

North Carolina State University
Finance and Higher Education (EAC 749)
Fall 2015
Wednesdays 4:30-7:15, 211 Poe Hall

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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 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. In this course, we will study the following sets of economic theories and apply them to the study of higher education finance:

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

We will apply these economic theories and concepts 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;
- the finance of community colleges and their multidimensional missions;
- the impacts of prices (e.g., tuition) and subsidies (e.g., financial aid) on students' access, choice, and persistence behaviors;
- for-profit colleges and universities;
- the financing of college athletics; and
- the effects of finances on institutional decision making.

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. We designed this course 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 our belief that the diversity you bring to this class is a valuable resource because varied backgrounds and opinions enhance discussion. Research, including some of our own, suggests that learning is improved by exposure to diversity in the classroom. It is our 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. We welcome and appreciate your suggestions about how to improve the value of diversity in this course. Please let us know of ways to improve the effectiveness of the course for you or for other students or student groups.

We 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, we will give you reasonable time to make up any academic assignment missed due to participation in a religious observance. It is your responsibility to inform Paul as soon as possible of any intended absences for religious observances.

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

Academic Honesty

We expect you to abide by the code of academic integrity throughout this course and all other courses at North Carolina State University. We 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. We will not tolerate academic dishonesty, including cheating, fabrication, and plagiarism and will report any violations 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://policies.ncsu.edu/policy/pol-11-35-01>. 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 & Other Materials

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

Clotfelter, C. T. (2011). *Big-time sports in American universities*. New York: Cambridge University Press.

Weisbrod, B. A., Ballou, J. P., & Asch, E. D. (2008). *Mission and Money: Understanding the University*. New York: Cambridge University Press.

Toutkousian, R. K., & Paulsen, M. B. (Eds.) (2007). *Applying Economics to Institutional Research*. New Directions for Institutional Research (vol. 132). San Francisco, CA: Jossey-Bass. (We will make chapters available to you on our course website.)

Other references: (We have used some of these texts in the past, and you will be reading from some of them.)

Barr, M. J. (2002). *Academic administrator's guide to budgets and financial management*. San Francisco: Jossey Bass.

Castleman, B. L., Schwartz, S., & Baum, S. (2015). *Decision making for student success: Behavioral insights to improve college access and persistence*. New York: Routledge.

Ehrenberg, R. G. (ed.), (2007). *What's happening to public higher education: The shifting financial burden*. Baltimore: The Johns Hopkins University Press.

McPherson, M. S., & Schapiro, M. O. (1998). *The student aid game*. Washington, DC: The Brookings Institution.

- Paulsen, M.B., & Smart, J.C. (2001). *The finance of higher education: Theory, research, policy, & practice*. New York: Agathon Press.
- Slaughter, S., & Rhoades, G. (2004). *Academic capitalism and the new economy: Markets, state, and higher education*. Baltimore, MD: The Johns Hopkins University Press.
- St. John, E P., & Parsons, M. D. (2004). *Public funding of higher education: Changing contexts and new rationales*. Baltimore, MD: The John Hopkins University Press.

We also strongly encourage you to keep up with higher education finance news by regularly reading *Inside Higher Ed* (<http://insidehighered.com/>) and/or the *Chronicle of Higher Education* (<http://chronicle.com/>). During the semester, we will discuss current topics in higher education as they relate to our class.

Other Readings – Required and additional

In addition to the required texts listed above, you will read additional book chapters and articles. We have placed all of them on electronic reserve (noted with an * in course schedule) on our Moodle course website, which you can access using your UnityID and password at <https://wolfware.ncsu.edu/>. We have provided both required and additional readings. You are NOT required to read the additional readings (hence the name ☺) we provide. We 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

We will post all lecture/discussion slides (when applicable) on the Moodle (<https://wolfware.ncsu.edu/>) course website by 2pm the day of class. You may find it useful to bring a printed copy of them to class. We 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 we will evaluate you on a combination of individual assignments, group work, and class participation.

1. **Class participation**—(10%) A large body of research suggests that active involvement in class enhances student learning. You not only learn from others, but you also learn by articulating your thoughts and getting feedback from your peers. Therefore, we designate a portion of your grade to class participation. 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. We expect you to attend and to be actively involved in the class. We expect you 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 assigned for each session of the class prior to attending that class session. Active participation also means that you are willing to listen to other points of view and to change your mind. This means you must listen to others, respond thoughtfully, demonstrate an understanding of the issues, and show a willingness to learn and grow.

Please note that class attendance is required and is included in the class participation grade. If an absence is unavoidable, notify the instructor in advance by electronic mail. Two absences will result in a significantly lower course grade. Three absences will result in a grade of “F.” Arriving late or leaving early constitutes a partial absence; we consider two partial absences as one missed class. 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.

To aid in our assessment of your class participation, we ask that you complete a self-assessment of your participation. You can find the form at the top of our course website. Please complete it and upload it to our course website prior to our Week 16 class meeting. We cannot award you a class participation grade until you complete the form.

2. **State finance case study**—(30%; SFCS)

You will enrich your understanding of higher education finance by frequently making connections between principles discussed in class and real-world situations. For this assignment, we will randomly assign you to a week and groups of 3 or 4 that will be responsible for leading the class in a discussion of a state's financing of higher education. Each group will select a state (not NC) to present as a case (group 1 gets first choice, group 2 gets second choice, and so on). During your assigned week, your group will be responsible for 45 minutes of the class. The core of this assignment is to address a current issue(s) in the state's financing of higher education as they relate to the week's readings. In other words, you will not present or summarize the readings; you will apply the readings to a current problem, issue, or concern related to higher education financing in the state. It is important that you identify a specific problem or issue facing the state.

It is your 45 minutes, so be creative. Your presentation should include the following:

- ❖ A brief description of 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.)
- ❖ 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.
- ❖ Description of a specific and current problem or issue related to financing of higher education in the state that relates to the week's readings. The likely source of these current issues would be a news article from the popular press (e.g., *Chronicle of Higher Education*, *InsideHigherEd*). Some weekly topics don't lend themselves easily to statewide issues. In these cases, you can usually situate an institution or set of institutions within the state context to explore a problem. Please post your article to the week's Moodle discussion board by 5pm Sunday before you are scheduled to lead the class.
- ❖ Insights the week's readings provide into the problem/issue. Please do not lecture on the readings. It is important to use the readings to analyze the case; please do not simply summarize the week's readings. The intent of this is to highlight how the readings apply to the recent news item, and how they help you analyze the case.
- ❖ An activity related to the problem or issue. You can do anything you want here. It is important that the activity engages the class in a meaningful way, particularly as it relates to the problem and the week's readings. Some examples include, but certainly aren't limited to, a debate, a series of discussion questions, or a panel of experts enlisted to seek solutions. Be creative here, but be certain it forces the class to engage the readings in a substantive way.

Here are several resources available to you that will assist in providing state context and may point you to a current problem/issue:

- You will notice under Week 6's additional readings there are 9 states described in an edited book by Ehrenberg.
- *Chronicle of Higher Education's Facts and Figures* - <http://chronicle.com/section/Facts-Figures/58/>
- *Chronicle of Higher Education's Almanac* (on the Facts and Figures page) - <http://chronicle.com/section/Almanac-of-Higher-Education/615/>

- SHEEO's *State Higher Education Financing Report* - <http://www.sheeo.org/projects/shef-%E2%80%94state-higher-education-finance>

Prior to the class meeting you will lead, each of you must post a peer evaluation form. You can find this form at the top of our course website. We cannot award you a grade until you have uploaded the form.

- 3. In-class application/position papers—(20%)** Three times (unannounced) during the semester, you will construct a brief application/position paper (approximately 15-20 minutes of writing) based on the week's readings. We will count only your two highest scores on these papers. The higher education faculty consider the material from this course as core material for the higher education program; therefore, it is important to develop a command of the concepts covered in this course. We will provide a prompt that asks you to apply your readings to a case or issue, or we will ask you to take a position. This exercise ensures comprehension of the readings while also allowing you to practice recollection, succinct and clear presentation of ideas, and application of concepts and skills that are necessary to be successful during your graduate program. In your responses, we expect you to refer to and cite our readings for the week when making your argument. For your *first* in-class paper, we will allow you to utilize your notes and readings. Nevertheless, please come to class prepared and organized, as you will only have 15-20 minutes to respond to the prompt. For the remaining in-class papers, you will not be allowed to utilize your readings or notes.
- 4. Course capstone experience—(40%)** You may choose between two options for your course capstone experience: a final take home exam or literature review. The *final exam* will test your mastery of the concepts covered in the course. We write the exam questions with the intent of assessing your understanding and ability to apply the concepts, economic models, and readings in the analysis of financial policies and the responses of students and institutions to those policies. It will be an essay exam, and you can expect to write responses totaling 13-15 double-spaced pages (not including title page and reference list). We will expect that you will refer to and cite our class readings in your essay responses. While you have access to your notes and readings for the final exam, you cannot receive or give help from anyone. We will distribute the final exam in class on November 18.

The final paper, your second capstone option, will be a scholarly *literature review* on a topic pertaining to higher education. The paper should include a description of the significance of the issue addressed, a statement of the problem examined, a critical review and synthesis of the literature, and implications for policy, practice, and/or future research. Purely descriptive papers (e.g., types of student financial aid) are not acceptable, and empirical papers (e.g., case study of the study process at an institution, data analysis of trends in college tuition) are discouraged. The *Higher Education: Handbook of Theory and Research* and the *Review of Educational Research*, where some of your required readings can be found, provide excellent examples of literature reviews. We expect your literature review to be 15-17 double-spaced pages (not including title page and reference list).

We will also allow you to work in pairs to produce your literature review, should you wish to pursue something for publication. In other words, you may work in pairs to produce a longer literature review between 30-35 pages in length (not including references) that could be submitted for publication. Should you wish to take this option, talk with us early in the semester about how this would work.

By week 10 (October 21), you must decide which capstone experience you intend to complete. Prior to class on that day, should you choose to write a literature review, you will submit a double-spaced one-page overview of the literature review topic. Should you choose to take the final take home exam, you must write three thoughtful essay questions you might see on the exam. Whichever capstone experience you choose, the final document must be uploaded by 4:30pm on December 9. We will talk more about the capstone assignment in class.

- ✓ You must submit **all written assignments in Word format to Moodle**. Please do not email them to us or submit paper copies.
- ✓ **We WILL NOT accept any late assignments.** Turn in all assignments on time unless other arrangements are made well in advance of deadlines.

- ✓ **Please practice any oral presentations** to ensure that you adhere to the time allotted. If you go over time, we will cut your presentation short and will deduct points for the assignment grade.
- ✓ All formal written work should adhere to APA style as described in the *Publication Manual of the American Psychological Association* (6th Ed.).

Grading

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

Participation	10%
SFCS	30%
In-class papers	20%
Capstone assignment	40%

We will calculate your final grade using the following scale:

98—100%.....A+	80—82.9%.....B-
93—97.9%.....A	77—79.9%.....C+
90—92.9%.....A-	73—76.9%.....C
87—89.9%.....B+	70—72.9%.....C-...
83—86.9%.....B	

We *strongly discourage* incomplete grades. We have seen numerous cases where students become overwhelmed trying to wrap-up incomplete grades. Because a portion of your grade is dependent on group work, assigning an incomplete grade comes with added complications.

Computers and Cell Phones

We have found that the classroom environment has become inundated with external stimuli, primarily in the form of technology, that distract from the learning process. We will allow you to use computers and tablets in class on a trial basis. We ask that you use your computer only for classroom activities (e.g., taking notes, pulling up readings, following along with presentations) and not to surf the web, look at Facebook, etc. If we judge computer usage distracting or if we notice students doing things other than course-related activities on their computers, we will ban computers from class temporarily or for the rest of the semester.

Please silence your cell phone when arriving to class and do not use it (this includes texting) during class time. We know that some of you have jobs, family responsibilities, and/or personal situations that require you to be “on call.” If you are in that situation, please put your phone on “vibrate” and quietly leave the class if you receive a call.

Instructors’ Responsibilities

We have high expectations not only for you but also for us. You should expect that we 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 or Skype, and by e-mail;
- and work hard, have fun, and empower you to develop greater understandings of the topics that we cover in this course.

Class Evaluations

Your feedback on the class is very important to us as we continue to make improvements to the content, readings, assignments, delivery, and instruction. We take class evaluations very seriously and always learn from student feedback. We strongly encourage you to complete NC State’s formal class evaluation. The University will make online class evaluations available from 8am November 23rd through 8am December 8th. You will receive an email message directing you to a website where you can login using you Unity ID and

complete evaluations. All evaluations are confidential; we will not know how any one student responded to any question. The class evaluation website is <https://classeval.ncsu.edu/>, and you can find out more about class evaluations at <http://oirp.ncsu.edu/eval>. We also value informal feedback. If you have any suggestions throughout the semester, please do not hesitate to share them with us.

Because Paul believes class evaluations are important and thinks that transparency is essential, he makes his summary class evaluation reports on his website at <http://paul-umbach.com/teaching/>.

Course Schedule

We organized the course schedule around the main concepts of finance and higher education. We proceed generally, beginning with the theoretical underpinnings of finance and economics and their application to higher education. We then explore finances and college choice and access. We then examine finances and organizational behavior and specific areas of higher education costs and revenue diversification. In addition, this semester we are going to explore important policy-relevant topics, such as college athletics and for-profit colleges and universities, through an economic and financial lens.

It is our experience that every class moves at its own pace; there may be times throughout the semester where we need to adjust the schedule, assigned readings, and/or assignments. We reserve the right to make these changes, in consultation with the class, and will post a revised syllabus on our course website if necessary. Please also note that we have included a make-up day, December 9, should class need to be canceled during the semester. Please reserve this date and time on your calendar and be prepared to meet if necessary.

Schedule key: * - available on the course website

TP - Toutkousian, R. K., & Paulsen, M. B. (Eds) (2007). *Applying economics to institutional research*. New Directions for Institutional Research, no. 132. San Francisco, CA: Jossey-Bass. (chapters available on our course website.)

WBA - Weisbrod, B. A., Ballou, J. P., & Asch, E. D. (2008). *Mission and money: Understanding the university*. New York: Cambridge University Press.

Unit 1: Introduction to higher education finance and concepts

Week 1, August 19 – Introductions & expectations

Required readings:

WBA – Ch. 1-3 (p. 1-57)

*Goldrick-Rab, S. & Kendall, N. (2014). *Redefining college affordability: Securing America's future with a free two year college option* (p. 1-27). Washington, DC: Lumina Foundation. Retrieved from http://www.luminafoundation.org/files/publications/ideas_summit/Redefining_College_Affordability.pdf.

Week 2, August 26 – Getting started: Introduction to concepts in finance & economics

Required readings:

WBA – Ch. 4 (p. 58-75)

*TP – Ch. 1 (p. 5-24)

*Paulsen, M.B., & Smart, J.C. (2001). *The finance of higher education: Theory, research, policy, and practice*. New York: Agathon Press. (Ch. 3, p. 55-88)

*Castleman, B. L., Schwartz, S., & Baum, S. (2015). *Decision making for student success: Behavioral insights to improve college access and persistence*. New York: Routledge. (p. 1-17)

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

Additional resource:

Khan Academy microeconomic lectures may be helpful to gain a better understanding of some of the content discussed this week. Consider reviewing some of them at

<https://www.khanacademy.org/science/microeconomics>

Additional readings:

- *DesJardins, S.L. (2001). Understanding and using efficiency and equity criteria in the study of higher education policy. In J. Smart (Ed.), *Higher Education: Handbook of Theory and Research* (XVII, p. 173-219). New York: Agathon.
- *Paulsen, M. B., & Toutkoushian, R. K. (2008). Economic models and policy analysis in higher education: A diagrammatic exposition. In J. C. Smart (Eds.) *Higher Education: Handbook of Theory and Research*, vol. 23 (p. 1-48). The Netherlands: Springer.
- *Ehrenberg, R. G. (1999). Adam Smith goes to college: An economist becomes an academic administrator. *Journal of Economic Perspectives*, 13(1), p. 99-116.
- *Ehrenberg, R. G. (2004). Econometric studies of higher education. *Journal of Econometrics*, 121(1-2), 19 – 37.

Unit 2: Finances and student access

Week 3, September 2 – Tuition, aid, and student decision-making

Required readings:

WBA - Ch. 5 (p. 77-101)

- *Perna, L. W. (2006). Understanding the relationship between information about college prices and financial aid and students' college related behaviors. *American Behavioral Scientist*, 49(12), 1620-1635.
- *Castleman, B. L., Schwartz, S., & Baum, S. (2015). *Decision making for student success: Behavioral insights to improve college access and persistence*. New York: Routledge. (p. 38-62)
- *Heller, D. E. (1997). Student price response in higher education: An update of Leslie and Brinkman. *Journal of Higher Education*, 68(6), 624-659.
- *Baum, S., Ma, J., & Payea (2013). *Education pays: The benefits of higher education for individuals and society*. Washington, D. C.: College Board. (SKIM)
<http://trends.collegeboard.org/sites/default/files/education-pays-2013-full-report-022714.pdf>

Additional readings:

- College Board (2014). *Trends in College Pricing*. Washington, D.C.: The College Board.
<http://trends.collegeboard.org/sites/default/files/2014-trends-college-pricing-final-web.pdf>
- Becker, G. S. (1993). *Human capital* (3rd edition). Chicago: The University of Chicago Press.
- *Bowen, H. (1997). *Investment in learning: The individual and social value of American higher education* (Reprint) (p. 359-387). Baltimore, MD: Johns Hopkins University Press.
- *Dee, T. S. (2004). Are there civic returns to education? *Journal of Public Economics*, 88, 1697– 1720.
- *Moretti, E. (2004). Estimating the social return to higher education: Evidence from longitudinal and repeated cross-sectional data. *Journal of Econometrics*, 121, 175 – 212.
- *Perna, L.W. (2003). The private benefits of higher education: An examination of the earnings premium. *Research in Higher Education*, 44(4), 451-72.
- *Perna, L. W. (2006) Studying College Access and Choice: A Proposed Conceptual Model. In J.C. Smart, *Higher Education: Handbook of Theory and Research* (XXI, p. 99-149), Dordrecht, Netherlands: Springer.
- *Thomas, S. L., & Perna, L. W. (2004) The opportunity agenda: A reexamination of postsecondary reward opportunity. In J.C. Smart, *Higher Education: Handbook of Theory and Research* (XIX, p. 43-84), Dordrecht, Netherlands: Springer.
- *Webbink, D., & Hartog, J. (2004). Can students predict starting salaries? Yes! *Economics of Education Review*, 23, p. 103-113.
- *Zhang, L., & Thomas, S. L. (2005). Investment in human capital: Sources of variation in the return of college quality. In John Smart (Eds.) *Higher Education: Handbook of Theory and Research*, vol. 20 (p. 241-306). The Netherlands: Springer.

Week 4, September 9 – Federal financial aid

Required readings:

- *Paulsen, M.B., & Smart, J.C. (2001). *The finance of higher education: Theory, research, policy, and practice*. New York: Agathon Press. (Ch. 4, p. 95-127)
- *Bettinger, E. P., Long, B. T., Oreopoulos, P., and Sanbonmatsu, L. (2012). The role of application assistance and information in college decisions: The H & R Block FAFSA experiment. *The Quarterly Journal of Economics*, 127(3), 1205-1242.
- *Dynarski, S. M., & Scott-Clayton, J. E. (2013). Federal aid policy: Lessons from research. *The Future of Children*, 23(1), 67-86.
- *Avery, C., & Turner, S. (2012). Student Loans: Do college students borrow too much – or not enough? *Journal of Economic Perspectives*, 26(1), 165-192.

Additional readings:

- *TP – Ch. 6 (p. 95-102)
- College Board (2014). *Trends Student Aid*. Washington, D.C.: The College Board.
<http://trends.collegeboard.org/sites/default/files/2014-trends-student-aid-final-web.pdf>
- *Curs, B. R., Singell, L. D., Jr., & Waddell, G. R. (2007). The Pell program at thirty years. In J. C. Smart (Ed.), *Higher education: Handbook of theory and research*: Vol. XXII (p. 281-334). New York: Springer.
- *Ehrenberg, R. G. (Ed.) (2006). *What's happening to public higher education? The shifting financial burden*. Baltimore: The Johns Hopkins University Press. (Chapters 5-14)
- *Heller, D. E. (2002). The policy shift in state financial aid programs. In J. Smart (Ed.), *Higher education: Handbook of Theory and Research* (XVII, p. 221-261). New York: Agathon.
- *Long, B. T. (2004). The impact of tax credits for higher education expenses. In Carol M. Hoxby (Ed.). *College choices* (p. 101-165). Chicago: University of Chicago Press.
- *Perna, L. W. (2008). Understanding high school students' willingness to borrow to pay college prices. *Research in Higher Education*, 49, 589-606.
- *Perna, L. W., Rowan-Kenyon, H., Bell, A., Thomas, S. L., & Li, C. (2008). A typology of federal and state programs designed to promote college enrollment. *Journal of Higher Education*, 79(3), 243-267.

Week 5, September 16 – State financial aid

Due: SFCS Group 1

Required readings:

- *Doyle, W.R. (2010). Does merit-based aid "crowd out" need based aid? *Research in Higher Education*, 51(5), 397-415.
- *Delaney, J. A., & Kearney, T. D. (in press). The impact of guaranteed tuition policies and postsecondary tuition levels: A difference-in-difference approach. *Economics of Education Review*, 3-30.

We will assign you to ONE of the following:

- Group 1: *Andrews, R. J., Desjardins, S. L., & Ranchhod, V. (2010). The effects of the Kalamazoo Promise on college choice. *Economics of Education Review*, 29, 722-737.
- Group 2: *Melguizo, T. (2010). Are minorities more likely to graduate from college if they attend more selective institutions? Evidence from the first cohort of recipients and non-recipients of the Gates Millennium Scholarship (GMS) program. *Education Evaluation and Policy Analysis*, 32, 230-248.
- Group 3: *Darolia, R., & Potochnick, S. (2015). Educational "When," "where," and "how" implications of in-state resident tuition policies for Latino undocumented immigrants. *Review of Higher Education*, 38(4), 507-535.

We will assign you to ONE of the following:

- Group 1: *Bettinger, E. (2015). Need based aid and college persistence: The effects of the Ohio College Opportunity Grant. *Educational Evaluation and Policy Analysis*, 37(1S), 102S-119S.
- Group 2: *Cornwell, C., & Mustard, D. B. (2004). Georgia's HOPE scholarship and minority and low-income students: Program effects and proposed reforms. In D. E. Heller & P. Marin (Eds.), *State merit scholarship programs and racial inequality*. Cambridge, MA: The Civil Rights Project.

Group 3: *Zhang, L., Hu, S., & Sensenig, V. (2013). The effect of Florida's Bright Futures Program on college enrollment and degree production: An aggregated level analysis. *Research in Higher Education, 54*, 746-764.

Additional readings:

- *Goldrick-Rab, S., Harris, D. N., & Trostel, P. A. (2009). Why financial aid matters (or does not) for college success: Toward a new interdisciplinary perspective. In J. C. Smart (Ed.) *Higher Education: Handbook of Theory and Research* (XXIV, p. 389-419). Dordrecht, Netherlands: Springer.
- *Mumper, M., & Freeman, M. L. (2005). The causes and consequences of public college inflation. *Higher Education: Handbook of Theory and Research* (XX, p. 307-361), Dordrecht, Netherlands: Springer.
- *Mumper, M. (2001). The paradox of college prices: Five stories with no clear lesson. In D.E. Heller (Ed.), *The states and public higher education policy: Affordability, access, and accountability* (p. 39-63). Baltimore, MD: Johns Hopkins University Press.
- *Perna, L.W., & Titus, M. A. (2004). Understanding differences in the choice of college attended: The role of state public policies. *The Review of Higher Education, 27*, 501-525.
- *Titus, M. A. (2006). No college student left behind: The influence of financial aspects of a state's higher education policy on college completion. *The Review of Higher Education, 29*(3), 293-317.
- *Sallie Mae & Gallup (2010). *How America pays for college: Salie Mae's national study of college student and parents conducted by Gallup*. Reston, VA: Author. (SKIM p. 9-61)

Unit 3: How colleges and universities generate revenue

Week 6, September 23 –State funding of higher education

Due: SFCS Group 2

Required readings:

- *TP – Ch. 2 (25-40)
- *McLendon, M. K., Tandberg, D. A., & Hillman, N. W. (2014). Financing college opportunity: Factors influencing state spending on student financial aid and campus appropriations, 1990-2010. *Annals of the American Academy of Political and Social Science, 655*(1), 143-162.
- *Delaney, J. & Doyle, W. (2011). State spending on higher education: testing the balance wheel over time. *Journal of Education Finance, 36*(4), pp. 343-368.
- *McLendon, M.K., & Mokher, C. (2009). The origins and spread of state policies privatizing public higher education. In C. Morphew and P. Eckel (Ed.). *Privatization of the public research university*. (pp. 24-62). Baltimore, MD: The Johns Hopkins University Press.

We will assign you to one of these:

- Group 1: Hillman, N. W., Tandberg, D. A., & Fryar, A. H. (in press). Evaluating the impacts of “new performance funding in higher education. *Educational Evaluation and Policy Analysis, 1-19*.
- Group 2: Hillman, N. W., Tandberg, D. A., & Gross, J.P.K. (2014). Performance funding in higher education: Do financial incentives impact college completions. *Journal of Higher Education, 85*(6), 826-857.
- Group 3: Tandberg, D. A., Hillman, N. W., & Barakat, M. (2014). State higher education performance funding for community colleges: Diverse effects and policy implications. *Teachers College Record, 37*.

Additional readings:

- The Center for Community College Policy. *State funding for community colleges: A 50-state survey*. <http://www.ecs.org/clearinghouse/22/86/2286.pdf>.
- 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)
- *Dowd, A.C., & Grant, J.L. (2006). Equity and efficiency of community college appropriations: The role of local financing. *The Review of Higher Education, 29*(2), 167-194.
- *Ehrenberg, R. G. (Ed.) (2006). *What's happening to public higher education? The shifting financial burden*. Baltimore: The John Hopkins University Press. (Chapters 5-14)

- *Rizzo, M. J. (2006). State preferences for higher education spending: A panel data analysis, 1977-2001. In R. G. Ehrenberg (Ed.), *What's happening to public higher education: The shifting financial burden* (p. 3-36). Baltimore, MD: Johns Hopkins University Press.
- *Weerts, D. J. & Ronca, J. M. (2012). Understanding differences in state support for higher education across states, sectors, and institutions: A longitudinal study. *The Journal of Higher Education*, 83(2), 155-185.
- *St. John, E. P., & Parsons, M. D. (2004). Public funding of higher education: Changing contexts and new rationales. (Ch. 2, 3, & 5; p. 21-59 & 79-107).

Week 7, September 30 –Tuition, financial aid, and fees

Due: SFCS Group 3

Required readings:

- *TP – Ch. 4 (p. 59-72)
- *Curs, B. R., & Singell, L. D., Jr. (2010). Aim high or go low? Pricing strategies and enrollment effects when the net price elasticity varies with need and ability. *Journal of Higher Education*, 81, 515-543.
- *Hurwitz, M. (2012). The impact of institutional grant aid on college choice. *Educational Evaluation and Policy Analysis*, 34(3), 344-363.
- *Jaquette, O., & Curs, B. R. (in press). Creating the out-of-state university: Do public universities increase nonresident freshman enrollment in response to decline appropriations. *Research in Higher Education*, 1-24.
- *Long, B. T. (2004). How do financial aid policies affect colleges? The institutional impact of the Georgia HOPE Scholarship. *Journal of Human Resources*, 39(4), 1045-1066.

Additional readings:

- *Chen, R. (2008). Financial aid and student dropout research in higher education: A heterogeneous research approach. In J. C. Smart (Ed.) *Higher Education: Handbook of Theory and Research* (XXIII, p. 209-239). Dordrecht, Netherlands: Springer.
- *Hossler, D., Ziskin, M., Gross, J. P. K., Kim, S., & Cekic, O. (2009). Student aid and its role in encouraging persistence. In J. C. Smart (Ed.) *Higher Education: Handbook of Theory and Research* (XXIV, p. 1-36). Dordrecht, Netherlands: Springer.
- *Baum, S. (1999). Need Analysis: How We Decide Who Gets What. In J.E. King (Ed.) *Financing a college education* (p. 48-63). Phoenix, AZ: ACE/Oryx Press.
- National Center for Public Policy and Higher Education (2001). *Losing ground: A national status report on the affordability of American higher education*. Washington, DC: Author. www.highereducation.org
- *Olivas, M. A. (2009). Undocumented college students, taxation, and financial aid: A technical note. *The Review of Higher Education*, 32(3), 407-416.
- *St. John, E. P. (2003). *Refinancing the college dream: Access, equal opportunity, and justice for taxpayers* (p. 152-171 & 175-189). Baltimore, MD: Johns Hopkins University Press.

Week 8, October 7 – Fall break (no class)

Week 9, October 14 –Philanthropy and endowments

Required readings:

- WBA – Ch. 6 & 7 (p. 102-148)
- *Cheslock, J., & Gianneschi, M. (2008). Replacing state appropriations with alternative revenue sources: The case of voluntary support. *Journal of Higher Education*. 79(4), p. 208-229.
- *Clotfelter, C. T. (2003). Alumni giving to elite private colleges and universities. *Economics of Education Review*, 22, 109-120.
- *Ehrenberg, R. G. (2002). Endowment policies, development policies, and the color of money. In *Tuition Rising: Why College Costs So Much* (p. 35-49). Cambridge, MA: Harvard University Press.

Week 10, October 21 – Higher education in the marketplace

Due: SFCS Group 4

Due: Capstone experience mini-assignment (description of literature review or three exam questions)

WBA – Ch. 8-10 (p. 149-195)

*Slaughter, S., & Rhoades, G. (2004). *Academic capitalism and the new economy: Markets, state, and higher education*. Baltimore, MD: The Johns Hopkins University Press. (Ch. 1; p. 1-34)

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

Additional readings:

*Anderson, M. S. (2001). The complex relations between the academy and industry: Views from the literature. *The Journal of Higher Education*, 72(2), 226-246.

*Hong, W. & Walsh, J. P. (2009). For money or glory? Commercialization, competition, and secrecy in the entrepreneurial university. *The Sociological Quarterly*, 50(1), 145-171.

*Powers, J. B., & Campbell, E. G. (2009). University technology transfer: In tough economic times. *Change*, 41(6), 43-47.

Slaughter, S., & Rhoades, G. (2004). *Academic capitalism and the new economy: Markets, state, and higher education*. Baltimore, MD: The Johns Hopkins University Press. (Ch. 3, 4, 5, 6; p. 35-180)

*Stimpson, C. R. (2006). Asserting our “brand”. *Change*, 38(4), 30-35.

Week 11, October 28 – For-profit colleges and universities

Required readings:

*Cellini, S.R., & Goldin, C. (2014). Does federal student aid raise tuition? New evidence on for-profit colleges. *American Economic Journal: Economic Policy*, 6(4), 174-206.

*Deming, D. J., Goldin, C., & Katz (2012). The for-profit postsecondary school sector: Nimble critters or agile predators. *Journal of Economic Perspectives*, 26(1), 139-164.

*Darolia, R., Koedel, C., Martorell, P., Wilson, K., & Perez-Arce, F. (in press). Do employers prefer workers who attend for-profit colleges? Evidence from a field experiment. *Journal of Policy Analysis and Management*.

*Iloh, C., & Tierney, W.G. (2014). Understanding for-profit college and community college choice through rational choice. *Teachers College Record*, 116(8), 1-34.

Additional readings:

*Anonymous (2015). Forgive and forget: Bankruptcy reform in the context of for-profit colleges. *Harvard Law Review*, 128(7), 2018-2039.

*Cellini, S.R., & Chaudhary, L. (2014). The labor market returns to a for-profit college education. *Economics of Education Review*, 43, 125-140.

*Deming, D. J., Goldin, C., & Katz (2013). For-profit colleges. *The Future of Children*, 21(1), 137-163.

*Hillman, N.W. (2015). Cohort default rates: Predicting the probability of federal sanctions. *Educational Policy*, 29(4), 559-582.

*Hillman, N.W. (2014). College on credit: A multilevel analysis of student loan default. *Review of Higher Education*, 37(2), 169-195.

Week 12, November 4 – Reading Day - ASHE

Week 13, November 11 – College athletics

Required readings:

Clotfelter, C. T. (2011). *Big-time sports in American universities*. New York: Cambridge University Press. (For some background information about the book visit <http://big-timesports.com>)

Additional readings:

WBA – 13 & 14

Unit 4: Costs of colleges and universities

Week 14, November 18 – Changing cost structures of higher education

Due: SFCS Group 5

Required readings:

*TP – Ch. 3 (43-57)

*Archibald, R. B., & Feldman D. H. (2008b). Explaining increases in higher education costs. *Journal of Higher Education*, 79(3), 265-295.

*Belfield, C., Crosta, P., & Jenkins, D. (2014). Can community colleges afford to improve completion? Measuring the cost and efficiency consequences of reform. *Educational Evaluation and Policy Analysis*. 36 (3), 327-345.

*Vedder, R. (2004). Going broke by degree: Why does college cost too much? Washington, DC: American Enterprise Institute. – Chapter 9

*Commonfund Institute (2014). *2014 Higher education price index*. Wilton, CT: Author. [SKIM]

https://www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/2014/CF_HEPI_2014.pdf

Additional readings:

*Bowen, H. R. (1980) *The cost of higher education: How much do colleges and universities spend per student and how much should they spend?* San Francisco: Jossey-Bass. (Ch. 1, p. 10-24)

*TP – Ch. 5 (75-92)

*Melguizo, T., & Strober, M. H. (2007). Faculty salaries and the maximization of prestige. *Research in Higher Education*, 48(6), 633-668.

Week 15, November 25 – Thanksgiving holiday (no class)

Note: Final exam distributed this week for those who choose to take it

Week 16, December 2 – Costs (continued) and budgeting

Due: SFCS Group 6

Required readings:

WBA – Ch. 11, 12 & 15 (p. 196-217 & 278-294)

*Ehrenberg, R., & Zhang, L. (2005). Do tenured and tenure-track faculty matter? *Journal of Human Resources*, 40(3), 647-658.

*Lasher & Sullivan (2004). Follow the money: The changing world of budgeting in higher education. In J. C. Smart (Ed.) *Higher Education: Handbook of Theory and Research* (XIX, p. 209-239). Netherlands: Kluwer.

*Leslie, L. L., & Rhoades, G. (1995). Rising administrative costs: Seeking explanations. *Journal of Higher Education*, 66(2), 187-212.

Additional readings:

*Barr, M. J. (2002). *Academic administrator's guide to budgets and financial management*. San Francisco: Jossey Bass. (Ch. 5; p. 77-94)

*Goldstein handout summarizing different budgeting approaches

*Lang, D.W. (1999). A primer on responsibility centre budgeting and responsibility centre management. *Canadian Society for the Study of Higher Education Professional File*, 17, 1-35.

*Rhoades, G. (2001) Managing productivity in an academic institution. *Research in Higher Education*. 42(5). p. 619-632.

*Wildavsky, A., & Caiden, N. (2004). *The New Politics of the Budgetary Process* (5th edition). New York: Pearson-Longman. (Ch. 3, p. 42-67)

Week 17, December 9 – Make-up class (should one be required)

Final project due December 9 by 4:30 pm.