Purpose and Objectives

This course provides an overview of the economics and finance of higher education in the United States, with an emphasis on the analysis of financial policies and current issues at the national, state and institutional levels. The purpose of this course is to apply the concepts, models and methods of economic theory in the analysis, synthesis, and evaluation of issues, problems, programs, policies and behaviors related to the finance of higher education.

This course has its foundation in the fundamental economic theories and concepts that are centrally and widely applicable in the study of higher education finance. Several sets of economic theories are particularly useful for the study of financial phenomena in higher education. The following sets of economic theories are studied and applied to the study of higher education finance in this course:

1. the economic theories of human capital and investment in higher education;
2. the economic theories of the public sector and the role of federal and state government policies in higher education finance; and
3. the microeconomic theories of the marketplace and the firm, including theories of revenue, cost, productivity, prices, subsidies, and elasticity.

These economic theories and concepts will be applied in the analysis of a range of topics related to financial policies in higher education such as:

- the causes and consequences of the changing affordability of a college education;
- the shifting patterns of revenues by source and expenditures by function for public and private institutions, and the effects that these shifts have on higher education;
- the development and effectiveness of federal and state student aid programs and policies;
- the rapid rates of increase in tuition at private and public institutions over the past twenty-five years;
- state efforts to maintain the affordability of public colleges and universities;
- tuition, aid, enrollment and tuition-discounting policies and patterns at private colleges and universities;
- the finance of community colleges and their multidimensional missions; and
- the impacts of prices (e.g., tuition) and subsidies (e.g., financial aid) on students’ access, choice, and persistence behaviors.

This course is primarily intended for graduate students in higher education, policy analysis, student affairs, educational leadership, public administration, urban and regional planning, and other kindred fields both inside and outside the college of education. The course is designed especially for those who are currently in, or are preparing for, professional positions that emphasize administrative, academic, research, student affairs, policy
analysis, institutional research, or consultative roles related to higher and adult education in institutions or agencies in the public or private sectors.

### Valuing Diversity

It is my belief that the diversity you bring to this class is a valuable resource because varied backgrounds and opinions enhance discussion. Research, including some of my own, suggests that learning is improved by exposure to diversity in the classroom. It is my intent to present materials and activities that utilize and are respectful of diversity: gender, sexual orientation, disability, age, socio-economic status, ethnicity, race, culture, perspective, and other background characteristics. Your suggestions about how to improve the value of diversity in this course are encouraged and appreciated. Please let me know of ways to improve the effectiveness of the course for you or for other students or student groups.

I also understand that you may celebrate religious holidays that conflict with the class schedule or may have a disability that requires special accommodations. You will not be penalized because of observances of your religious beliefs. Whenever possible, you will be given reasonable time to make up any academic assignment that is missed due to participation in a religious observance. It is your responsibility to inform me as soon as possible of any intended absences for religious observances.

Reasonable accommodations will be made for students with verifiable disabilities. A student with a documented disability or any other special need who wishes to discuss academic accommodations should contact me as soon as possible. In order to take advantage of available accommodations, students must register with Disability Services for Students at 1900 Student Health Center, Campus Box 7509, 515-7653, [http://www.ncsu.edu/provost/offices/affirm_action/dss/](http://www.ncsu.edu/provost/offices/affirm_action/dss/).

### Academic Honesty

You are expected to abide by the code of academic integrity throughout this course and all other courses at North Carolina State University. I encourage you to collaborate with others as you think about, outline, and proofread your work. However, oral and written work must be your own, unless explicitly noted in the syllabus. You must acknowledge any scholars or classmates whose work you quote or refer to in any way. In addition, you must not turn in any written work for which they have already received credit in another course. Academic dishonesty, including cheating, fabrication, and plagiarism will not be tolerated and will be reported to the Dean of the Graduate School (or designee). For specific definitions or examples of academic dishonesty and nonacademic misconduct with possible sanctions, see the NC State Code of Student Conduct at [http://www.ncsu.edu/policies/student_services/student_conduct/POL445.00.1.htm](http://www.ncsu.edu/policies/student_services/student_conduct/POL445.00.1.htm). If you have questions about the code, or your obligations under the code, please contact the Director of Office of Student Conduct (919) 515-2963.

### Readings

**Required texts** (available at the bookstore and from most electronic booksellers)

I also strongly recommend that you keep up with higher education finance news by regularly reading *Inside Higher Ed* ([http://insidehighered.com/](http://insidehighered.com/)) and/or the *Chronicle of Higher Education* ([http://chronicle.com/](http://chronicle.com/)). During the semester, we will discuss current topics in higher education as they relate to our class. Feel free to share a news article with the class when it relates to something we are reading.
Other Readings – Required and Additional
In addition to the required texts listed above, you will read additional book chapters and articles. All have been placed on electronic reserve (noted with an * in course schedule) on VISTA at http://vista.ncsu.edu/. I have provided both required and additional readings. You are NOT required to read the additional readings (hence the name ☺) that I provide. I made them available for students who want more information on a topic or for those who seek a different perspective than what is presented in our required readings.

Lecture Presentations and Other Materials
I will post all discussion questions and lecture/discussion slides (if applicable) on the VISTA course website by noon on the day of class. You may find it useful to bring a printed copy of them to class. I also will post other materials on the course website including assignments and handouts.

Methods of Instruction and Course Expectations
The course will employ a variety of approaches of instruction and will rely heavily on student participation and discussion, and I will evaluate you on a combination of individual assignments, group work, and class participation. With the exception of discussion questions, please submit all written work in Microsoft Word format to the Vista course website prior to the class meeting the day the assignment is due.

1. Class participation—(15%) The participation grade is not merely a grade for attending class – participation credit is earned through active involvement in class discussions, small and large groups, and so forth. You are expected to attend and to be actively involved in the class. You are expected to participate in discussions in a manner that demonstrates thoughtful reflection and understanding of the subject matter, as well as respect for your colleagues in the class. To do so, you must complete the readings that are assigned for each session of the class prior to attending that class session. Active participation also means that each participant is willing to listen to other points of view and to change his or her mind. This means you must listen to others, respond thoughtfully, demonstrate an understanding of the issues, and show a willingness to learn and grow. After each class, I will use the following rubric (adopted from http://trc.virginia.edu/Publications/Teaching_Concerns/Spring_1996/TC_Spring_1996_Maznevski.htm) to assess your class participation.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Present, not disruptive. Responds when called on but does not offer much. Offers very infrequent involvement in discussion.</td>
</tr>
<tr>
<td>2</td>
<td>Demonstrates adequate preparation: knows basic reading facts but does not show evidence of trying to interpret or analyze them. Offers straightforward information without elaboration or very infrequently (perhaps once a class). Does not offer to contribute to discussion, but contributes to a moderate degree when asked.</td>
</tr>
<tr>
<td>3</td>
<td>Demonstrates good preparation: knows readings well and has thought through implications of them. Offers interpretations and analysis of readings. Contributes well to discussion in an ongoing way: responds to other students' points, thinks through own points, questions others in a constructive way, and offers and supports suggestions that may be counter to the majority opinion. Demonstrates consistent ongoing involvement.</td>
</tr>
<tr>
<td>4</td>
<td>Demonstrates excellent preparation: has analyzed readings exceptionally well and relating them other material (e.g., readings, course material, discussions, etc.). Offers analysis, synthesis, and evaluation of readings. Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds very thoughtfully to other students' comments, contributes to the cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc. Demonstrates ongoing very active involvement.</td>
</tr>
</tbody>
</table>

Please note that class attendance is required and is included in the class participation grade. To accommodate for emergencies and “off” days, I will drop the lowest class participation grade for the semester. In other words, if you miss a class, I will drop the zero grade for that day. If you attend all classes,
I will drop the lowest discussion grade and average the remaining scores. If you miss more than two classes, you will earn an F for the course. Absence from class to observe a religious holiday, to serve jury duty, to participate in required military service, or to take comprehensive exams in your graduate program are exceptions to the above policy.

2. **Discussion questions**—(10%) Twice during the semester you will help lead the class discussion by writing thoughtful, integrative discussion questions. They may be anything from a short, simple one-line question, to a paragraph, but they must be thought-provoking and reflect a close analysis of the readings. During the first day of class, each student will sign up for two question days. You will submit your questions to me by 5pm the Wednesday before the class you are assigned. I will post them on the class website no later than noon the day of class for all to review and consider.

3. **Application exercise**—(10%) During week four or five, you will use our readings to guide the analysis of costs or revenues of *two* colleges or universities in North Carolina. You will prepare a brief presentation (no longer than 8-minutes) that applies our readings to an analysis of these cases. An important component of this analysis is a comparison of the two institutions. This exercise serves three purposes. One, it is a great opportunity to apply our readings to the “real world.” Two, as a newcomer to North Carolina, I know relatively little about higher education in the state. This exercise gives us both an opportunity to learn about the state where we live and work. During our second class meeting (8/28), you will sign up to cover and present your cost (due week 4, 9/11) or revenue analysis (due week 5, 9/18). Finally, I expect that it will spark a discussion of the finances of institutions in this state that will give us a deeper understanding of our readings. Please bring any visual aids that you think will be helpful in communicating your analysis of the two institutions.

4. **State Finance Group Project**—(20%) You will form and work in teams of three to collect information, prepare a written report (6-8 single-spaced pages), and give a 15-minute oral presentation regarding the characteristics and features of the financing of higher education in *three* particular states. You may choose any three states except North Carolina. Each group’s report (written and oral) should both present AND compare the characteristics and features of the three states that are relevant to how the three states finance their higher education institutions. The report should NOT be merely a summary of information on three individual states. A very important part of the report—in written and oral forms—must be the comparisons you make between the three states your group is studying. In all reasonable ways, the project and report should be a collaborative undertaking among the three group members.

The written paper and the oral report should clearly present and explicitly compare the three states in terms of characteristics and features such as: the state context (e.g., economy, demographics, politics, public/private higher education system, governing or coordinating bodies, etc.) for financing higher education; trends and patterns in higher education finance (e.g., recent and current years’ enrollment and tuition/fees at public/private, 4-year/2-year institutions, state appropriations and related state budget issues, state need-based and merit-based aid for students, tax capacity and tax effort, affordability issues, income per capita, endowments/fundraising, state/institutional expenditures on research/instruction, etc.), and critical issues influencing the financing of higher education in the state (e.g., outlook for state funding, changes in political leadership, new initiatives, pending legislation, tax laws being discussed, society’s support for higher education, concerns about tuition and aid programs, special attention to issues related to two- or four-year or public or private institutions, etc.). In addition, when possible and appropriate, comparisons with national averages and trends could also be made.

In your report, you should also identify the sources of your information and the methods you used to acquire information and data for your report. These components—and others you may elect to address in your paper and presentation—should be presented in figures, diagrams, and tables accompanied by appropriate detailed
textual narrative description and explanation. You should make copies of your written reports—including figures, diagrams and tables along with narrative text—to distribute to other members of the class as visual aids during your presentation. Finally, please submit your written report to the course website prior to class on October 16.

I have provided a number of web links on our course website to reports and information on higher education finance in the fifty states. These sites are a great place to begin your investigation of states.

5. **Budget Overview**—(15%) Working in teams of three to four, you are expected to present a 10-minute budget overview of a higher education institution (community college, regional comprehensive four-year college, or research university, except NCSU and the institutions examined in application exercise). The budget overview should include the institution’s economic environment, budget process, roles of senior administration and line managers. Questions to be addressed during the presentation include, but are not limited to: What does the budget say about the priorities of the institution? Through an examination of the budget, what areas of program emphasis are most apparent? An electronic copy of the presentation must be submitted to the instructor via Vista prior to class on November 20.

6. **Final analytical paper**—(30%) Each student is expected to complete an analytical paper on a topic pertaining to higher education finance—i.e., any topic that is clearly related to either a policy or set of policies pertaining to the finance of higher education and/or a topic that is clearly related to the responses of either students or institutions to a policy or set of policies pertaining to the finance of higher education. Your selected topic for the paper should be one that is personally and/or professionally meaningful and important to you; that is, you should let your own interests be your primary guide in choosing the current issue/topic you will analyze in your paper. The paper may involve one or more approaches for assembling the data, information and ideas about your topic that could serve as the substance or content for your analysis of the topic. For example, you might conduct a review and synthesis of relevant prior research literature to assemble the information and ideas about your topic on which you will base your analysis; you might conduct a review and synthesis of relevant prior policy literature to assemble the information and ideas about your topic on which you will base your analysis; or you might conduct an empirical study using data and appropriate research methodology to assemble some of the information about your topic on which you will base your analysis. For your analysis, I encourage you to utilize diagrammatic and conceptual representations of some of the important economic concepts, theories and models studied in this course to analyze your topic in the finance of higher education. I recommend that you create your diagrams using drawing software—particularly MS-Word’s drawing tools.

The paper must be 7-10 single-spaced pages, where 10 pages is the absolute upper limit (Note: pages of references do not count in the page limit). Of course, this is arithmetically similar to 15-20 double-spaced pages; however, for this type of paper, there is an important difference, and that difference serves as my rationale for requiring 7-10 single-spaced pages, as follows: I request 7-10 single-spaced pages because the use of diagrams is essential in your papers, and single-spaced text is twice as effective as double-spaced text at keeping your narrative references to each diagram as close as possible to the actual diagram you are discussing. You must use 12-point font in your paper, but you may choose whatever margins you think are appropriate—especially because of space needed for your diagrams. For other matters (e.g., citations and references), try to be consistent with APA style requirements. All papers should include a description of the significance of the topic addressed, a statement of the problem or issue that you will analyze about your topic, a critical review of the relevant literature, a thoughtful analysis of the topic—which constitutes the core of the paper—and implications for policy, practice, and future research.

You are required to submit a one-page overview of your topic and your analytical approach to the instructor for approval no later than 10/23. Your paper will be evaluated based on several criteria. These include the depth and breadth of understanding you demonstrate about the topic and related issues you choose to
analyze; the appropriateness, effectiveness and insightfulness of your use of economic concepts, models and diagrams to analyze the issues related to your topic; the content, clarity, and quality of your analysis and your writing, as well as the use of appropriate English composition (spelling, grammar, punctuation, syntax). Please submit your final analytic paper prior to class on December 4th.

With the exception of discussion questions, you must submit all written assignments on the VISTA course website prior to the class meeting when they are due. Please do not email them to me or submit paper copies, as I tend to lose things in the electronic and paper shuffle.

Note: All assignments should be turned in on time unless other arrangements are made well in advance of deadlines. I WILL NOT accept any late assignments.

All formal written work should adhere to APA style as described in the Publication Manual of the American Psychological Association (5th Ed.).

A Strong Recommendation—Work with a partner or a small group of peers in the class to read and critique each other’s written assignments. It has been my personal experience that multiple drafts and revisions of my written work are always necessary. As part of this process, I have found that thoughtful critiques from my peers provide me with insight and information that is extremely helpful to me as I seek to improve as a writer. I will do whatever I can to facilitate this process. Just ask me.

Grading

Your final grade for this class will be based upon the following:

Participation.......................15 points
Discussion Questions..............10 points
Application Exercise ............10 points
State Finance Project ..........20 points
Budget Overview ................15 points
Final Paper .......................30 points

Your final grade will be calculated using the following scale:

97—100 points......................A+
93—96 points.......................A
90—92 points......................A-
87—89 points......................B+
83—86 points ......................B
80—82 points ......................B-
77—79 points ......................C+
73—76 points ......................C
70—72 points ......................C-

I strongly discourage incomplete grades. I have seen numerous cases where students become overwhelmed trying to wrap-up incomplete grades. Because a large portion of your grade is dependent on group work, assigning an incomplete grade comes with added complications. If it is absolutely necessary for you to take an incomplete, you must arrange it with me prior to November 20.

Instructor Responsibilities

I have high expectations not only for you but also for myself. You should expect that I will:

• Be prepared for class, read and return your work in a timely manner, and be interested and engaged in your work;
• remember that each of you brings a different background, experience, and perspective to this course;
• learn from you;
• meet with you individually or in groups upon request and be available in person, by telephone, and by e-mail;
• and work hard, have fun, and empower you to develop greater understandings of the topics that are covered in this course.

## Course Schedule

I organized the course schedule around the main concepts of finance and higher education. We proceed generally, with the theoretical underpinnings of finance and economics and their application to higher education. We then begin to explore state and federal financing of higher education. In the last half of the semester, we discuss various topics including student aid, choice and access, institutional budgeting, and higher education in the new economy. The course concludes with a capstone experience, the final paper and presentation.

*Schedule key:* * - can be accessed on course website ([http://vista.ncsu.edu/](http://vista.ncsu.edu/))


### Week 1, August 21 – Introductions, expectations, and setting the stage

### Week 2, August 28 – Getting started: Introduction to concepts in finance and economics

**Required readings:**

P & S – Chapters 1 & 2 (p. 9-52)


**Additional readings:**


### Week 3, September 4 – Investment in and returns from higher education

**Required readings:**

P & S – Chapter 3 (p. 55-88)


**Additional readings:**


Week 4, September 11 – Costs in higher education

Required readings:

Additional readings:

DUE: Application exercise (half the class)

Week 5, September 18 – Overview of revenues in higher education

Required readings:
P & S – Chapters 4 & 13 (p. 95-132 and 480-500)

Additional readings:

DUE: Application exercise (half the class)

Week 6, September 25 – Federal financing of higher education

Required readings:
P & S – Chapter 7 (p. 267-320)
SJ & P – Chapters 1-3 (p. 1-59)

**Additional readings:**
SJ & P – Chapter 4 (p. 60-74)

**Week 7, October 2 – State financing of higher education**

**Required readings:**
P & S – Chapter 9 (p. 396-415)
SJ & P - Chapters 5 & 7 (p. 75- 107 & 124-140)
The Center for Community College Policy. *State funding for community colleges: A 50-state survey.*


**Additional readings:**
SJ & P – Chapter 6 (108-123)
Callan, P. M. (2002). Coping with recession: Public policy, economic downturns and higher education.
Washington, DC: The National Center for Public Policy and Higher Education.
(http://www.highereducation.org/reports/reports_center_2002.shtml)

**Week 8, October 9 – No class (Fall Break)**

**Week 9, October 16 – State financing higher education (continued)**

**Required readings:**
P & S – Chapter 8 (p. 321-354)

**Additional readings:**


**DUE: State Financing Project**

**Week 10, October 23 – Tuition, aid, affordability, access, & choice**

**Required readings:**
P & S – Chapters 6 & 10 (p. 193-263 & 417-438)

*Select ONE of the following:*

**Additional readings:**

**DUE: Last chance to submit one page overview of final paper**

**Week 11, October 30 – Changing aid policies and effects on students and institutions**

**Required readings:**
P & S – Chapters 11 & 12 (p. 439-479)

**Additional readings:**


**Week 12, November 6 – Reading Day (ASHE)**

**Week 13, November 13 – Higher education, markets, & the new economy**

**Required readings:**

**Week 14, November 20 – College & university budgeting**

**Required readings:**
SJ & P - Chapters 8 & 10 (p. 145-163 & 186-212)

*Goldstein handout

**Additional readings:**
P & S – Chapter 14 (p. 501-542) (chapter was updated in the Lasher and Sullivan chapter above)
SJ & P – Chapter 9

**DUE: Budget Overview**

<table>
<thead>
<tr>
<th>Week 15, November 27 – No class (Thanksgiving Break)</th>
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<tbody>
<tr>
<td>Week 16, December 4 – Student presentations</td>
</tr>
<tr>
<td>Due: Final Paper</td>
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</tbody>
</table>

**PLEASE NOTE**

It is my experience that every class moves at its own pace. That said, there may be times throughout the semester where we need to make adjustments to the schedule, assigned readings, and/or assignments. I reserve the right to make these changes, in consultation with the class, and will post the revised syllabus on our course website.
<table>
<thead>
<tr>
<th>Date</th>
<th>Week</th>
<th>Topic</th>
<th>Required readings</th>
<th>Additional readings</th>
<th>Assignment due</th>
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</thead>
<tbody>
<tr>
<td>8/21</td>
<td>1</td>
<td>Introductions, expectations, &amp; setting the stage</td>
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<tr>
<td>10/9</td>
<td>8</td>
<td>No class (fall break)</td>
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<tr>
<td>11/6</td>
<td>12</td>
<td>Reading day (ASHE)</td>
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<tr>
<td>11/27</td>
<td>15</td>
<td>No class (Thanksgiving break)</td>
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<tr>
<td>12/4</td>
<td>16</td>
<td>Student presentations</td>
<td></td>
<td></td>
<td>Final paper</td>
</tr>
</tbody>
</table>
Name:

Informal name you like to be called:

E-mail address:

Telephone:
  Work:
  Home:
  Cell:

B.A./B.S. in:
B.A./B.S. from:

M.A./M.S. in:
M.A./M.S. from:

Current Academic Program:

Expected Date of Program Completion:

Current Job(S):

Describe any work experience you have had in a college or university setting:

Career goals:

Identify other courses you've had that may be related to this course:

What do you hope to gain from this course?

Please explain anything else you would like me [the instructor] to know about you: