

Spring 2016
SYLLABUS: Economics 295 Economics of Higher Education

WHEN: TR 9:30-10:45am; **WHERE:** Mitchell Hall 208; **PRE-REQUISITES:** None
INSTRUCTOR: Philip Ganderton, Prof., Dept of Economics; Tel - 505-277-3186; Email – gandini@unm.edu Office hours: By email appt. Office: Ortega 201C (A&S Dean’s Suite)

REQUIRED TEXTS:

- Blumenstyk, G., 2014. *American Higher Education in Crisis: What Everyone Needs to Know*. Oxford University Press, 216 pp. ISBN: 9780199374083 paperback \$16.95
- Openstax, 2014. *Principles of Microeconomics*, OpenStax College, Rice University URL: https://openstaxcollege.org/files/textbook_version/hi_res_pdf/28/col11627-op.pdf \$0.00!

COURSE DESCRIPTION: This is a “big question” applied microeconomics course. It will cover topics in micro-theory, labor economics, economics of education, and public finance. It will consider the value of higher education, how our society pays for it, and who has access to it. We will focus on the University of New Mexico, and the state of New Mexico, as UNM offers a proximate example of a flagship public institution. As such it is representative of all the successes and problems facing higher education in our country.

There are three dimensions to higher education:

- Access – who can, and who should, go beyond high school?
- Cost – what is the cost of education, and who should pay for it?
- Quality – what is it and how do we measure it?

Using UNM as an example, but also looking at national trends and discussions, we will explore how society moves in these three dimensions and what trade-offs are made in achieving each, and all. A University like UNM is a really big multi-product firm, especially since we have a Health Sciences Center (HSC) and large regional hospital. It has a budget of around \$2billion per year, half of that due to the HSC. There are thousands of employees, and thousands of students engaging in thousands of hours of research, teaching, study, engagement, and recreation. Who those faculty and students are, what they teach and study, and what they produce, learn and graduate to, are all important, and interesting. While students pay tuition, and taxpayers subsidize UNM, there are many other sources of funds supporting research and teaching. Who pays what at UNM is important, and interesting. And then there’s the question of quality...(You guessed it—important and interesting.)

The class will be a mix of: traditional classroom lectures; readings and discussion; empirical data analysis (at an introductory level); and on-campus opportunities to observe and understand the UNM budget process. We will use a popular recent book (Blumenstyk) that summarizes and synthesizes key national trends in Higher Education, and an OpenStax (free) principles of microeconomics text to learn basic economics concepts such as supply and demand, price elasticity, revenue generation, quality differentiation and competition, using Higher Education examples. There is also lots of great, standardized data publically available with Web access at the national level to compare and contrast colleges and universities, and we will use it to explore some introductory statistical issues and data analysis. Students will also be expected to select and attend one or more related public forum (e.g., a public meeting at UNM, such as a Regents Meeting, or an open session of the state legislature) relating to the provision of higher education. If feasible, students may also have the opportunity to attend and observe, as welcome visitors in the audience, one or more meetings of the Budget Leadership Team (BLT) at UNM. The BLT is composed of representatives from across UNM, meets through the spring semester, and formulates recommendations for the UNM President. The President then makes recommendations to the Regents as they progress towards annual budget decisions. We will also invite a number of guest speakers from UNM administration and academic affairs to address the class.

Through the study of this key social topic it is expected that students will develop academic skills including comprehension, analysis, synthesis, evaluation, application, critical thinking, and communication of ideas.

REQUIRED TEXT READINGS

Required material from, *American Higher Education in Crisis: What Everyone Needs to Know*

Students are expected to read the entire text in approximately the first month of the course, and should begin immediately with the start of the semester, to facilitate discussions. 161 pages in hardcopy:

Facts and Figures on American Higher Education	xi
Author's Note	xiii
Introduction: Is higher education in America in crisis?	1
I. Students	12
II. Costs, Spending and Debt	43
III. Who's in Charge? Leadership Pressures from Within and Without	99
IV. What's Ahead?	125
Conclusion	151

Material from this text will be the basis for in-class quizzes.

Required reading material, *Principles of Microeconomics* Selected topics (see below), covering approximately 68 pages of text, plus review pages with summaries and Key Terms and suggested questions and problems, as listed below. Students are expected to know definitions for all Key Terms.

1.1 What is Economics and Why is it Important? Pp. 12-15

Key Terms (5): division of labor, economics, economies of scale, scarcity, specialization.

2.1 Introduction to Choice in a World of Scarcity Pp. 27-39

Key Terms (10): budget constraint, law of diminishing marginal utility, law of diminishing returns, marginal analysis, normative statement, opportunity cost, opportunity set, positive statement, production possibilities frontier, utility

Self-Check Questions	1, 2, 3, 6, 7
Review Questions	8, 16, 17
Problems	24, 25, 26

3: Demand and Supply Pp. 43-68

Key Terms (30): ceteris paribus, consumer surplus, complement, deadweight loss, demand, demand curve, equilibrium, equilibrium price, equilibrium quantity, excess demand, excess supply, factors of production, inferior good, inputs, law of demand, normal good, price, price ceiling, price control, price floor, quantity demanded, quantity supplied, shift in demand, shift in supply, shortage, substitute, supply, supply curve, surplus, social surplus,

Self-Check Questions	1, 3, 5, 7
Review Questions	12, 13, 16, 23, 28, 31-33
Critical Thinking Questions	37
Problems	53, 54, 57

5: Elasticity – 5.1-5.3 Pp. 97-111

Key Terms (5): elasticity, elastic demand, inelastic demand, price elasticity of demand unitary elasticity

Self-Check Questions	1
Review Questions	10, 11, 19
Critical Thinking Questions	26
Problems	33, 38

10.1 Monopolistic Competition Pp. 206-212

Key Terms (3): differentiated product, imperfect competition, monopolistic competition

Self-Check Questions	1
Review Questions	5
Critical Thinking Questions	14

13.3 Public Goods Pp. 271-273

Key Terms (9): free rider, non-excludable, nonrivalrous, positive externalities, private benefits, private rates of return, public good, social benefits, social rate of return

Self-Check Questions	6-8
Review Questions	13, 15

Material from this text will be the basis for in-class quizzes.

Student Responsibilities in the Course

Students will be responsible for participation in course related activities, including quizzes, and earn points toward a final class grade.

I. Participation (300 points)

Discussion-focused classes work best when students read required material ahead of time, come to class on time and, attend regularly and engage thoughtfully and respectfully with others.

For all regularly-scheduled classroom sessions, 8 attendance points will be assigned, with half credit for being more than 5 minutes late (**200 points total – 8 x 25**).

Students will be expected to attend at least 2 out-of-classroom forums related to the class issues. As of January 12, 2016, UNM's Budget Leadership Team (BLT) will meet on the following days: 1/28, 2/4, 2/18, 3/3, 3/17, 3/31, 4/14 on Thursdays, 9.30-11am in Roberts Room, Scholes Hall. We will talk about attending these when we meet in class. There is also an all-day Regent's meeting called the Budget Summit that you should plan to attend (date to be announced). The state legislative session is between Jan 19 and Feb 18 this year, and you may attend a relevant session there if convenient. A 1-2 page summary with your name and the four-Ws of the event: who, what, when and where is required, relating the forum to class issues (**25 points each, 50 points total**).

There are also 50 points available for quality of classroom discussion and participation, based solely on my subjective assessment, and particularly linked to evidence of completing assigned readings and making important classroom discussion contributions (**50 points total**).

II. Quizzes and other homework (20 points each, for a maximum of 200 points): We will have at least **12 quizzes** worth 20 points each, and automatically drop your two low scores. They will be roughly split between the two required texts. Benchmarks for where you should be on readings will be announced as we proceed in course. I also reserve right to add bonus points questions to any quiz. Extra credit points are added to the maximum possible 900 points. Quizzes will be available through Learn, and for a limited time. You must take the quiz during the open time, as late taking, or make-ups are not available.

III. Access, Cost, and Quality Data Project and Report (Individuals or Groups of no more than 3) (400 points total: 300 points for the written report, with full table as appendix; 20 points for a one page written summary proposal of your project [due in class on T March 7th]; and 80 points for Final Presentation): Analysis of a sample of colleges or universities comparing their performance/characteristics on multiple empirical measures. Students will be required to compile an excel spreadsheet with a systematic sample of at least 30 colleges or universities (always including UNM as a reference) per person in your group. Your database should include at least [2X # group members] total variables, and at least one measure of each of the following: (i) student/family cost (e.g., net price); (ii) accessibility (e.g., % students receiving Pell Grants); and (iii) quality or student success (e.g., 6 year graduation rate). The objective of your report will be to provide descriptive statistics for your full sample, and any important subsamples, as well as analysis of the key relationships between variables, and to the larger economic and social context discussed in the course. A detailed list of "**EC 295: References, Links and Databases**" will be provided to the class. Your written report is due on TH May 5, and should follow APA style guidelines for Reports. Project presentations (e.g., with Powerpoint or Prezi) will take place during our UNM scheduled class Final Exam period (TBA).

GRADING

You can earn up to 900 points in the class, plus extra credit. Maximum points are earned as follows:

200: Quizzes

300: Participation/Discussion

400: Project and Report

Grades will be assigned according to the following rule: a score of 875/900 or higher gives you an A+, score 825-874 and earn an A, 775-824 earn an A-, and so on, going down 50 points for each grade.

You can earn extra credit in quizzes throughout the semester, and by completing the following:

+ Pre-test (note your score on the test does not count even though Learn will calculate it. You will earn 15 extra credit points for doing the test, regardless of your score.)

+ Post-test (15 points)

+ Course evaluation on-line (20 points)

Plagiarism/Cheating: Plagiarism and Cheating are serious offenses and may be punished by failure on all or part of the course. For more information refer to [the Pathfinder](#), the student handbook that outlines your responsibilities and those of the other people at the University. Your written work should

provide in-text citations (with page numbers) to references for all facts and quotes, and use quotation marks to denote all direct quotes (e.g., over 8 words).

Accessibility: For any qualified student requiring arrangements for exam accommodation, a notetaker, etc. from [Accessibility Services](#) at UNM, please notify the instructor as soon as possible.