

UNIVERSITY OF ILLINOIS
College of Education
EOL 576
Higher Education Finance
Fall Semester 2008

Course Description:

This course explores the foundations of higher education finance by analyzing key theories, structures, and challenges of college and university financing. Students will examine readings, present papers, and actively participate in class discussions, so as to better comprehend the financial complexities dictating current institutional policies and practices.

Class Meeting Time and Location:

4 Fridays, 5-9pm
4 Saturdays, 8-5pm
323 Education Building

Instructor and Contact Information:

Dr. Jackie L. Davis
(618) 395-7116 – Work
(618) 392-3672 – Home
(618) 339-5306 – Cell
davisj@iecc.edu

Office Hours:

I will generally be available in the classroom 1 hour prior to each class session and 1 hour after each class session. I will also be available by phone and e-mail and will be happy to make other accommodations for student conferences, as needed.

Academic Integrity Policy:

Every graduate student is expected to comply with the student code of conduct of the University of Illinois at Urbana-Champaign (UIUC). Every graduate student should obtain a copy of the booklet entitled *Code on Campus Affairs and Handbook of Policies and Regulations Applying to All Students*, which sets forth the official regulations governing all student conduct on the Urbana-Champaign campus. Importantly, all work submitted by students for this course is expected to be their original work for this specific course. The *Code* also stipulates a graduate student's rights in the event he or she is charged with misconduct or some violation of University regulations. The student code of conduct is available at: http://www.admin.uiuc.edu/policy/code/StudentCode_07.pdf

Required Texts:

Paulsen, M. B. & Smart, J. C. (Eds.). (2008). *The finance of higher education*. New York: Algora Publishing.

St. John, E. P. & Parsons, M. D. (Eds.). (2005). *Public funding of higher education: Changing contexts and new rationales*. Baltimore: The Johns Hopkins University Press.

American Psychological Association. (2001). Publication manual of the American Psychological Association (5th ed.). Washington, DC: Author.

Other publications, articles, and resources related to specific class topics will be assigned by the instructor throughout the semester. The instructor will either provide these in advance of the specific class, or as a handout, or give the web address where students can access them directly. **Students should bring a calculator or notebook PC with spreadsheet software to each class so that financial models and other calculations can be constructed and analyzed.**

Learning Objectives for the Course:

This course is designed as a seminar from various perspectives on major issues and topics in the financing of higher education in the United States. As a result of participation in seminar discussions, the completion of assignments, and final comprehensive examination, students will:

1. know and understand research and basic theories of financing and economics of American higher education;
2. know and understand major public policy issues in financing higher education, such as affordability, access/choice, equity, productivity and accountability, the public and private benefits of higher education and the major policy role of state and federal governments in financing higher education;
3. be familiar with the practice and integration of budgeting with planning for institutions of higher education; and,
4. be able to articulate various higher education finance manifestations that have resulted from various implementations of federal and state higher education finance policy

Student Evaluation:

Students will be expected to demonstrate their understanding of higher education finance through active class participation, the completion of written research assignments, an oral presentation, and a comprehensive final examination. The weight of each assignment relative to the final grade is shown below:

1. Class participation and attendance. The instructor should be notified in advance by email (davisj@iecc.edu) if, for any reason, the student will not be able to attend a class session.
10% of final grade
2. Two (2) written synopses of articles or other publications from within the past five years that are related to specific class topics (*2 pages maximum*). The papers should incorporate: (1) a brief summary of the key points raised in the publication; and (2) the student's own analysis of the significance and relevance of these points.
20% of final grade
 - a. The first synopsis is due: September 26, 2008
 - b. The second synopsis is due: October 24, 2008
3. A research paper that explores in depth a particular topic related to higher education finance and economics (*10-15 pages*). Due by November 7th. Students must submit a one-page

statement of the topic to be examined in the final paper for approval and initial feedback by September 14th.

30% of final grade

4. An oral presentation to the class on a particular topic related to higher education finance and economics (*15 to 20 minutes*). The presentation can be based on the student's research paper topic or some other topic of interest. Students are strongly encouraged to incorporate the use of visual aids and handouts in their presentations.

20% of final grade

5. A final examination will be held at the last class meeting (Oak Brook) in which students will be given two hours in which to answer two of four possible questions. The exam questions will require students to articulate how higher education finance policy is implemented in actual practice.

20% of final grade

The two synopses and the research paper will be submitted as MS Word attachments to an email addressed to davisj@iecc.edu on or before the stated due date. The APA Style Manual (5th Ed.) is to be used. Hard copies will not be accepted.

Grading Scale - The grading scale for assignments and the final exam is stipulated as follows:

94-100% - A
90-93% - A-
87-89% - B+
84-86% - B
80-83% - B-
77-79% - C+
74-76% - C
73-70% - C-
Below 70% - D/F

Course Assessment:

The oral presentations, written articles and research papers, and test questions embedded in the final examination are all tools the instructor will use to measure the extent to which the learning objectives of the course were achieved by students.

Potential Research Paper/Presentation Topics:

- An analysis of the relationship between the public and private benefits of higher education and their implications for finance policy.
- An analysis of who pays and/or who receives the benefits of higher education.
- An analysis of factors contributing to cost increases in higher education.
- An analysis of different funding models and approaches used by states in financing their systems of higher education.
- An analysis of the evolution of federal financial aid policies and prospects for the future.
- An analysis of trends and issues in the federal support of academic research.
- An analysis of the pros and cons of university involvement in the commercialization of academic research activities (i.e., technology transfer).

- An analysis of state budgeting for higher education as a political process.
- An analysis of effective models of linking planning and budgeting at the institutional level.
- An analysis of the key issues involved in financing distance learning and other technologies in higher education.
- An analysis of the effects of students' financial aid on college access, choice, or persistence.
- An analysis of the pros and cons of need-based and merit-based student financial aid programs.
- An analysis of what works and doesn't work in attempts by colleges and universities to "privatize" various campus functions.
- An analysis of faculty workload and productivity issues and their relationship to the costs of higher education.
- An analysis of future trends affecting higher education finance.
- Analysis of Benefit costs and plans
- Technical transfer strategies
- Trends in student life/housing issues
- Debt capacity, use and analysis
- Federal research funding
- Analysis of financial impact of on-line education

Selected Texts on Higher Education Finance

- Alexander, K., & Salmon, R. G. (1995). *Public school finance*. Boston: Allyn and Bacon.
- Becker, G. S. (1964). *Human capital*. New York: Columbia University Press.
- Breneman, D. W., & Finney, J. E. (1997). The changing landscape: Higher education finance in the 1990s. In P. M. Callan & J. E. Finney (Eds.), *Public and private financing of higher education: Shaping public policy for the future* (pp. 30-59). Phoenix, AZ: The Oryx Press.
- Callan, P. M., & Finney, J. E. (Eds.). (1997). *Public and private financing of higher education: Shaping public policy for the future*. Phoenix: The Oryx Press.
- Cohn, E., & Geske, T. G. (1990). *The economics of education* (3rd ed.). Oxford, UK: Pergamon.
- Geske, T. G. (1996). The value of investments in higher education: Capturing the full returns. In D. S. Honeyman, J. L. Wattenbarger, & K. C. Westbrook (Eds.), *A struggle to survive: Funding higher education in the next century* (pp. 29-48). Thousand Oaks, CA: Corwin Press.
- Hanushek, E. A. (1987). Educational production functions. In G. Psacharopoulos (Ed.), *Economics of education research and studies* (pp. 33-41). New York: Pergamon Press.
- Honeyman, D. S., & Bruhn, M. (1996). The financing of higher education. In D. S. Honeyman, J. L. Wattenbarger, & K. C. Westbrook (Eds.), *A struggle to survive: Funding higher education in the next century* (pp. 1-28). Thousand Oaks, CA: Corwin Press.
- King, J. E. (1999). *Financing a college education: How it works, how it's changing*. Phoenix, AZ: The Oryx Press.
- Leslie, L. L., & Brinkman, P. T. (1988). *The economic value of higher education*. Westport, CT: The Free Press.
- Parsons, M. D. (1997). *Power and politics: Federal higher education policymaking in the 1990s*. Albany, NY: State University of New York Press.
- Psacharopoulos, G. (1996). *Building human capital for better lives*. Washington, DC: The International Bank for Reconstruction.
- Schultz, T. W. (1963). *The economic value of education*. New York: Columbia University Press.
- St. John, E. P. (2002). *The access challenge: Rethinking the causes of the new inequality*. (Policy Issue Report No. 2002-01). Bloomington, IN: Indiana University, School of Education.
- Woodhall, M. (1987). Economics of education: A review. In G. Psacharopoulos (Ed.), *Economics of education research and studies* (pp. 1-8). New York: Pergamon Press.
- Zemsky, R., & Wegner, G. (1997). Shaping the future. In P. M. Callan & J. E. Finney (Eds.), *Public and private financing of higher education: Shaping public policy for the future* (pp. 60-73). Phoenix, AZ: The Oryx Press.

Class Sessions/Topics: To the extent possible, students will be notified in advance of changes.

Date	Class Topic(s)	Reading Assignments	Other Activities
August 29 5:00pm to 9:00pm (Champaign)	Review of syllabus, course overview and course assessment Historical perspectives of higher education finance policy, and fiscal equalization continuum	Public Funding of Higher Education, Chapters 1 and 2 The Finance of Higher Education: Chapters 1 and 2	
August 30 8:00am to 5:00pm (Champaign)	Theoretical framework for analysis of higher education finance policy and federal and state higher education finance policy Access vs. choice (legislative initiatives) Bowen's laws of higher education costs	The Finance of Higher Education: Chapters 7, 8, and 9. Public Funding of Higher Education, Chapters 3, 4, 5, 6, and 7	
September 26 5:00pm to 9:00pm (Champaign)	Examination and analyses of the FY 2008 and FY 2009 State of Illinois Budgets.	FY 2008 Budget Analysis: http://www.ctbaonline.org/All%20Links%20to%20Research%20Areas%20and%20Reports/Budget,%20Tax%20and%20Revenue/FY%202008%20Illinois%20Final%20Budget%20Analysis.pdf , Public Funding of Higher Education, Chapters 8, 9, and 10	Center for Tax and Budget Accountability http://www.ctbaonline.org/ FY 2008 and 2009 Illinois budgets (Handout)
September 27 8:00am to 5:00pm (Champaign) September 27 (Continued)	Economic theories of funding higher education in an expanding global economy Human capital and other investment theories Foregone earnings and per capita incomes Progressive and regressive taxes	Public Funding of Higher Education, Chapters 11 and 12 The Finance of Higher Education: Chapters 3, 4, 5	Calculations of income elasticity of demand, fiscal tax effort, and using CPI to calculate constant dollars

Date	Class Topic(s)	Reading Assignments	Other Activities
	Fiscal tax effort, CPI, income elasticity of demand, and current versus constant dollars		
October 24 5:00pm to 9:00pm (Champaign)	Major issues in the finance of higher education Costs of higher education Rates of Return Analysis	The Finance of Higher Education: Chapters 10, 11, 12, 13, and 14	
October 25 8:00am to 5:00pm (Champaign)	Major issues in the finance of higher education Costs of higher education Benefits of higher education <ul style="list-style-type: none"> • Individual • Societal Federal, state, and local roles in providing higher education access	The Finance of Higher Education: Chapters 10, 11, 12, 13, and 14	
November 14 5:00pm to 9:00pm (Oak Brook)	Developing institutional budgets and integration of strategic planning and budgeting	http://www.synergos.org/knowledge/00/fbsinstitution3.pdf http://www.inc.com/articles/2000/01/16379.html	Planning Processes Timeline (Handout) Design an Institutional Budget
November 15 8:00am to 5:00pm (Oak Brook)	Students' oral presentations and critique, final examination, and course assessment		