

**University of Southern California
Rossier School of Education
EDUC 689**

**FINANCE IN HIGHER EDUCATION
Course Syllabus
Summer 2014**

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Class Hours
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Course Overview

This course is designed to introduce educational leaders to the finance of higher education. The main objective is to provide an understanding of the key concepts and issues related to the federal, state and individual roles in the financing of higher education. This knowledge is crucial for educational leaders because many critical decisions in higher education involve financial considerations.

Course Objectives

The following are the main course objectives:

1. To develop an understanding of the primary concepts in finance and economics of higher education.
2. To identify the main players in the finance of higher education and to understand their roles.
3. To develop a basic understanding of university and college budgets and the connection between resources and strategic planning.
4. To understand the factors that have driven college costs in the past three decades.
5. To develop an understanding of different forms of financial aid and their implications for access and equity.
6. To understand how to use budgets as a planning tool and strategically deploy resources.
7. To learn about the differences between centralized and decentralized planning and budgeting, in both public and private postsecondary institutions.
8. Revenue generation and entrepreneurship in public and private postsecondary institutions.
9. To learn about development and fund-raising as activities in which leaders need to engage in order to promote their programs and fulfill the mission of their institutions.

The course focuses on the following interrelated topics:

- Introduction to concepts in finance and economics of education.
- Financing of postsecondary institutions.
- Financing issues at the federal level.
- Financing issues at the state level.
- Financing planning and management.
- University and college budgets.
- College costs.
- Financial aid.
- Financing community colleges.
- Access and affordability.

Date	Unit	Assignment Due
Part I. Understanding Postsecondary Finance		
Thurs 7/3	1. An introduction to concepts in finance and economics. 2. Financing postsecondary education.	Reflective reviews #1 and #2 due in class. Assignment of in class short presentations.
Thurs 7/10	3. Financing higher education: federal level. 4. Financing higher education: state level.	Reflective reviews #3 due <u>Monday before class by midnight.</u> In class short presentations
Thurs 7/17	5. Financial planning and management. 6. University and college budgets.	In class short presentations Grant proposal-part 1.
Thurs 7/24	7. University and college costs. 8. The role of private non-profit foundations.	Reflective review #4 and #5 <u>due Monday before class by midnight.</u> In class short presentations.
Thurs 7/31	9. Financial aid. 10. Financing Community Colleges.	Reflective review #6 and #7 <u>due Monday before class by midnight.</u>
Thurs 8/7	11. Access and affordability for graduate students. 12. CA Dream Act.	In class short presentations <u>Final Grant proposal</u> due.

Expectations for the course

The course has been developed to serve principally two categories of students: those with experience and training in general and financial management of organizations who wish to develop their understanding of post-secondary institutions, and those practicing professionals in post-secondary institutions who wish to develop their understanding of the fiscal dimensions and financial performance of those institutions. Although every attempt will be made to incorporate individual professional interests in the course, there are several expectations of the course that will be the same for all students.

Course Requirements

Readings

The readings of the course provide a foundation for everything else we will do. Although a thorough understanding and critical appraisal of the readings is fundamentally important and necessary, we will devote as much attention as possible to the application of the readings to specific institutional problems and issues. Mastering the readings is best done individually or in small study groups. Significant parts of class time will be devoted to in-depth discussions about some of issues raised by some of the readings, and guest speakers who are specialists in the topics we are reading about will join us in class. As a consequence, relatively little class time will be used to merely "cover" the readings.

Specifically, to the extent feasible please try to have mastered the readings assigned for a given class before coming to that class. We will use the readings as a jumping off point for lectures, discussions, and group projects.

Assignments

1. Reflective reviews (20% of the grade). Most weeks students will prepare a reflective set of three questions or ideas, based on the assigned readings. In addition to stating the question/idea, you will need to answer it based on the reading in about one paragraph. Reflective reviews should be no more than one-page and will be graded on a 3-point scale. Reviews that earn a "3" will include questions that are meaningful and extend our conversations on the weekly topic.
2. In class presentations (20% of the grade). Students will get together in groups (2 to 3 students) and either design an info graphic (<http://dailyinfographic.com/the-higher-education-bubble-infographic>), game or an activity building on the content of the topics covered in class, or search in the *Chronicle of Higher Education* for an article that discusses a fiscal expenditure issue in a postsecondary institution. The group is responsible for making a short presentation of the issue, and to generate a short group discussion. The group should bring to class: One page summary of the article describing key points as well as a profile of the institution or group of institutions described in the article. Prepare a couple of questions to help you moderate the discussion.
3. Grant application (50% of the grade). Students in groups of 2-4 will select a project that requires funding (i.e. learning community at a higher education institution, transfer center at a community college) that is relevant to either their thematic dissertation or their current work, and they will write a grant proposal to one of two organizations: NASPA (Student Affairs Administrators in Higher Education) or NACADA (National Academic Advising Organization). This is a 16 page max document that includes a description of the project, a budget justification, and a detailed budget. Sixteen pages is the maximum for this assignment – if the agency you are applying to requires their grant proposals to be shorter, follow the format required by the grant agency. The assignment is done in two parts. Part 1: 1 page summary of the project, 1-3 page introduction and 1-3 page literature review and conceptual framework. Part 2: 9-13 page methods,

contribution, policy implications, timeline, budget, and budget justification. Every student needs to submit a 1 page summary of the project.

4. Class participation (10% of the grade).

The following grading criteria will apply:

C+ = 76-79 B- = 80 - 83%; B = 84 - 87%; B+ = 88 - 89%; A- = 90 - 93%; A = 94 -100%

Incompletes

The University definition of and policy on incompletes (taken from the USC Catalogue) is as follows: “Incompletes; work not completed because of documented illness or some other emergency occurring after the twelfth week of the semester. Arrangements for the IN and its removal must be initiated by the student and agreed to by the instructor prior to the final examination. Student requests for the mark of IN before the twelfth week of the semester will be denied. If an incomplete is assigned as the student’s grade, the instructor will specify to the student and the department the work remaining to be done, the procedures for its completion, the grade in the course to date, and the weight to be assigned to work remaining to be done when computing the final grade....A student may remove the IN only by completing the work not finished as a result of *illness or emergency* (emphasis added)...One calendar year is allowed to remove the mark of IN in courses numbered 500 and higher. If the IN is not removed within the designated time limit, the course is considered “lapsed” and the grade is changed to IC. Lapsed incompletes count as “F” grades at USC. In the event an incomplete is approved by the instructor, a written record will be completed which details what is required for course completion and a projected schedule of completion.

Academic Accommodations

The University of Southern California is committed to full compliance with the Rehabilitation Act (Section 504) and the Americans with Disabilities Act (ADA). As part of the implementation of this law, the university will continue to provide reasonable accommodation for academically qualified candidates with disabilities so that they can participate fully in the university’s educational programs and activities. Although USC is not required by law to change the “fundamental nature or essential curricular components of its programs in order to accommodate the needs of disabled candidates,” the university will provide reasonable academic accommodation. It is the specific responsibility of the university administration and all faculty serving in a teaching capacity to ensure the university’s compliance with this policy.

Any candidate requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. - 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. The email address is: ability@usc.edu. The website for DSP has additional information regarding accommodations and requests (www.usc.edu/disability).

Course Readings

Required Texts

Barr, M.J., McClellan, G.S. (2011). *Budgets and financial management in higher education*. San Francisco, CA: Jossey Bass.

All the required readings for the course are listed below. The readings are posted on Blackboard [Bb].

Week 1: July 3rd, 2014

1. Introduction and overview of the course

[Bb] Winston, G.C. (2001). Subsidies, hierarchy and peers: The awkward economics of higher education. In J.L. Yeager, G.M. Nelson, E.A. Porter, J.C. Weidman, & T.G. Zullo (Eds.), *ASHE reader on finance in higher education*, (2nd ed.), Chapter 3, (pp. 25-42). Boston, MA: Pearson Custom Publishing.

[Bb] Weisbrod, B. A., Ballou, J. P., & Ash, E. D. (2008). The two-good framework: Revenue, mission, and why colleges do what they do. In *Mission and money: Understanding the university*. Chapters 1-3. New York, NY: Cambridge University Press.

2. Financing postsecondary institutions

[Bb] Johnstone, D. B. (2004). The economics and politics of cost sharing in higher education: comparative perspectives. *Economics of education review*, 23(4), 403-410.

[Bb] Cheslock, J. J., & Gianneschi, M. (2008). Replacing state appropriations with alternative revenue sources: The case of voluntary support. *The Journal of Higher Education*, 79(2), 208-229.

Week 2: July 10th, 2014

3 & 4. Financing postsecondary education: State level

[Bb] The Economist (2011, April 23). Special report democracy in California. *The Economist*, April 23, 2011.

[Bb] Campaign for College Opportunity (2013). *The state of higher education in California for Latinos: The economic and social imperative for advancing Latino college achievement*. Los Angeles: The Campaign for College Opportunity.
http://www.collegecampaign.org/files/6013/8361/4629/State_of_Higher_Education_Latino_FINAL.pdf

[Bb] Campaign for College Opportunity (2014). *The state of higher education in California: Borrowing for college*. Los Angeles: The Campaign for College Opportunity. http://www.collegecampaign.org/index.php/download_file/view/1069/91/

[Bb] McLendon, M.K., Hearn, J.C., & Mokher, G.G. (2009). Partisans, professionals, and power: The role of political factors in state higher education funding. *Journal of Higher Education*, 80(6), 686-713.

[Bb] McLendon, M.K., Hearn, J.C., & Deaton, R. (2006). Called to account: Analyzing the origins and spread of state performance-accountability policies for higher education. *Educational Evaluation and Policy Analysis*, 28(1), 1-24.

[Bb] 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* (pp. 39-63). Baltimore, MD: The John Hopkins University Press.

Week 3: July 17th, 2014

5. Financial planning and management

[Bb] Lasher, W.F. & Greene, D.L. (2001). College and university budgeting: What do we know and what do we need to know? In M.B. Paulsen and J.C. Smart, (Eds.), *The Finance of Higher Education: Theory, Research, Policy and Practice*, (pp. 501-542). New York, NY: Agathon Press.

[Bb] Wildavsky, A., & Caiden, N. (2004). The dance of the dollars: Classical budgeting. In *The New Politics of the Budgetary Process*. (5th ed.) (pp. 44-67). New York: Pearson-Longman.

[Bb] Woodard, D.B. (2001). Finance and budgeting. In R. B. Winston Jr., D. G. Creamer, & T. K. Miller (Eds), *The Professional Student Affairs Administrator* (pp. 245-267). New York: Brunner-Routledge.

6. University and college budgets

Barr, M.J., McClellan, G.S. (2011). *Budgets and financial management in higher education*. San Francisco, CA: Jossey Bass.

Week 4: July 24th, 2014

7. College costs

[Bb] Ehrenberg, R. G. (2002). Endowment policies, development policies, and the color of money. In *Tuition Rising: Why College Costs So Much* (35-49). Cambridge, MA: Harvard University Press.

[Bb] College Board (2012). *Trends in College Pricing*. Washington, D.C.: The College Board.
http://advocacy.collegeboard.org/sites/default/files/college-pricing-2012-full-report_0.pdf

[Bb] Weisbrod, B. A., Ballou, J. P., & Ash, E. D. (2008). The two-good framework: Revenue, mission, and why colleges do what they do. In *Mission and money: Understanding the university*. Chapters 4-5. New York, NY: Cambridge University Press.

8. New Players: The role of for-profit postsecondary institutions and private non-profit foundations

[Bb] 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.

[Bb] Tierney, W.G., & Hentschke, G.C. (2007). *New players, different game: Understanding the rise of for-profit colleges and universities*. Baltimore, MD: John Hopkins University Press.

[Bb] Keller, J., & Parry M. (2010). University of California Considers Online Classes, or Even Degrees. *Chronicle of Higher Education*, May 9.

Week 5: July 31st, 2014

9. Financial aid

[Bb] McPherson, M.S., & Schapiro, M.O. (1998). In *The Student Aid Game* (pp. 55-80). Princeton, NJ: Princeton University Press.

[Bb] Kane, T. (1999) How We Pay for College. In *The Price of Admission* (pp. 20-43). Washington DC: Brookings Institution Press.

[Bb] Katsinas, S. G., Mensel, F., Hagedorn, L.S., Friedel, J.N., D'Amico, M.M. (2012). Pell grants and the lifting of rural America's future. Retrieved from:
<http://www.cscconline.org/home/research/research-and-reports-blog/2012/2/10/pell-grants-and-the-lifting-of-rural-americas-future/>

[Bb] College Board (2012). *Trends in Student Aid*. Washington, D.C.: The College Board. Retrieved from:
<http://advocacy.collegeboard.org/sites/default/files/student-aid-2012-full-report.pdf>

[Bb] Turner, S. (2000). Federal financial aid: How well does it work? In J.C. Smart (Ed.), *Higher education: Handbook of theory and research* (pp. 341-363). New York, NY: Agathon Press.

[Bb]Heller, D. E. (2002) The Policy Shift in State Financial Aid Programs. In John C. Smart, (Ed), *Higher Education: Handbook of Theory and Research. Vol. 17*, (pp. 221-261). New York, NY: Agathon Press.

10. Financing community colleges

[Bb] Chase, M. M., Dowd, A. C., Pazich, L. B., & Bensimon, E. M. (2012). Transfer Equity for "Minoritized" Students: A Critical Policy Analysis of Seven States. *Educational Policy*, 0895904812468227.

[Bb] Romano, R. M. (2012). Looking behind community college budgets for future policy considerations. *Community College Review*, 0091552112441824.

Week 6: August 7th, 2014

11. Access and affordability

[Bb] Kantrowitz, M. (2012). The college completion agenda may sacrifice college access for low-income, minority and other at-risk students. Retrieved from:
http://www.fastweb.com/nfs/fastweb/static/PDFs/The_Completion_Agenda.pdf

[Bb] Public Policy Institute of California. (2009). Closing the gap: Meeting California's need for college graduates. Retrieved from:
http://www.ppic.org/content/pubs/report/R_409HJR.pdf

12. California Dream Act

[Bb] Garcia, L. D., & Tierney, W. G. (2011). Undocumented immigrants in higher education: A preliminary analysis. *Teachers College Record*, 113(12), 1. Retrieved from <http://search.proquest.com/docview/1032780008?accountid=14749>