The College of William and Mary  
Educational Policy, Planning, and Leadership  
Course Syllabus  

EPPL 676 (PUBP 644): The Financing of Higher Education  
Fall, 2012  
Wednesday, 4:30 pm – 7:00 pm  
School of Education 2066  

EPPL 676  
The Financing of Higher Education  
3 cr.  

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Office Hours: By appointment  

Course Description: Students will obtain an overview of the financing of higher education, both nationally and internationally. Students will review the main issues in finance, develop the ability to examine and analyze financial statements, assess the budget as an instrument of control, and relate the budget to the educational program.  

Course Purposes: Students will develop a general understanding of where funding for colleges and universities comes from, how it is allocated in the budgetary process, and how spending relates to educational programs. Specific attention will be given to describing patterns of public funding, assessing related policy issues at the state and federal levels, analyzing trends in the mix of funding for both public and private higher education, and achieving a basic literacy in reading and analyzing financial documents describing the condition of colleges and universities.  

Course Objectives:  

Upon completion of the course, students will be able to:  

1. Synthesize the evolution of varied patterns of funding American colleges and universities.  

2. Identify significant public policy commitments at state and federal levels to subsidizing higher education.  

3. Analyze comparisons among patterns of state funding for higher education and differences with international funding of education.  

4. Assess the impact of different tuition policies on access to higher education.
5. Analyze the role of student financial aid policies in the public and private sectors.

6. Analyze and compare the sources of revenue in different types of institutions.

7. Analyze and compare the objects of expenditure in different types of institutions.

8. Understand the different approaches to university budgeting.

9. Examine the development of endowment and quasi-endowment funds, including the different streams of fund-raising, cost-benefit analysis of gifts, investment strategies, etc.

10. Assess the state of higher education’s physical capital and strategies to maintain and enhance the plant.

11. Understand the role and function of research, development and other externally funded activities, and their impact on the institution’s financial condition.

12. Analyze strategic (and other) plans for their impact on the institution’s financial condition.

13. Relate the concepts of efficiency and productivity to funding of higher education.

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Course activities:

The following course activities will occur in a typical class:

Lecture
Review of assigned and recommended readings
Discussion

If available, guest lecturers and consultants will be invited to speak with the class.

Subject Matter Topics:

- The financial condition of higher education: A national and international overview.
- Evolution of patterns of funding in American colleges and universities.
- Higher education: A public or private good?
- Patterns of state funding for higher education.
- Sources of revenue in different types of institutions.
- Objects of expenditure, cost, and controls in different types of institutions.
- Tuition policies.
- Student financial aid policies and implications for access.
• Approaches to budgeting.
• Development of endowment and quasi-endowment funds, including the different streams of fund-raising, cost-benefit analysis of gifts, investment strategies, etc.
• Impact of strategic (and other) plans on the institution’s financial condition.
• Concepts of efficiency and productivity and their application to higher education.

**TEXT BOOKS**


**Course outline:**

Given the assignments of this course, the student will demonstrate, in discussion, oral and written presentations, and product development, knowledge and comprehension of each of the following topics as well as the ability to apply that knowledge to analysis of educational programs and practices.

**Date**

(CP)=Course Packet of readings. See Blackboard for copies

**August 29-1**  
**Topic:** Introductions  
Review of the syllabus  
Creation of groups  
Review of perceptions of finance

**September 5-2**  
**Topic:** History of Higher Education Funding

**Read:** Archibald & Feldman: Chapters 1 and 2  
Zumeta et al.: Chapter 1 and 3

*Optional: Johnstone: Who Should Pay? (CP)*
Goal: Describe the evolution of varied patterns of funding American colleges and universities. International comparisons of funding models.

**September 12-3**  
**Topic:** An Overview of the Current Financial Condition  

**Read:** Zumeta et al.: Chapter 4  
GAO: *Tuition Continues to Rise* (CP)--SKIM  
Johnstone: *Patterns of Finance* (CP)—SKIM

**DUE:** Contemporary Article/Key Point/Question  
Provide article to me by September 10th for posting.

**Optional:**  
*Academe*, special issue on finance  

Goal: To obtain an overview of contemporary higher education finance issues.

**September 19-4**  
**Topic:** Investing in Higher Education—a public or private good?  

**Read:** Archibald & Feldman: Chapter 3  
Dill: *The Public Good, The Public Interest* (CP)  
Institute for Higher Education Policy: *The Investment Payoff* (CP)  
Marginson: *The public/private divide* (CP)  
College Board Report: *Education Pays* (CP)

Goal: Relate the concepts of efficiency and productivity to funding of higher education.

**September 26-5**  
**Topic:** The State Role in Higher Education  

**Read:** Archibald & Feldman: Chapter 15  
Ehrenberg-*Tuition Rising*: Chapter 5  
Zumeta et al.: Chapter 5  
McGuiness: *The states and higher education* (CP)

**DUE:** State Summaries and State Presentations

Goal: Develop comparisons among patterns of state funding for higher education.

**October 3-6**  
**Topic:** Shifts in the State Role/Federal Role  

**Read:** Archibald & Feldman: Chapter 13 and 16  
Hauptman: *Reforming the ways* (CP)  
Gladeaux/King: *The Federal Government and Higher Ed.* (CP)  
Longanecker: *What State Policymakers Should Know* (CP)
Goal: Identify significant public policy commitments at state and federal levels to subsidizing higher education.

October 10-7  Topic: Institutional Differences in Funding Revenue

Read: Eckel: *Redefining Competition* (CP)
    Ehrenberg: *Tuition Rising*: Chapter 1
    Zumeta et al.: Chapter 6
    Mullin & Honeyman: *The Funding of Community Colleges* (CP)

Due: Part 1-Budget Project

Goal: Analyze and compare the sources of revenue in different types of institutions.

October 17-8  Topic: Expenditures

Read: Archibald & Feldman: Chapters 5 and 6
    Ehrenberg: *Tuition Rising*: Chapters 8 and 10
    Morphew & Baker: *The Administrative Lattice* (CP)
    Barr & McClellan: Chapter 1 and 2

Goal: Analyze and compare the objects of expenditure in different types of institutions. Assess the state of higher education’s physical capital and strategies to maintain and enhance the plant.

October 24-9  Topic: Tuition Policies

Read: Archibald & Feldman: Chapters 9 and 12
    Ehrenberg: *Tuition Rising*: Chapter 6
    Swaill & Heller: Changes in tuition policy (CP)
    The College Board: Trends in College Pricing (CP)

Due: Analytic Paper #1

Goal: Evaluate the role of tuition policies in different types of institutions and the impact on access.

October 31-10  Topic: Financial Aid Policies

Read: Archibald & Feldman: Chapter 14
    Ehrenberg: *Tuition Rising*: Chapter 5
    Dowd: Causal Modeling of Student Debt (CP)
    St. John, Paulsen, & Carter: Diversity, college costs (CP)
    Titus: No College Student Left Behind (CP)
    The College Board: Trends in Student Aid (CP)
Goal: Analyze the role of student financial aid policies in the public and private sectors

November 7-11  **Topic:** Budget Concepts

**Read:** Messinger: Chapter 3 & Appendix (CP)
Barr and Mclellan: Chapter 3, 4, 5, 6, 7

**Due: Part 2-Budget Presentation**

Goal: Understand the different approaches to university budgeting.

November 14-12  **ASHE Conference**

November 21-13  **Thanksgiving Break**

November 28-14  **Topic:** Endowments and Other Revenue Streams

**Read:** Ehrenberg- *Tuition Rising*: Chapter 3
Holmes: Alumni Giving (CP)
NACUBO: Endowment Summary (CP)
Spitz: *Investment Policies* (CP)
Lapovsky: *Critical Endowment Policy Issues* (CP)
Robst: Cost efficiency in public HEd (CP)

**Due: Analytic Case Paper #2**

Goal: Examine the development of endowment and quasi-endowment funds, including the different streams of fund-raising, cost-benefit analysis of gifts, investment strategies, etc.

December 5-15  **Topic:** Linking Planning and Budgeting

**Read:** Schmidtlein: Linking Budgets to Plans (CP)
Brinkman & Morgan: *Changing Fiscal Strategies* (CP)
Morphew: *Realities of Strategic Planning* (CP)
Zumeta et al.: Chapter 7

**Due: Group Budget Expenditure—Part I**

Goal: Analyze strategic (and other plans for their impact on the institution’s financial condition.)
December 12-16

**Topic:** Efficiency and Productivity
**Group Process/Evaluations**

**Read:** Ehrenberg-*Tuition Rising:* Chapter 19

**Due:** Group Budget Expenditure—Part II

Goal: Understand the role and function of research, development and other externally funded activities, and their impact on the institution’s financial condition.

### Assignments:

1. **Contemporary Article (10%)**

Students will identify an article to describe a contemporary finance issue facing colleges and universities. Students will supply the article to me by the Monday before class for posting. On the evening of class, each student will supply a short abstract to the class and identify the key point(s) of the article and indicate a question this raises for discussion.

**Due:** September 12

2. **State Financing Presentation (20%)**

Students will work in teams of two to four and develop a brief (15 minute) presentation regarding the financing of higher education in a particular state. The presentation should include an overview of the state context for financing higher education, trends in public higher education finance, and critical issues influencing the financing of higher education in the state. Presentations should include a PowerPoint that summarizes key points and an executive summary of the information with an analysis of the state’s approach given the readings to date. See outline for team responsibilities.

Helpful sites:
Census Bureau data on per capita tax revenue by state: [http://www.census.gov/govs/statetax](http://www.census.gov/govs/statetax)

**Due:** September 26
3. **Analytic Reading Reflection and Case Study Analysis (30%)**

Students will write two (2) analytic papers. The first analytic reflection should explore in further detail a topic addressed in the readings assigned up to and including the date papers are due. Papers should provide a critical review and analysis of the readings situated in the larger context of higher education operations. Finally, the papers should provide a final reflection section in which students explain how the readings have impacted their thought processes on higher education finance. Papers will be assessed on their content as well as how clearly and concisely the topic is addressed. Approximately 5 pages each. (15% for each paper)

The second analysis will be of a case study. Two options for case studies are provided on Blackboard. For this paper, you must provide an analysis of the case based on the material presented in class. You will create suggestions for solutions for the leaders and back up your arguments with the theories presented in the course. An in-class discussion will occur on the final due date.

The student should endeavor to identify the main problem, suggest the major competing forces, outline prospective alternative solutions with the positive and negative benefits of each, and propose a preferred solution with its rationale. Responses to case studies will be analyzed for problem-analysis and decision-making skills. (15%)

**Due:** October 24
November 28th

4. **Budget Project (20%)**

Using data from the IPEDS “Peer Analysis” website, identify a particular issue of interest that may impact the finances of a set of institutions. Pick a particular institutional type: e.g., community college, liberal arts, comprehensive, etc. See: [http/nces.ed.gov/ipedspas/index.asp](http/nces.ed.gov/ipedspas/index.asp) for more details, including a tutorial if you need help. Start at “Guest Level.” You will also find additional data sources on the Blackboard site under Course documents—finance data-national. You may take either a macro or micro approach in looking at a particular aspect of the financial picture or the entire overview of revenue and expenditure.

Examples:
- Look at relationships between tuition income and enrollment. Ties between financial aid and enrollment. Impacts on access given the findings. Consider ties with other relationships between additional sources of revenue (fund-raising/endowment, changes in faculty composition, etc.).
- Investigate historical shifts in expenditures on salary and benefits. Consider faculty composition shifts as well. How do these trends relate to shifts in other
expenditures or the revenue stream? Analyze how these shifts impact the concurrent demands for increased accountability in student learning.

c. Analyze the changes in deferred maintenance and how these are linked to shifts in enrollment and sources of revenue. Evaluate the most critical areas needing funding attention. Look at trends across institutional types.

d. Synthesize information on mission shifts, funding patterns, and enrollment trends. How has the pressure to move up in the Carnegie rankings for prestige impacted revenue and expenditure patterns?

Part 1 (10%). Data gathering and reporting. Identify the question you pursued in looking at the institutional data. Create an executive summary report that identifies the trends you uncovered and the various relationships between funding patterns. Provide a conclusion that extrapolates what the colleges might anticipate in the future given these trends. (5 page maximum plus supporting data tables)

Due: October 10th

Part 2 (10%). Provide a critical analysis of the budget area you chose to investigate with the IPEDs data. Using the literature from the semester, analyze the funding issue(s) using the data, critique and evaluate the scenario, and provide recommendations for budget managers. (10 page maximum).

Due: November 7th — 10 minute presentation roundtable format

5. Expenditure Exercise (20%)

This assignment consists of two parts:

1. Creation of a team budget response to one of the institutional scenarios provided—posted as a presentation/executive summary. The executive summary should be one page, but should be supported by an Excel spreadsheet with comments to bolster arguments. Group presentation in class.

2. The second portion of this project is individual in orientation. Each student must assess and evaluate the budget for the other group and come prepared with a set of questions about the other team’s suggestions, which must be turned in. In turn, each individual in a group must be prepared to respond to questions regarding their budget.

Due: Part I—Due December 5th (executive summary; group presentation)
Part II—Due December 12th

Evaluation:

Contemporary Article 10%
IPEDs Budget Project 20%
Analytical Paper/Case  30%
State Presentations  20%
Expenditure Exercise  20%

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100%

A = Excellent work: well-conceived, logically developed, thoroughly documented, clearly written. Fully meets the goals of the assignment.

A = 94-100 points; A- = 90-93 points

B = Competent work: Needs further development on one or more of the above dimensions. Generally meets the goals of the assignment.

B+ = 87-89 points; B = 83-86 points; B- = 80-82 points

C = Flawed work: One or more serious problems are noted; work is generally not acceptable at the graduate level.

C+ = 77-79 points; C = 73-76 points; C- = 70-72 points

Expectations: Students will be expected to prepare written assignments with care. Written work should reflect both a professional level of understanding and attention to clear and logical presentation. Assignments should be thoroughly and carefully edited! Questions posed in the assignment must be answered clearly and concisely.

**APA style/Written Assignments**
All formal work should utilize APA style as described in the *Publication manual of the American Psychological Association* (6th ed.). Please refer to the following website for information on the citation of electronic resources: [www.apastyle.org/elecref.html](http://www.apastyle.org/elecref.html). All written assignments must be submitted electronically via the Blackboard site or via e-mail to me (pamela.eddy@wm.edu). Paper format should be double-spaced with one-inch margins. References should be scholarly and cited in appropriate APA format.

**Accommodation:**
The instructor will accommodate students with disabilities. Please inform me of any limitations and discuss necessary accommodations.

**Civility Statement**
Each William and Mary student is encouraged to help create an environment during class that promotes learning, dignity, and mutual respect for everyone. Students who speak at inappropriate times, sleep in class, display inattention, take frequent breaks, interrupt the class by coming to class late, engage in loud or distracting behaviors, use cell phones or
pages in class, use inappropriate language, are verbally abusive, display defiance or
disrespect to others, or behave aggressively toward others could be asked to leave the
class and subjected to disciplinary action under the Code of Student Rights,
Responsibilities and disciplinary Procedures. Appropriate use of technology to support
learning is expected.

**ACADEMIC HONESTY:**

William and Mary is a community of trust in which the conduct of its members is
assumed to be honorable. Your course work must be a product of your own efforts and
must align with professional ethics. Plagiarism, cheating, and other forms of dishonest
behavior is prohibited. Be attentive to plagiarism since careless presentation of others’
ideas without proper citation still constitutes plagiarism and will be sanctioned through
the honor code. Students are reminded to review terms of the Honor Code at:
http://web.wm.edu/so/honor-council/honorcode.htm

**Cell Phones, Laptops, and Other Electronic Devices:**

If you bring a cell phone or other electronic device to class, please assure that is it either
off or on silent mode and out of sight. In the very unusual event that you must take a call
during class, please sit near the door and leave the room quietly. Laptops can provide a
good learning tool when used appropriately. Please refrain from personal use during class
such as checking e-mail, chatting, surfing, or playing games. There will be times in class
discussion that a “technology free” time will be imposed. There will also be opportunities
for laptop use for individual and group activities. I expect prudent use of technology in
class.

**Class Expectations:**

You are responsible for completing the required readings in advance of the designated
class session. Come to class prepared to engage in critical analysis and critique of the
reading materials. Your contributions add to the learning experiences of others, please
take this responsibility seriously.
Bibliography


