

Economics and Finance of Higher Education (EDA 388E)

Course Outline and Syllabus

The University of Texas at Austin

Semester: Fall 2017
Meeting times: Tuesdays 1:00-4:00, SZB 364
Instructor: Lauren Schudde
schudde@austin.utexas.edu
Office: SZB 310A
Office hours: Tuesdays 11:00am-1:00pm
If you want to ensure I'm available for a block of time, please use:
<https://calendly.com/schudde>
Teaching Assistant: Ibrahim Bicak
ibrahimbicak@utmail.utexas.edu

Course Overview and Objectives:

In this course, students will gain an overview of mechanisms and theories regarding the economics and financing of U.S. higher education. We will examine the underlying reasons for rising college costs, the strategies states and the federal government use to subsidize costs, and how students and institutions respond. We will apply various conceptual lenses to help explain the causes and consequences of these trends. We will also discuss how these trends affect educational opportunity and equity, as well as professional practice. While this course is not limited to students in the higher education doctoral program, this course is grounded in literature, theories, and examples specific to higher education.

Required Text:

All material will be available on Canvas.

Course Assignments:

1. **Reflection essay (20%).** Throughout the semester, we will debate why college costs have grown so much in the past two decades. In no more than 4 double-spaced pages, answer the question: why does college cost so much? In your response, be sure to incorporate course readings to support your rationale. You do not need to cover every possible reason, just focus on the primary reasons why you think it is so and use evidence. Be reflective—compare arguments on multiple sides. There are times where our readings present competing narratives, so you need to support the narrative you select. **Due October 24th, at 1pm.**
2. **Reading summary and synthesis (20%).** This is a skill-building exercise. An important part of doctoral work is reading (and reading, and reading some more), but more important than covering the material is learning how to read for the underlying argument

and contribution of a piece. You also need to examine how that piece relates to other research on the subject.

For this assignment, you need to summarize one article from a week's reading (the eligible options are listed below) and then describe how all the readings fit together in a narrative. First, summarize what the article does and how it contributes to the literature (this means providing a basic overview, but also answering "so what?"—why does this research matter? What did the author do that distinguished this work from prior work?). Then, build a narrative about how that piece relates to other readings from that week. How do the different readings fit together? What story do they tell about the topic at hand?

The total assignment should be no more than 3 double-spaced pages long, not counting references (the summary should take up no more than 1 of the 3 pages). Be succinct. You will likely need to write more and then whittle down your argument to build a strong narrative.

Here are the options of papers to summarize and synthesize with other readings from that week—to ensure coverage of each of these papers, only 4-5 students will be assigned to each (TBD the first day of class):

→Winston (1999)—9/19

→Hemelt & Marcotte (2011)—10/17

→McLendon, Hearn, & Deaton (2006)—11/14

→Deterding & Pedulla (2016)—11/21

Due at 1pm on the class date of the readings. Be prepared to talk with your peers about your response.

3. **Peer review of synthesis essay (10%):** The final class will culminate in a peer review of each other's final paper, which also leaves you time to respond to the critique before final submission. You must submit a peer review by 1pm on the final day of class. I will use the Canvas peer review feature to randomly assign a peer reviewer to each paper, then you must upload a two-page review of the paper, along with any tracked comments you wish you provide prior to the start of our final class on **December 5th, at 1pm.**
4. **Synthesis essay (40%):** The purpose of this assignment is for students to demonstrate their mastery over course material by writing a synthesis essay. A synthesis draws *themes* across a variety of sources, where the author connects important dots to help readers understand or explain a topic. A synthesis also offers an *evaluation* of the state of affairs for a given subject. In 10-15 double-spaced pages, offer a synthesis of a finance topic that interests you. In this essay, offer a brief overview of the topic and explain why it is important/relevant to higher education finance. Clarify key terms and concepts and identify themes from the literature on this topic. Conclude the essay by evaluating whether you think this finance topic is taking higher education in a desirable direction and why. This essay requires students to apply course material and to incorporate outside materials (e.g., books, peer-reviewed journal articles, government reports, etc.) to build a case. Essays will be graded on four criteria: 1) writing quality; 2) the degree of challenge you undertake; 3) accuracy of claims; and 4) logical progression of ideas. **Students must submit a draft of their paper for peer review by November 29th at 5pm.** You will

then receive the peer review and discuss feedback with the reviewer on the final class session. You should take those comments into account when revising for your final submission, which is **due December 8th, at 1pm.**

5. **Participation (10%).** The course aims to be very participatory and will include student-led discussions. Five of your participation points will be based on your facilitation of an activity/discussion during a class session (you will be assigned to a class session with a partner during the first class).

Guidelines for discussion leaders:

You will be assessed based on your level of preparation (i.e., Do you have a clear grasp of the reading material for this week? Have you considered how it connects to the broader field of higher education?) and the degree to which your activity or discussion engages classmates in a discussion about the material (Have you adequately prepared an activity to capture others' attention and brought up interesting issues for discussion?). For example, you might present a video that's related to the reading and have classmates work in pairs to discuss how the video exemplifies some of the material covered, or you might present scenarios (case studies) and work in small groups to analyze them in order to think through how to apply readings/concepts to the case. Your activity should take approximately 1 hour.

An overview of your activity/discussion is due by 1:00pm on the Friday prior to your assigned class session (submit description of activity via email to Dr. Schudde).

The remaining 5 points of the participation grade is based on your participation in class sessions. You must actively participate in class—this requires attendance, preparation (through readings and topical assignments), and willingness to contribute to discussions in a variety of group configurations (pairs, small groups, entire class, etc.).

Come prepared to share the most interesting piece of new knowledge you gained from the week's reading material. This can be anything from an interesting fact you learned to a crystalizing moment where you came to understand a phenomenon in new ways.

Alternatively, students can offer a point of confusion from reading through the material. This can be anything from a clarifying question about a key concept to a critique that calls into question a fundamental problem.

Grading:

When grading, I evaluate students' work according to how much *effort* they put forth, the *degree of challenge* they undertake, how well they *understand* the material, and how well they *communicate* their ideas. I do not offer extensions unless they are for extenuating circumstances (please notify me before the deadline). I provide feedback on each assignment and am available to follow-up with any questions/concerns you may have regarding this feedback.

Additional Course Policies:

Attendance: Because of the hands-on and discussion-orientation of this course, students are expected to attend all course meetings. It is understood that professional responsibilities and medical emergencies may require students to miss one or two classes in the semester. If you anticipate missing more than two class meetings, you should seriously consider taking EDA 388E at a time when you can commit to the class meeting schedule. Students will lose participation points for missing more than 2 classes a semester. If you plan to miss more than 2 sessions, consider taking the course at a time more convenient to you.

In instances of illness or emergency, students should arrange to borrow lecture notes or materials from a classmate. It is your responsibility to catch up—please don't write me to ask what you missed.

Please make every effort to be in class on time. The interactive nature of the course means that arriving late will be disruptive to other participants. Please be mindful and observe etiquette (e.g., please don't text during class; it's never appropriate to answer a phone call in class—in case of an emergency you should leave the room and answer).

Computer use: Computer use is permissible in this course if being used for note-taking and supplemental purposes. Excessive misuse of technology (checking e-mail/Facebook during class, etc.) may result in a deduction of class participation points. If it becomes a problem, I reserve the right to change our technology policy (i.e. disallow computer-use during class). **Please do not use cell phones during class and silence phones before the start of class.**

Incomplete Policy: I will not grant incompletes as a matter of course; they will be discussed only in extenuating circumstances. If you anticipate difficulty in completing the course requirements in time, you should reconsider taking this course.

Guidelines for Submitting Assignments: Please read this section carefully. All course assignments will be submitted electronically in Canvas. No paper submissions will be accepted. Written work is due at the **start of class on the due date** and should adhere to the following format:

1. On 8.5" x 11" (virtual) paper, with 1" margins on the top, left, and bottom.
2. All assignments should have a cover sheet with your name, title of assignment, and date.
3. Page numbers should appear in the upper-right hand corner.
4. Font size should be 11 or 12 point, using Times New Roman only.
5. Proofread by at least one other person to check for spelling and grammatical errors. (Using Word's spellcheck and grammar check is not sufficient!) For this reason, I encourage you to work in writing groups to exchange drafts before they are submitted.
6. Correct citation, in APA style. All papers should have a references section citing all works used, and cites should appear in text. Poor or spotty citations can often lead to charges of plagiarism. Be certain that you cite, even in drafts. If you have any questions about the use of APA style consult the APA Publication Manual.
Note that content from lecture should be cited. For example:

Schudde, L. (2017, September 22). Lecture presented in EDA 388E. The University of Texas at Austin.

We will have guest speakers during the course; you should cite them as well.

7. Late papers will receive a point deduction each day overdue. Students should keep an electronic backup copy of all submitted work, in PDF format, with accurate time/date information. A word of advice – do not wait until just before class to submit your paper!

Communication: Course updates and information will be distributed via e-mail. You will need to regularly check the Canvas site, particularly the day of class. Be sure that your e-mail address is up-to-date and one you use on a regular basis.

University Policies

Students with Disabilities: The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471.4641 TTY. For additional information, please refer to the Services for Students with Disabilities Web site at:

<http://deanofstudents.utexas.edu/ssd/>

Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students, and the integrity of the University. Policies on scholastic dishonesty will be strictly enforced. When in doubt, always err on the side of caution – consult the instructor if you have a question about an issue. For further information, please visit the Student Judicial Services Web site at:

<http://deanofstudents.utexas.edu/sjs/>

Sexual Discrimination and Sexual Harassment: Students who believe they have experienced sexual harassment in the academic environment should consult the following Web site: <http://www.utexas.edu/policies/hopppm/04.B.02html> Students are also encouraged to call the Office of the Dean of Students at 471-5017 and ask to speak to the Associate Dean of Students.

University Electronic Mail Student Notification Policy: Official communication with students in this class will be conducted through e-mail. Course announcements and updates will be posted on the Canvas site. Students are expected to check e-mail on a frequent and regular basis in order to stay current on class activities and assignments. Unless otherwise notified, the instructor will use the e-mail provided to the University as the official address. For more information read:

<http://www.utexas.edu/its/policies/emailnotify.html>

Course Evaluation: You will be asked to provide the professor with informal feedback regarding aspects of the course that should be changed for future semesters. At the conclusion of the class, you will have the opportunity to evaluate the course and the instructor.

This syllabus is adapted from the work of Rich Reddick of The University of Texas at Austin, Nick Hillman of the University of Wisconsin-Madison, and Sara Goldrick-Rab at the University of Wisconsin-Madison. This is a living and breathing document—I reserve the right to update throughout the course of the semester and will update you of any changes.

Course Topics and Readings

September 5: Introduction: Is There a Crisis in Higher Education?

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September 12: Why Does the Public Invest in Higher Education?

Bailey, M. & Dynarski, S. (2011). *Gains and Gaps: Changing Inequality in U.S. College Entry and Completion*. NBER Working Paper No. 17633.

Hout, M. (2012). Social and economic returns to college education in the United States. *Annual Review of Sociology*, 38, 379-400.

Courant, P. N., McPherson, M., & Resch, A. M. (2006). The public role in higher education. *National Tax Journal*, 59(2), 291-318.

Labaree, D. (1997). Public goods, private goods: The American struggle over educational goals. *American Educational Research Journal*, 34(1), 39-81.

3:00-4:00—Presidential State of the University Address 2017

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September 19: On Marketplaces and Pyramids: How Can We Understand the American Higher Education System?

Discussion Facilitators: _____

Attewell, P., & Lavin, D. E. (2012). The other 75%: College education beyond the elite. In E. C. Lagemann & H. Lewis (Eds.), *What is college for? The public purpose of higher education* (pp. 86-103). New York: Teachers College Press.

Labaree, D. (2016). An affair to remember: America's brief fling with the university as a public good. *Journal of Philosophy of Education*, 50(1), 20-36.

Chetty, R., Friedman, J., Saez, E., Turner, N., and Yagan, D. (2017). Mobility report cards: The role of colleges in intergenerational mobility. *National Bureau of Economic Research Working Paper No. 23618*.

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

September 26: What College Costs, and Why – The Blame Game

Brief presentation by University Writing Center

Discussion Facilitators: _____

Archibald, R. B., & Feldman, D. H. (2010). Are plush dorms and fancy food plans important drivers of college costs? *Change: The Magazine of Higher Learning*, 43(1), 31-37.

Newfield, C. (2008). The costs of accounting. In *Unmaking the public university: The forty-year assault on the middle class* (159-172). Cambridge, MA: Harvard University Press.

Riley, N. S. (2011). Following the money. In *The faculty lounges and other reasons why you won't get the college education you paid for* (pp. 143-170). Oxford: Rowman & Littlefield.

Brennan, J., & Magness, P. (2016). Estimating the cost of justice for adjuncts: A case study in university business ethics. *Journal of Business Ethics*, (online first), 1-14.

October 3: What College Costs, and Why – Privatizing Public Higher Education

Discussion Facilitators: _____

McLendon, M. K., & Mokher, C. G. (2009). The origins and growth of state policies that privatize public higher education. In C.C. Morphew & P. D. Eckel (Eds.), *Privatizing the Public University* (7-32). Baltimore, M.D: The Johns Hopkins University Press.

Stater, M. Policy lessons from the privatization of public agencies. In C.C. Morphew & P. D. Eckel (Eds.), *Privatizing the Public University* (134-159). Baltimore, M.D: The Johns Hopkins University Press.

Cooper, P. (2017). *Pennies on the dollar: The surprisingly weak relationship between state subsidies and college tuition*. American Enterprise Institute.

October 10: What are the trends in endowments, capital projects, and athletics?

Guest Speaker: Jamie Cantara, Exec. Director of Endowment Services and Compliance, UT Austin

Desrochers, D. (2013). *Academic Spending Versus Athletic Spending: Who Wins?* Delta Cost Project.

Weisbrod, B., Ballou, D., & Asch, E. (2008). Endowments and their management: Financing the mission. In: *Mission and Money: Understanding the University*.

Delaney, J. & Doyle, W. (2014). State spending on higher education capital outlays. *Research in Higher Education*, 55, 433-466.

Then read:

Fleisher, V. (2015). Stop universities from hoarding money. *New York Times* (op-ed 8/19/15):

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October 17: *State Support and Tuition in Higher Education*

Guest Speaker: Rep. Donna Howard, (Vice Chair) Higher Ed. Committee; Texas House of Representatives

Mortenson, T. G. (2012). *State Funding: A Race to the Bottom*. Acenet.edu.

Mitchell, M., Palacios, V., and Leachman, M. (2014). Years of cuts threaten to put college out of reach for more students. cbpp.org

McLendon, M. K., Hearn, J. C., & Hammond, R. G. (2013). Pricing the flagships: The politics of tuition setting at public research universities. Unpublished paper, North Carolina State University, Raleigh, NC.

Hemelt, S. W., & Marcotte, D. E. (2011). The impact of tuition increases on enrollment at public colleges and universities. *Educational Evaluation and Policy Analysis*, 33(4), 435-457.

Skim:

Legislative Budget Board. (2016). *Financing Higher Education in Texas*.

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October 24: *How Financial Aid Works and What it Achieves*

DUE: Reflection Essay

Discussion Facilitators: _____

Dynarski, S. (2014). *An economists' perspective on student loans in the United States*. Brookings Institute.

Freedman, J. (2013). How not to help the poor: The lesson of soaring college prices. *The Atlantic* (July 10, 2013).

Goldrick-Rab, S., Harris, D. N., & Trostel, P. (2009). Why financial aid matters (or does not) for college success: Toward a new interdisciplinary perspective. In J.C. Smart (ed.) *Higher Education: Handbook for Theory and Research*, vol. 45, 1-45.

Heller, D. (2013). *Does Federal Financial Aid Drive up College prices?* American Council on Education.

October 31: *Follow the Money: Where Does the Money Come From, Where Does it Go?*

Guest Speaker: Mary Knight, Associate Vice President for Finance, Chief Financial Officer, UT Austin

Barr, M. & McClellan, G. (2011). Chapter 2: Primary elements of the budget: revenues and expenses. In M. J. Barr & G. S. McClellan's *Budgets and Financial Management in Higher Education*, pp. 29-53.

Barr, M. & McClellan, G. (2011). Chapter 3: Understanding budgets. In: *Budgets and Financial Management in Higher Education*, pp. 55-85.

Paulsen, M. & Pessau, B. (1989). Ten essential economic concepts every administrator should know. *Journal of Higher Education Management*, 5(1), 9-17.

Skim:

University Budget Summary 2016-2017 Presentation.

November 7: *Exploring Student Experiences*

Discussion Facilitators: _____

Armstrong, E. A., & L.T. Hamilton, L.T. (2013). *Paying for the party: How college maintains inequality*. Cambridge, MA: Harvard University Press.

Ch. 1: Introduction, pp. 1-25 (Skim to get sense of their overall argument)

Ch. 6: Strivers, Creaming, and the Blocked Mobility Pathway, pp. 148-179

*Goldrick-Rab, S. (2017). *Paying the price: College costs, financial aid, and the betrayal of the American Dream*. Chicago: University of Chicago Press.

Ch. 2: The Cost and Price of a College Education, pp. 39-65

Ch. 4: Making Ends Meet, pp. 83-118

*Access ebook through UT library: <http://catalog.lib.utexas.edu/record=b9254644~S29>

November 14: Performance-Based Funding and Accountability

Guest Speaker: Chancellor Mike Reeser, Texas State Technical College System

Dougherty, K.J., Jones, S., Kahr, H., Pheatt, L., & Reddy, V. (2014). Performance funding for higher education: Forms, origins, impacts, and futures. *Annals of the American Academy of Political and Social Science*, 655(1), 163-184.

Massy, W. F., Sullivan, T. A., & Mackie, C. (2013). Improving Measurement of Productivity in Higher Education. *Change: The Magazine of Higher Learning*, 45(1), 15-23.

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.

Petrick, R. (2012). The Ohio experience with outcomes-based funding. In A.P. Kelly and M. Schneider (Eds.), *Getting to Graduation: The Completion Agenda in Higher Education* (pp. 269-292). Baltimore, MD: The Johns Hopkins University Press.

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November 21: For-Profit Higher Education

Discussion Facilitators: _____

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

Fox Garrity, B. K., Garrison, M. J., & Fiedler, R. C. (2010). Access for whom, access to what? The role of the “disadvantaged student” market in the rise of for-profit higher education in the United States. *The Journal for Critical Education Policy Studies*, 8(1), 203-244.

Tierney, W. (2011). Too big to fail: The role of for-profit colleges and universities in American higher education. *Change*, 43(6), 27-32.

Deterding, N. M., & Pedulla, D. (2016). Educational authority in the “open door” marketplace: Labor market consequences of for-profit, nonprofit, and fictional educational credentials. *Sociology of Education* 89(3), 155-170.

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November 28: Free College?! What to Make of Recent Proposals for Free Community College

Discussion Facilitators: _____

Goldrick-Rab, S. & Kendall, N. (2014). *Redefining College Affordability: Securing America's Future with a Free Two year College Option*. Lumina Foundation.

Smith, A. A. (2017). Replicating Tennessee's approach to free community college takes money and more. *Inside Higher Education* (March 2, 2017). Accessed from: <https://www.insidehighered.com/news/2017/03/02/replicating-tennessees-approach-free-community-college-takes-money-and-more>

Seltzer, R. (2017). A fast start? *Inside Higher Education* (June 14, 2017). Accessed from: <https://www.insidehighered.com/news/2017/06/14/21000-apply-excelsior-scholarship-over-five-days>

Skim chapter, read p. 32-36 closely:

Schudde, L. & Grodsky, E. (Forthcoming). The Community College Experience and Educational Equality: Theory, Research, and Policy. In B. Schneider's *Handbook of Sociology of Education in the 21st Century*.

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(November 29: DUE: Synthesis Draft)

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December 5: Peer Review and Course Reflection

DUE: Peer Review

Read your peer's paper, come prepared to give a review

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(December 8: DUE: Final Papers)