.E.R.P.A. (Family Educational Rights and Privacy Act) laws and the university's policy in accordance with those mandates at the following link:
http://essc.unt.edu/registrar/ferpa.html

## Unit I – Introduction

*August 29, 2012 – Introductions, syllabus review, general comments*

*September 6, 2012 – Core concepts: Prices, subsidies, and higher education competition*

A&F. (2011). Chapter 9, "Subsidies and tuition setting."

Desroches, D.M., & Wellman, J.V. (2011). *Trends in college spending, 1999-2009*. Washington, DC: The Delta Cost Project.

Winston, G.C. (1999). Subsidies, hierarchy and peers: The awkward economics of higher education. *The Journal of Economic Perspectives, 13(1)*, 13-36.

Discussion points: prices; costs; general subsidies; targeted subsidies; sources of subsidies; tuition dependence; institutional stratification; competition; isomorphism; accumulated advantage; reading and interpreting descriptive finance statistics

*September 13, 2012 – Higher education costs*

Archibald, R.B., & Feldman, D.H. (2008). Why do higher education costs rise more rapidly than prices in general?. *Change, 40(3)*, 25-31.

Leslie, L.L., & Rhoades, G. (1996). Rising administrative costs. *Journal of Higher Education, 66(2)*, 187-212.

*In-class case study*: Taming the cost tiger

Discussion points: the revenue theory of costs; the cost disease; prestige, competition, and costs; cost ratchet; (dis)economies of scope and scale; accumulation of capital and skilled labor; personnel costs; administrative costs

*September 20, 2012 – Cost sharing and tuition*

Hearn, J.C., & Longanecker, D. (1985). The enrollment effects of alternative postsecondary pricing policies. *Journal of Higher Education, 56(6)*, 485-508.

Heller, D.E. (2006). The changing nature of public support for higher education in the United States. In P.N. Teixeira, D.B. Johnstone, M.J. Rosa, & H. Vossensteyn (Eds.), Cost sharing and accessibility in higher education: A fairer deal? (pp. 133-158). Dordrecht, Netherlands: Springer.

Johnstone, D.B. (2004). The economics and politics of cost sharing in higher education: Comparative perspectives. *Economics of Education Review, 23(4)*, 403-410.

*In-class exercise*: Efficiency and access: Debating the high-tuition/high-aid model

Discussion points: cost sharing; high tuition, high aid model; low tuition, low aid model; different state coordinating mechanisms and resource allocation; revenues in public university systems

*September 27, 2012 – Student financial aid*
A&F. (2011). Chapters 10 "List-price tuition and institutional grants" and 11 "Outside financial aid."
M&S. (1998). Parts one and four.

*Students present paper ideas in class*

Discussion points: federal student financial aid programs; FAFSA and EFC; tuition discounting; funded and unfunded student financial aid; need- and merit-based student financial aid; return of the high-tuition, high-aid model; basic principles of academic writing

*October 4, 2012 – Enrollment management and student choice*
M&S. (1998). Part three.
Morphew, C.C., & Taylor, B.J. (2011). Markets in the U.S. higher education system: Imperfect competition for undergraduates. In R. Brown (Ed.), *Higher education and the market* (pp. 53-62). New York: Routledge Press.

*In-class case study:* "We, the Regents:" Financing decisions at the state level

Discussion points: "balance wheel"; appropriations and costs; sales and income taxes as funding mechanisms;; Rizzo 2006; need vs. merit aid; Discussion points: competition for students; equity; (mis)alignment of individual and institutional incentives; institutional student financial aid and tuition discounting; the return of tuition dependence; student choice and social reproduction

*October 11, 2012 – Access, affordability, and equity*
A&F. (2011). Chapter 12 "The college affordability crisis."
Heller, D.E. (2001). Trends in the affordability of public colleges and universities: The contradiction of increasing prices and increasing enrollment. In D.E. Heller (Ed.), *The states and public higher education policy* (pp. 11-38). Baltimore, MD: The Johns Hopkins University Press.
M&S. (1998). Part two "Student aid and educational opportunity: Are we keeping college affordable?"

*In-class exercise*: To what extent can higher education address income inequality?

Discussion points: access to college; HE costs as a share of income; the cost disease, revisited; income inequality

*October 18, 2012 – Competition and institutional stratification*

Slaughter, S. & Cantwell, B. (2012). Transatlantic moves to the market: The United States and the European Union. *Higher Education, DOI 10.1007/s10734-011-9460-9*.

Stephan, P. (2012). *How economics shapes science*. Cambridge, MA: Harvard. Chapter 6, "Funding for research."

Winston, G.C. (2004). Differentiation among U.S. colleges and universities. *Review of Industrial Organization, 24(4)*, 331-354.

*In-class case study:* What to cut when the budget crunches

Discussion points: access to what?; markets; quasi-markets; isomorphism; resource dependence; efficiency and efficacy; allocative mechanisms; what financial resources predict; "Matthew effect"; accumulative advantage; federalization of universities; competitiveness policy; neoliberalism; progressive and regressive taxation; tax revolt

*October 25, 2012 – Class canceled*

*November 1, 2012 – Private dollars: Loans, gifts, endowments, and fundraising*

Hearn, J.C. (1998). The growing loan orientation in federal financial aid policy: A historical perspective. In R. Fossey and M. Beteman (Eds.), *Condemning students to debt* (pp. 47-75). New York: Columbia University.

Weisbrod, B.A., Ballou, J.P., & Asch, E.D. (2008). *Mission and money: Understanding the university*. New York: Oxford University Press. Chapter 7 "Endowments and their management: Financing the mission."

In-class case study: Bringing "Merlefest" to Central State College

*Discussion points:* subsidized and unsubsidized student loans; restricted and unrestricted gifts; auxiliary revenues; community relations and finance

*November 8, 2012 – Financial decision-making*

Kraatz, M.S., & Zajac, E.J. (1996). Exploring the limits of the new institutionalism: The causes and consequences of illegitimate organizational change. *American Sociological Review, 61(5)*, 812-836.

Weisbrod, B.A., Ballou, J.P., & Asch, E.D. (2008). *Mission and money: Understanding the university*. New York: Oxford University Press. Chapter 4 "The two-good framework: Revenue, mission, and why colleges do what they do."

*In-class case study*: Tuition receipts and the English department

*Final exams distributed*

*Discussion points*: “illegitimate organizational change”; resource dependence and financial decision-making; mission faithfulness and financial exigency; “sacred bulls and cash cows”; revenue generating departments and activities; high cost departments; reading and interpreting regression outputs

*November 15, 2012 – No class – Final exams due via email by 5.00 pm CST*

*November 22, 2012 – No class – University holiday*

*November 29, 2012 – Student presentations, part one*

*December 6, 2012 – Student presentations, part two*

*Tuesday, December 11, 2012 – Final papers due via email by 5.00 pm*