Midterm Reflective Essay

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Thus far, I have learned a great deal about the complexities of higher education finance. Highlighting Kretovics first chapter in *Business Practices in Higher Education*, Tate's article "Revenue in Public Higher Education: A Dean's Perspective," and Martin's article "The Revenue-to-Cost Spiral", I will reflect on the specific points these authors made that have resounded with me and my career thus far.

Chapter 1 discussed the current status of higher education finance in the United States. Kretovics (2011) presented a number issues that dominate the higher education finance discussion, including public versus private good. This debate is at the heart of the conflict between financiers: those who benefit from the good should help pay for it. Kretovics narrowly insinuated that higher education is a public good, which I agree with. He states, "with increased levels of education everyone wins" (Kretovics, 2011, p. 4). Higher Education is a blend between public good and private good, in that the individual students gain exponentially from a college degree. However, the same can be said for K-12 education, which is wholly a public good and supported entirely by the government.

Similarly, the next three issues, which Kretovics named the "Three A's: accountability, accreditation, and assessment" draw a parallel between those that pay for higher education, and the parties they are responsible to (2011, p. 4). Kretovics first discussed the growing desire for accountability in higher education. As an administrator, I must know that every expense I approve must serve a purpose, and must be the most beneficial thing I can do with the funds at my disposal.

Next, Kretovics discussed assessment, drawing a direct parallel from accountability (Kretovics, 2011). As an administrator, we are required to assess the learning of our students. In K-12, this is done through standardized testing. In higher education, this is done through learning outcomes. Many are described in the syllabi of classes. This is also contentious, as many governmental stakeholders are trying to control it through the dispersion of funds.

Lastly, Kretovics covered accreditation. Viewing accreditation from a financial viewpoint was interesting, as I have studied this topic extensively, though not from this understanding. Institutions must constantly follow the rules of their accrediting bodies, and as an administrator, it will be my responsibility to prove that my department is adhering to the prescribed guidelines, or risk financial repercussions.

The second and third articles in this review were assigned for the same module, which I found quite interesting, as their messages were almost contradictory. First, Tate (2010) evaluated ways in which higher education can grow their revenues, while cautioning against cutting programs. On the other hand, in order to achieve the same goal, Martin (2009) warned of the need to cut costs rather than raise revenues to grow higher education in the United States.

Tate made her arguments from a kinesiology background, so she was slightly biased toward the health sciences. She argued that higher cost programs should not necessarily be priced higher, as this may make the program less attractive to potential students (Tate, 2010). While this makes sense, higher cost programs are typically in high demand, and students will pay the difference. Tate (2010) also made the arguments against cutting programs, saying that cutting programs is not a quick budget fix, as the programs take years to phase out. This could be a good guideline, if the decisions are not rash and made with full consideration to the future of the program and the program’s demand. Some programs are cyclical, such as public health, and will cost more to reinstate (Tate, 2010). The decisions that must be made regarding budget cuts will constantly affect administrators in higher education, and I think these warnings are helpful.

However, Martin (2009) presented the other side of this coin, displaying the spiral that comes from refusals to cut costs. He called this the “revenue-to-cost spiral,” and claimed that higher revenues cause institutions to increase their spending, creating high costs, which justify the need for higher revenue (Martin, 2009, p.3). I have seen a version of this in my office. It is practice that departments that do not spend their entire allotted budget in one fiscal year will have their budget cut in the next. Though it can be rationalized, departments should be rewarded for being budget friendly, and making cost effective decisions, not punished. It is a reality that in higher education, some departments need more funding one year than they do the next. Many scramble at the last minute to frivolously spend their remaining funds as to not lose the amount in the coming year.

Martin (2009) then discussed the vast disconnect between the for-profit sector and nonprofit institutions. He argued that what works in the for-profit sector should be applied to higher education to create a more lean financial institution. However, I do not believe that all processes will cross the “profit” boundary effectively. One such example is aligning interests of departments and institutions, such as cutting research funds and sabbatical in order to stream those funds into teaching (Martin, 2009). Research and sabbatical are vital to the institutional missions. Martin (2009) insinuated that the sole purpose of a university is to teach in the classroom. However, higher education does much more for their students, parents, faculty, staff and communities, and implementing some of the proposed solutions would do a disservice to all higher education stakeholders.

Through these readings, I have challenged my personal views on higher education finances. I have learned to disagree with some authors, while considering new viewpoints I may have otherwise passed over.

References

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