

# EDAD 611

## Higher Education Business & Finance

Texas A&M University; Spring, 2008  
117 Koldus Building~VPSA Large Conference Room  
Tuesdays, 1:00pm-4pm

### Instructor:

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Office hours by appointment.

### Prerequisites

None.

### Required Text:

- **ASHE Reader on Finance in Higher Education**; 2<sup>nd</sup> Edition, 2001. Edited by Yeager, Nelson, Potter, Weidman and Zullo. ISBN: 0-536-62882-3; Pearson Custom Publishing.
- Access to an Online Subscription: **Chronicle of Higher Education**
- Instructor provided reading selections from:
  - Politics of the Budgetary Process**; 1<sup>st</sup> edition, 1964. By Aaron Wildavsky. Little, Brown and Company.
  - The Economic Value of Higher Education**; 1<sup>st</sup> edition, 1988. By Larry Leslie and Paul Brinkman. Macmillan Publishing Company.
  - Public Finance in Theory and Practice**; 5<sup>th</sup> edition, 1973. By Richard Musgrave and Peggy Musgrave; McGraw-Hill Book Company
- Handouts/References as provided during course.

### Purpose and Goals for the Course

This course is designed to cover, from various perspectives, major issues and topics in the financing of higher education in the United States. As a result of participation in discussions and the completion of assignments, students will gain an understanding of the following:

- Basic concepts regarding the financing and economics of American higher education.
- The role of state and federal government in financing education.
- Concepts and processes for planning and budgeting for institutions of higher education.
- Major public policy issues in financing higher education such as affordability, access/choice, equity, productivity and accountability, as well as the public and private benefits of higher education.

## Course Expectations and Evaluation

Class starts promptly at 1pm; being late volunteers you for the hot seat--on a topic of the professor's choice; being in the hot seat is ~always~ graded.

Please feel free to take cell phone calls, engage in social conversations, and eat your lunch/snacks BEFORE entering the classroom; after that point refrain from doing so or face sure embarrassment.

Students will be expected to demonstrate their command of the subject matter through active class participation, the completion of written assignments, and a final demonstration of expertise. Assignments will be due at the time/date indicated; there are no exceptions unless the class meeting is cancelled by the instructor...or you have died. The weight of each relative to the final grade is shown below:

- Each student will choose one class conversation to lead for 20-30 minutes on a higher education finance and economics topic relevant to the syllabus for the date chosen. You are encouraged to incorporate visual aids and handouts in your coordination of the conversation; for 20-30 minutes it is YOUR class.
- Class attendance and participation are a mandatory basis of graduate education. The instructor must be notified in advance and in writing if for any reason you will not be able to attend a class session. "Participation" includes volunteering for the hot seat on topics you would like to be challenged; the more times you challenge yourself, and how you perform, are "bonus" credit. **50% of course grade.**
- Provide four (4) written executive analyses of publications from within the past five years that are relevant to the course (*APA style, with a cover/title page, 2 pages maximum--excluding a separate citation page*). Your analysis should incorporate: (1) a concise summary of the key points of the publication; and (2) your own analysis of the significance and relevance of those points—including recommendations as appropriate. Executive analyses must be completed and submitted by 1/29, 2/26, 3/25 and 4/22 respectively; you will not be reminded of these due dates. **20% of course grade.**
- **Final Demonstration of Expertise.** This is not a test; it is an opportunity to demonstrate that you assimilated and comprehended course conversations and materials and can demonstrate that you have a command of the topic. Your choice: "open book" written or one-on-one conversational examination. **30% of course grade.**

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- GRADING:
  - A = (100-90%) Clearly demonstrated command of mandatory materials and your independent incorporation of related materials throughout above.
  - B = (89-80%) Clearly demonstrated command of mandatory materials throughout above.
  - C = (79-70%) Marginally convincing understanding of mandatory materials throughout above.
  - D = (69-60%) Little understanding of mandatory materials throughout above.
  - F = (59% or less) No understanding of mandatory materials throughout above.

## **Faculty Senate Statement on Plagiarism and Aggie Code of Honor**

Scholastic misconduct is defined broadly as “any act that violates the rights of another student in academic work or that involves misrepresentation of your own work.” The handouts used in this course are copyrighted. By “handouts” I mean all materials generated for this class, which include but are not limited to syllabi, quizzes, exams, lab problems, in-class materials, review sheets, and additional problem sets. Because these materials are copyrighted, you do not have the right to copy the handouts, unless I expressly grant permission. As commonly defined, plagiarism consists of passing off as one’s own the ideas, words, writings, etc., which belong to another. In accordance with this definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you should have the permission of that person. Plagiarism is one of the worst academic sins, for the plagiarist destroys the trust among colleagues without which research cannot be safely communicated.

Texas A&M University students are responsible for authenticating all work submitted to an instructor. If asked, students must be able to produce proof that the item submitted is indeed the work of that student. Students must keep appropriate records at all times. The inability to authenticate one’s work, should the instructor request it, is sufficient grounds to initiate an academic dishonesty case.

**“An Aggie does not lie, cheat, or steal  
nor tolerate those who do.”**

The Aggie Code of Honor is an effort to unify the aims of all Texas A&M men and women toward a high code of ethics and personal dignity. For most, living under this code will be no problem, as it asks nothing of a person that is beyond reason. It only calls for honesty and integrity, characteristics that Aggies have always exemplified. The Aggie Code of Honor functions as a symbol to all Aggies, promoting understanding and loyalty to truth and confidence in each other.

If you have any questions regarding plagiarism, please consult the latest issue of the Texas A&M University Student Rules, Part 1, Section 20 which can be found on line at <http://student-rules.tamu.edu>. Any suspected instances of scholastic dishonesty will be investigated and resolved according to the procedures outlined in the new Aggie Honor System (<http://www.tamu.edu/aggiehonor/>).

## **Americans with Disabilities Act (ADA) Policy Statement**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life, Services with Disabilities in Room 126 of the Koldus Building. The phone number is 845-1637. Due to emergency evacuation requirements within the department, if you feel accommodations will be needed, the department requires you to fill out a disability information form and provide a class schedule for the current semester. This form will be supplied to the instructor and placed in the students file for easy accessibility in case an emergency should arise. The forms are available in the main office, 511 Harrington Tower.

## **Sexual Harassment**

Texas A&M University is committed to the fundamental principles of academic freedom, equality of opportunity and human dignity. To fulfill its multiple missions as an institution of higher learning, Texas A&M encourages a climate that values and nurtures collegiality, diversity, pluralism and the uniqueness of the individual within our state, nation and world. All decisions and actions involving students and employees should be based on applicable law and individual merit. Texas A&M University, in accordance with applicable federal and state law, prohibits discrimination, including harassment, on the basis of race, color, national or ethnic origin, religion, sex, disability, age, sexual orientation, or veteran status. Individuals who believe they have experienced harassment or discrimination prohibited by this statement are encouraged to contact the appropriate offices within their respective units.

Students should contact the Office of the Dean of Student Life at 845-3113, or visit student rules at <http://rules.tamu.edu/rules/300/340199ml.htm> for more detail information to file a sexual harassment complaint. You may also contact the College of Education and Human Development at 979-845-5311.

## Class Sessions/Topics

The following matrix shows the topics, readings, and other assignments for each class session during the semester. Modification to this listing may be made from time to time, and I will make sure to let you know as soon as possible.

Date	Class Topic(s)	Reading Assignments	Other Activities
January 15 <sup>th</sup>	Course Overview <ul style="list-style-type: none"> <li>○ Review of Syllabus</li> <li>○ <b>Carnegie Classifications</b></li> <li>○ <a href="http://www.carnegiefoundation.org/classifications/">http://www.carnegiefoundation.org/classifications/</a></li> <li>○ <u>2005 Carnegie Classification of Institutions of Higher Education</u></li> <li>○ <u>Carnegie Groupings of Research Universities</u></li> <li>○ <u>Carnegie Grouping of Arts-and-Sciences Colleges</u></li> <li>○ Fund Accounting (Meisinger and Dubeck handout)</li> </ul>	Hand-outs provided in class for next meeting.	Demonstration of the hot seat
January 22 <sup>rd</sup>	Introduction to Higher Education Finance and Economics: Concepts and Issues	<b>ASHE Reader</b> – Chapters 1, 2, 3, 4 and 7 Handouts from January 15 <sup>th</sup>	
January 29 <sup>th</sup>	Role of Government in Financing Higher Education, Part I of II: <ul style="list-style-type: none"> <li>○ Trends, Scope, and Impact</li> <li>○ Student Financial Aid</li> <li>○ State and Federal Subsidies</li> </ul>	<b>ASHE Reader</b> – Chapters 8, 9, 10, 16, and 17 Chronicle of Higher Education Almanac 2007-2008: <a href="http://chronicle.com/free/almanac/2007/nation/nation_index.htm#institutions">http://chronicle.com/free/almanac/2007/nation/nation_index.htm#institutions</a>  <b>NATIONWIDE INFORMATION:</b>  <b>Table:</b> Population, educational attainment of adults, per-capita income, poverty rate, high-school graduates, and high-school dropout	Guest Lecturer:  Joe Pettibon, Assistant Provost for Financial Aid, Texas A&M University

rate

**Related Maps**

[Projected Change](#) in the Number of High-School Graduates, 2007-8 to 2017-18

[Proportion of Adults](#) With a Bachelor's or Higher Degree, 2005

**Related Maps**

[Number](#) of Colleges and Universities, 2005-6

[States' Share](#) of Total U.S. College Enrollment, Fall 2005

**Table:** Enrollment, enrollment of minority students, and test scores

**Related Maps**

[Proportion of College Students](#) Who Are Minority-Group Members, Fall 2005

[Proportion of College Students](#) Who Are Enrolled at 4-Year Institutions, Fall 2005

**Table:** Graduation rates, average tuition and fees, state appropriations, state spending on student aid, research spending by universities, federal funds for research at colleges and universities

**Related Maps**

[Proportion of College Students](#) Who Are Enrolled at Public Institutions, Fall 2005

[Percentage Change in State Appropriations](#) for Higher Education, 2005-6 to 2006-7

**STUDENTS**

**Admissions**

[Proportion of Colleges](#) Using Various Selection Criteria for Undergraduate Admission, 2005-6

[Distribution of Colleges](#) by Application Acceptance Rates, 2004-5

**Test Scores**

[Average Scores on the ACT](#) by Sex and Racial and Ethnic Group, 2007  
[Average Scores on the SAT](#) by Sex and Racial and Ethnic Group, 2006

**Financial Aid**

[Proportion of Undergraduates](#) Receiving Financial Aid, 2003-4  
[Student Financial Aid](#), 2005-6  
[Average Amount of Financial Aid](#) to Undergraduates, 2003-4

**Merit Scholars**

[Colleges With the Most](#) Freshman Merit Scholars, 2006

**Enrollment**

[Proportion of 18- to 24-Year-Olds](#) Enrolled in College  
[Campuses With the Largest Enrollments](#), Fall 2005  
[College Enrollment by Age of Students](#), Fall 2005  
[College Enrollment by Racial and Ethnic Group](#), Selected Years  
[Projections of College Enrollment](#), Degrees Conferred, and High-school Graduates 2007-2015  
[Number of Colleges by Enrollment](#), Fall 2005

**Educational Attainment**

[Educational Attainment of the U.S. Population](#) by Racial and Ethnic Group, 2006  
[Proportion of 1992-93 Bachelor's-Degree Recipients](#) Who Earned an Advanced Degree by 2003

**Grade-Point Averages**

[Undergraduate Grade-Point Averages](#), 2003-4

**Undergraduate Students**

[Profile of](#) Undergraduate Students, 2003-4

**Freshman Views and Activities**

[Attitudes and Characteristics of Freshmen at](#)

		<p><a href="#">4-Year Colleges</a>, Fall 2006</p> <p><b>Doctorates</b>  <a href="#">Characteristics of Recipients</a> of Earned Doctorates, 2005  <a href="#">Universities Awarding</a> the Most Earned Doctorates, 2005</p> <p><b>Graduation</b>  <a href="#">6-Year Graduation Rates</a> of 1999-2000 Freshmen at 4-Year Institutions</p> <p><b>TEXAS A&amp;M UNIVERSITY INFORMATION</b></p> <p><a href="http://www.tamu.edu/opir/">http://www.tamu.edu/opir/</a></p>	
February 5 <sup>th</sup>	<p>Role of Government in Financing Higher Education, Part II of II:</p> <ul style="list-style-type: none"> <li>○ Funding Mechanisms</li> <li>○ Accountability Issues</li> <li>○ Public Expectations</li> <li>○ Emerging Trends</li> </ul>	<p><b>ASHE Reader</b> – Chapter 11, 12</p> <p>What Determines the Costs of Higher Education? (Bowen handout)</p> <p>Does Money Matter? (Anderson handout)</p> <p>SREB publication on state higher education funding formulas:  <a href="http://www.sreb.org/main/Publications/Finance/PrimeronFundingHigherEd.pdf">http://www.sreb.org/main/Publications/Finance/PrimeronFundingHigherEd.pdf</a></p> <p>SHEEO Focus on Accountability  <a href="http://www.sheeo.org/network/netnews/nn-v20-n3.pdf">http://www.sheeo.org/network/netnews/nn-v20-n3.pdf</a></p>	
February 12 <sup>th</sup>	<p>Politics of Finance, Part I of II</p> <ul style="list-style-type: none"> <li>○ Funding Strategies and Politics</li> <li>○ Budgets and Calculation</li> </ul>	<p>Politics of the Budgetary Process – Preface, Chapter 1, 2 (Wildavsky handout I)</p>	<p>Student-Led Conversations: (1-4)</p>

February 19 <sup>th</sup>	<p>Politics of Finance, Part II of II</p> <ul style="list-style-type: none"> <li>○ Financial functions</li> <li>○ Budgeting and Cost pressures</li> <li>○ Strategies</li> </ul>	<p><b>ASHE Reader</b> – Chapters 26, 27</p> <p>Politics of the Budgetary Process – 3 (Wildavsky handout II)</p>	<p>Guest Lecturer:</p> <p>Michael O’Quinn, Vice President for Governmental Relations</p>
February 26 <sup>th</sup>	<p>The “Other” Costs</p> <ul style="list-style-type: none"> <li>○ Expenditure Management</li> <li>○ Administrative Costs</li> <li>○ Support Services Costs</li> </ul>	<p><b>ASHE Reader</b> – Chapters 26, 27, 28</p>	<p>Guest Lecturer:</p> <p>Tom Reber, Associate VP of Student Affairs</p>
March 4 <sup>th</sup>	<ul style="list-style-type: none"> <li>○ Linking Planning and Budgeting</li> </ul>	<p><b>ASHE Reader</b> – Chapters 34, 35, 36, 37, 39</p>	<p>Guest Lecturer(s):</p> <p>Bruce Edwards, Associate VP of Finance and Deborah Wright, Director of Budgets</p>
March 11 <sup>th</sup>	<b>NO CLASS SPRING BREAK</b>		
March 18 <sup>th</sup>	<p>Budgeting</p> <ul style="list-style-type: none"> <li>○ Budgeting and Accounting</li> <li>○ Decision Making and Priorities</li> </ul>	<p><b>ASHE Reader</b> – Chapters 40, 41, 42</p>	<p>Student-Led Conversations: (5-8)</p>
March 25 <sup>th</sup>	<p>Non-Academic Demands</p> <ul style="list-style-type: none"> <li>○ Technology</li> <li>○ Physical Plant</li> <li>○ Athletics</li> <li>○ Competitiveness</li> <li>○ Managerial Discretion</li> </ul>	<p>ASHE Reader –29, 30, 31</p> <p><b>Managerial Discretion</b> (Bresciani handout)</p> <p><b>Isomorphism</b> (Bresciani handout)</p>	
April 1 <sup>st</sup>	<b>NO CLASS~ACPA</b>		
April 8 <sup>th</sup>	<b>NO CLASS~SAAHE COMPS</b>		

<p>April 15<sup>th</sup></p>	<ul style="list-style-type: none"> <li>○ Investment and Private Giving to Higher Education</li> </ul>	<p><b>ASHE Reader</b> – Chapters 20, 21, 22, 23, 50  Scan Council for Advancement and Support in Education (CASE) website:  <a href="http://www.case.org/">http://www.case.org/</a></p> <p><b>Chronicle of Higher Education Almanac</b></p> <p><b>Licensing</b>  <a href="#">Top Institutions in Licensing Income</a>, Fiscal 2005</p> <p><b>Fund Raising</b>  <a href="#">Major Private Gifts</a> to Higher Education Since 1967  <a href="#">Sources of Voluntary Support</a> for Higher Education, 2005-6  <a href="#">Voluntary Support</a> by Type of Institution and Source, 2005-6  <a href="#">Top Fund Raisers</a>, 2005-6</p> <p><b>Endowments</b>  <a href="#">College and University Endowments</a> Over \$200-Million, 2006  <a href="#">Largest Endowments</a> per Student, 2006  <a href="#">Total Return</a> on College Endowments</p>	<p>Tentative Guest Lecturer:   Dr. Ed Davis,  President of the Texas A&amp;M Foundation</p>
<p>April 22<sup>th</sup></p>	<p>The Public and Private Value of Higher Education</p> <ul style="list-style-type: none"> <li>○ Internal Rate of Return</li> <li>○ External Rate of Return</li> </ul>	<p><b>ASHE Reader</b> – Chapter 47, 49  The Economic Value of Higher Education (Brinkman and Leslie handout)   Public Finance in Theory and Practice (Musgrave and Musgrave handout)</p>	<p>Student-Led Conversations (9-12))</p>
<p>April 29<sup>th</sup></p>	<p><b>FINALS WEEK</b></p>	<p>Final Demonstration of Expertise</p>	