Vol. 25 No. 2 (2024): Journal of Accounting, Ethics & Public Policy, JAEPP
e-ISSN 2956-8390; ISSN1089652X

Did Reduced State Higher Education Funding Post-Recession Affect Business Summer School Programs?

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Doi: 10.60154/jaepp.2024.v25n2p146

Submitted: 12 July 2024
Accepted: 17 October 2024
Published: 18 October 2024

Cite As:
Bouillon M.L. & Stinson J. (2024). *Did Reduced State Higher Education Funding Post-Recession Affect Business Summer School Programs?*. Journal of Accounting, Ethics & Public Policy, JAEPP, 25 (2), 146. https://doi.org/10.60154/jaepp.2024.v25n2p146

Abstract

After the final crisis in the late 2000s, universities were forced to find alternate funding sources to deal with budget deficits. Many universities looked at summer school programs as one option. This study focuses on how one College of Business and its University dealt with the issue. In our financial model, we incorporated tuition increases, a 28 percent tax on salaries and benefits, increases in faculty base pay, and other charges added by the University and its College of Business. The College of Business faculty's summer school salaries and benefits represented 68.5 percent of the total tuition revenue generated in 2009 but dropped to 45.1 percent in 2018. The University's (College of Business) portion went from 23.3 (8.2) percent to 30.1 (24.8) percent in 2018. Total faculty summer school pay negatively affected the accounting discipline more than the other areas in the College of Business. The accounting discipline experienced a 66.13 reduction in summer student credit hours from 2008 to 2018. Finally, the College of Business summer programs were negatively impacted more than the other colleges at the University.

Keywords: Faculty compensation, financial crisis, higher education funding, public policy, summer school compensation, summer classes

I. Introduction

Towards the end of President George W. Bush's administration in 2008, the banking industry faced a significant financial crisis.[1] According to Rich (2013), the Great Recession started in December 2007 and continued until mid-2009.[2] During this time, state revenues dropped, resulting in substantial budget deficits. As a result, many governors had to implement severe spending cuts, which reduced support for higher education. Historically, states have provided more assistance to higher education than the federal government. Pew Trust (2019) showed that the state government provided 140 percent more money than the federal government in 1990. In the years following the Great Recession, state funding for higher education declined. Pew Trust (2019) reported that state funding per student was only 12 percent above federal higher education funding in 2015. The NEA Research Higher Education Brief (2022) stated that fiscal year 2008 was one of the highest points in state funding. The NEA Brief also noted that the Great Recession significantly reduced state funding for higher education.

Flannery (2022) wrote that states were still spending less on higher education in 2020 than in 2008. Therefore, she said that public universities and colleges relied more on student tuition dollars than before the Great Recession. Additionally, she stated that the two states that made the most significant cuts to higher education from 2008 to 2018 saw the most considerable tuition increases. During this period, Arizona and Louisiana saw increases of $5,384 and $4,810 per student, respectively[3,4]

As state funding decreased, universities were looking for new ways to budget different programs on campus. Many university presidents turned to Responsibility Center Management (RCM) to deal with their latest budget issues. Hanover (2023) provides the following description of RCM:
Responsibility Center Management (RCM) delegates operational authority to schools, divisions, and other units within an institution, allowing them to

[1] Asare and Kwesiga (2018) explored the role of the government as an owner during the bailout of the financial sector.

[2] Additionally, Thompson and McCoy (2016) examined the impact that financial scandals, the end of self-regulation in the audit industry, and the Great Recession had on ethics.

[3] Knox (2024) and the SHEF Report (2024) discussed that state higher education funding was greater than the 2008 level for the first time in 2022, and it happened again in 2023. The 2023 level was 6.7 percent higher than national average in 2008. Knox (2024) noted that the post-COVID boom could have been the result of pandemic funding.

[4] Oliff, et. al (2013) reported the change in one state's spending per student adjusted for inflation was reduced by $3,272 (37.5%) per student from FY08 to FY13. During these same years, the state increased average tuition at public, four-year colleges and universities adjusted for inflation by $4,190 (63.6%). Khadaroo (2015) discussed how one state implemented a plan to reduce tuition by 20 percent over a two-year period starting in 2015-2016 academic year.

prioritize their academic missions. Each unit receives its own revenues and income, including the tuition of its enrolled students. In this way, units effectively compete for students. Each unit is also assigned a portion of government support (where applicable). However, units are also responsible for their own expenses, as well as for a portion of expenses incurred by the college or University's general operations.

The RCM has been applied differently by different universities. The Education Advisory Board (2014) discussed several ways to allocate revenue to units and costs. Most tuition revenues are assigned to each unit based on student credit hours (SCHs) and the number of majors. Bouillon, Ehoff, and Tidd (2017) found that budget winners and losers are determined by the weightings assigned to SCHs and the number of majors, among other vital factors. Some universities assign 75 percent to SCHs and 25 percent to the number of majors, whereas others assign 75 percent to the number of majors and 25 percent to SCHs.

Another significant issue is the allocation of university administrative or overhead (OH) costs. Do you use a simple single-overhead rate or a more complex multiple-overhead rate approach to assign central administration costs? Bouillon et al. (2021) examined this further. In addition, what fund groups, if any, are excluded from the RCM model? For example, are only state-allocated funds included, or are self-support, grants, fundraising, and other revenue sources included?

Suppose we use a simple overhead (OH) rate that assigns central administrative costs to each college based on salaries and benefits. In that case, you incentivize deans or other appropriate leaders in the colleges to reduce faculty salaries and benefits in some manner to reduce OH costs. In the case study presented in this paper, we show how this affects the number of courses or SCHs taught in the College of Business (CB) during the summer.

The following section briefly discusses the methodology and source of data used in the paper, which examines one University's approach to dealing with changes in summer school classes from 2008 to 2018. We discuss how one University uses a summer school to balance its budget (institution and college) and how the CB manages this process. The CB introduced RCM principles specifically for summer courses a few years ahead of full RCM adoption at the university level. At that time, summer profits were split evenly between the Dean's Office and the academic departments, with allocation to each department based on the percentage of total student credit hours taught by that department.

II. Methodology

The information used in this study came from several annual summer school reports created in the Dean's Office from 2008 to 2018. These reports

and historical knowledge of the situation allowed us to create a timeline of events for the College of Business. These reports provided general financial information for the College of Business and its summer school programs from 2008 to 2018. Next, we used the reports to calculate the projected surpluses the College of Business (CB) created and how the faculty, the University, and the CB would share the tuition revenues.

Specific data about the SCHs taught in the different areas in the College of Business for the summers of 2008 through 2018 was obtained from the University's Institutional Research (IR). Additionally, IR provided the SCHs for all of the colleges as well. We provide a comparison of the SCHs by the CB's areas, as well as the different colleges, over the timeline later in the paper.

The following section discusses the financial model used in the CB. The results and conclusions follow.

III. Discussion of the Financial Model Used by the CB

Several events affected the CB from 2008 to 2018. Table 1 presents some significant changes for each year. In 2009, faculty members were allowed to teach two classes for 1/9 of their base salary per course as long as they showed a combined profit for the two classes. Otherwise, faculty members were required to teach the courses at a prorated salary such that both classes broke even in total. For example, if a faculty member's salary led to a breakeven point of 20 students, the faculty member would need to teach at least 40 students across the two classes to receive total compensation. In 2011, the breakeven point was changed to per class rather than to two combined courses. Therefore, if one class did not reach the breakeven point, the faculty members would teach that class at a reduced amount, even though the two classes combined were above breakeven.

Table 1: Timeline of Events

2009	Tuition per SCH increased by about 5 percent.
2010	Tuition per SCH increased by about 14 percent.
2011	Tuition per SCH increased by about 14 percent. Faculty salaries and benefits were charged a 28 percent OH tax.
2012	Tuition per SCH increased by about 14 percent. Faculty salaries and benefits were charged a 28 percent OH tax.
2013	Tuition per SCH increased by about 22 percent. Faculty salaries and benefits were charged a 28 percent OH tax.
2014	There was no increase in tuition per SCH. Faculty salaries and benefits were charged a 28 percent OH tax. There was a 5 percent increase in the pay base. RCM was implemented at the University.
2015	There was no increase in tuition per SCH. Faculty salaries and benefits were charged a 28 percent OH tax. There was a 4 percent increase in the pay base.

2016	There was no increase in tuition per SCH. Ledger 1 Swap replaced the 28 percent OH tax. There was a 4 percent increase in the pay base.
2017	There was no increase in tuition per SCH. Ledger 1 Swap replaced the 28 percent OH tax. There was a 3 percent increase in the pay base.
2018	There was no increase in tuition per SCH. Ledger 1 Swap replaced the 28 percent OH tax. There was a 3 percent increase in the pay base.

Another significant change shown in Table 1 is that tuition rates per SCH increased rapidly during the summers of 2009–2013. In 2013, a 22 percent increase caused the summer school tuition rate ($265 per SCH) to be higher than the regular school year tuition, which resulted in local tuition being higher than other regional 4-year institutions and increased the cost of a course compared to community college tuition. There were no additional changes in the tuition rates between 2014 and 2018.

In the 2010 – 2011 academic year, the University dealt with a significant shortfall in its budget, primarily due to declining state support and increased caps on tuition. The Vice-President of Finance implemented a 28 percent OH tax on salaries and benefits paid by non-state-allocated funding across all units at the University, including summer school, which was considered self-support. The addition of this tax made each summer course more expensive to offer and increased the breakeven points. The 28 percent overhead tax affected summers from 2011 to 2015.

In 2016, the University decided that academic colleges in summer schools would replace the 28 percent OH tax with a swap of state funding distributed through the RCM formula and summer "self-support" profits. The swap was referred to as a "Ledger 1 swap." For the CB, this meant about $220,000 in RCM-allocated funding in 2016 that needed to be replaced through summer school profits. In 2016, this swap was an even swap, resulting in no substantial change to the overall fiscal year budget, setting the stage for more challenging future college budgets as summer profitability continued to be pressured.

The faculty saw 5, 4, 4, 3, and 3 percent pay increases from 2014 through 2018. Of course, these salary increases also raised breakeven points for each summer class. Additionally, the University implemented RCM in the summer of 2014.

Table 2 presents general information used in the financial model to measure the profitability of summer school offerings. In contrast, Table 3 uses Table 2 information to determine the profitability of summer school offerings in the CB. In 2008, the CB's share of the surplus from summer school offerings was determined as follows (in 000's):

Net tuition (97 percent of tuition)		$1,088
Less: Faculty salaries and benefits	$674	
General OH for University ($26.98/SCH)	207	
General OH for CB ($6.60/SCH)	51	932
Surplus		$156
University's share of the surplus (15%)		23
CB's share of the surplus		$133

While profit distributions from 2009 through 2018 were found to be similar, the 28 percent tax rate, Ledger 1 swap, changes in existing OH rates, and additional OH rates were incorporated into the calculations. Some of these changes were college decisions, whereas others, such as the 28% tax, were institutional decisions. The University's share of the surplus in 2016 was found by taking revenues less than the sum of the faculty salaries and benefits and general OH for the University. The difference was multiplied by 16 percent to determine the University's share of the CB surplus from 2016 through 2018.

Table 2: General Financial Information for College of Business (CB) for Summer School

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Student credit hours (SCHs) for the CB	7,666	6,832	6,639	5,811	5,775	5,574	4,875	5,114	5,335	4,462	4,802
CB% of the University's summer SCHs	22.0%	19.3%	16.0%	14.2%	14.7%	15.0%	13.6%	14.4%	15.6%	13.9%	12.7%
University Summer SCH (in 000s)	34.90	35.50	41.41	40.87	39.36	37.23	35.95	35.51	34.20	32.11	37.87
Average tuition rate	146.3	149.0	169.0	192.0	218.0	264.7	264.7	267.4	266.0	265.3	269.0
General OH Rate for the University	26.98	29.32	33.30	30.91	39.28	37.40	30.00	30.00	15.37	18.68	13.71
Ledger 1 Swap for the University	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	*	*	*
CB Professional Development OH Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.29	12.90	12.32
General OH rate for the CB	6.60	7.26	8.19	9.20	13.85	12.38	15.42	15.27	16.77	20.69	20.19
University share of the CB surplus	15.0%	15.0%	25.7%	15.0%	15.0%	15.0%	20.0%	20.0%	16.0%	16.0%	16.0%

*The Ledger 1 Swap from the CB was $220,000 for the summer.

Table 3: Summary of Summer School Revenues and Expenses for Years 2008 through 2018 (in $000s)											
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Tuition revenue	1,122	1,018	1,122	1,116	1,259	1,476	1,290	1,367	1,419	1,184	1,292
Administration charge (3%)*	34	31	34	0	0	0	0	0	0	0	0
Net tuition revenue	1,088	987	1,088	1,116	1,259	1,476	1,290	1,367	1,419	1,184	1,292
Faculty salaries & benefits	674	697	683	560	602	695	645	740	675	565	582
28% tax on salaries & benefits*	0	0	0	157	169	195	181	207	0	0	0
General OH for the University*	207	200	221	180	227	209	146	153	82	83	66
Ledger 1 swap for the University*	0	0	0	0	0	0	0	0	220	220	220
CB Professional Development**	0	0	0	0	0	0	0	0	55	58	59
General OH for CB**	51	50	54	54	80	69	75	78	90	92	97
Total costs	932	947	958	951	1,078	1,168	1,047	1,178	1,122	1,018	1,024
CB Surplus	156	40	130	165	181	308	243	189	297	166	268
University share of the surplus*	23	6	34	25	27	45	49	38	106	86	103
CB's share of the surplus**	133	34	96	140	154	263	194	151	191	80	165

IV. Results

Table 4 provides the estimated distributions of summer school tuition for the three principal shareholders from 2008 to 2018. The faculty salaries and benefits are obtained directly from Table 3. The faculty share of summer school tuition revenues is each year's faculty salaries and benefits. The University's share of summer school tuition revenues would be the sum of the 3 percent tuition charge, the general OH for the University, the 28 percent tax amount (when applied), Ledger 1 swap, and the University's share of the surplus. Finally, the CB's share of summer school tuition revenues would be the sum of the general OH charge for the CB, the professional development charge in later years, and the CB's share of the surplus.

Table 4: Estimated Distributions to the Shareholders for 2008 through 2018 (in 000s)											
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Faculty salary & benefits	674	697	683	560	602	695	645	740	675	565	582
University*	264	237	289	362	423	449	376	398	408	389	389
CB**	184	84	150	194	234	332	269	229	336	230	321
Tuition Revenue	1,122	1,018	1,122	1,116	1,259	1,476	1,290	1,367	1,419	1,184	1,292
Faculty salary & benefits	60.1%	68.5%	60.8%	50.2%	47.8%	47.1%	50.0%	54.1%	47.5%	47.7%	45.1%
University	23.5%	23.3%	25.8%	32.4%	33.6%	30.4%	29.1%	29.1%	28.8%	32.9%	30.1%
CB	16.4%	8.2%	13.4%	17.4%	18.6%	22.5%	20.9%	16.8%	23.7%	19.4%	24.8%
TOTAL	00.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*This is the sum of the 3% administrative charge, the OH tax on faculty salaries and benefits, the general OH for the University, the Ledger 1 swap for the University, and the University's share of CB surplus in Table 3.

**This is the sum of the professional development for the CB, the general OH for the CB, and the CB's estimated share of the CB surplus.

The details provided in Table 4 show that tuition revenue ranged from $1,018,000 in 2009 to $1,476,000 in 2013. The largest payout for faculty salaries and benefits was in 2015, at $740,000, but the most significant percentage of summer school tuition allocated to faculty was in 2009, at 68.5 percent. Overall, faculty's share of summer school tuition reduced from 68.5 percent in 2009 to 45.1 percent in 2018. Meanwhile, the University's (CB's) share of summer school revenue grew from 23.3 (8.2) in 2009 to 30.1 (24.8) in 2018. The University's most significant share of summer school revenue (33.6 percent) occurred in 2012, while the CB's largest share (24.8 percent) was in 2018. The trend is evident in that the institution and the college sought more summer profits to support balanced fiscal year budgets.

Table 5: Percentage of SCHs Taught in Each Area of the CB during the summer of 2008 through 2018											
AREA	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
ACCT	2,609 34.04%	2,406 35.21%	1,875 28.25%	1,932 33.25%	1,701 29.45%	1,630 29.24%	1,327 27.23%	1,245 24.35%	1,110 20.80%	834 18.68%	715 14.89%
BUS	496 6.47%	607 8.89%	466 7.02%	410 7.06%	322 5.57%	414 7.42%	229 4.69%	332 6.50%	368 6.90%	483 10.83%	406 8.46%
ECON	788 10.28%	675 9.88%	656 9.88%	509 8.77%	468 8.11%	348 6.25%	357 7.32%	404 7.90%	400 7.49%	302 6.77%	416 8.67%
FIN	668 8.71%	437 6.40%	506 7.62%	187 3.21%	297 5.15%	229 4.11%	173 3.56%	383 7.49%	809 15.17%	446 10.00%	628 13.08%
HRM	337 4.39%	248 3.63%	262 3.95%	305 5.24%	283 4.90%	179 3.21%	357 7.32%	282 5.52%	337 6.32%	264 5.91%	291 6.06%
MGT	1,303 17.00%	954 13.96%	1,244 18.73%	905 15.58%	1,100 19.05%	1,435 25.75%	1,035 21.24%	1,069 20.91%	1,040 19.50%	914 20.49%	989 20.60%
MKT	659 8.59%	679 9.94%	788 11.87%	640 11.01%	600 10.39%	592 10.61%	703 14.43%	646 12.64%	554 10.38%	778 17.43%	661 13.76%
SCM	806 10.53%	826 12.09%	842 12.67%	923 15.88%	1,004 17.39%	747 13.41%	694 14.22%	753 14.69%	717 13.45%	441 9.89%	696 14.50%
TOTAL	7,666 100.00%	6,832 100.00%	6,639 100.00%	5,811 100.00%	5,775 100.00%	5,574 100.00%	4,875 100.00%	5,114 100.00%	5,335 100.00%	4,462 100.00%	4,802 100.00%

Table 5 presents the summer school SCHs taught in each CB area from 2008 to 2018. The SCHs taught accounted for 34.04 percent of all CB SCHs in 2008 and only 14.89 percent of all CB SCHs taught in 2018. All areas except marketing show a reduction in SCHs taught, but again, the accounting area went from 2,609 SCHs in 2008 to just 715 SCHs in 2018, or a decrease of 72.59 percent. The SCHs taught in the CB went from 7,666 in 2008 to 4,802 in 2018, a 37.36 percent decline. The accounting area had a total reduction of 1,894 SCHs during this time, which accounted for 66.13 percent of the decrease in CB.[5]

[5] The accounting area had some of the highest paid faculty members in the CB in 2008, as well as in 2018. Therefore, it appears that it was hit significantly harder than the other areas. There were also substantial declines in accounting majors throughout the period, and the opportunity for students to take required foundational accounting courses in the summer from community colleges at a substantially lower tuition rate.

Table 6 provides breakeven points for the three different levels of faculty salaries. We assumed that the ninth of the 2008 base salary was equal to $5,000, $10,000, or $15,000 for the three hypothetical faculty members. Additionally, we added 20 percent of wages to reflect employee benefits. We also added pay increases, starting in 2014, to the previous year's salaries.

Table 6: Breakeven Points with and without OH Applied (in students)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average tuition rate	$146	$149	$169	$192	$218	$265	$265	$267	$266	$265	$269
Pay increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	4.0%	4.0%	3.0%	3.0%
A ninth of the 2008 base salary plus 20% benefits and pay increases (in $000s):											
% of base salary is $5,000	6.0	6.0	6.0	6.0	6.0	6.0	6.3	6.6	6.8	7.0	7.2
% of base salary is $10,000	12.0	12.0	12.0	12.0	12.0	12.0	12.6	13.1	13.6	14.0	14.5
% of base salary is $15,000	18.0	18.0	18.0	18.0	18.0	18.0	18.9	19.7	20.4	21.1	21.7
BE without University and CB OH Added (in students):											
% of base salary is $5,000	8.2	8.1	7.1	6.3	5.5	4.5	4.8	4.9	5.1	5.3	5.4
% of base salary is $10,000	16.4	16.1	14.2	12.5	11.0	9.1	9.5	9.8	10.2	10.6	10.8
% of base salary is $15,000	24.6	24.2	21.3	18.8	16.5	13.6	14.3	14.7	15.4	15.9	16.1
BE with University and CB OH Added (in students):											
% of base salary is $5,000	11.3	11.2	9.8	10.1	9.3	7.2	7.4	7.7	7.4	8.4	8.2
% of base salary is $10,000	22.6	22.3	19.6	20.2	18.7	14.3	14.7	15.3	14.8	16.7	16.4
% of base salary is $15,000	33.9	33.4	29.4	30.3	28.0	21.5	22.1	22.9	22.1	25.1	24.6

When we calculated the breakeven points in students assuming no overhead allocation, we found the lowest points in 2013.[6] This calculation includes the first year of the $265 tuition rate. It was also implemented before the pay increased. This group of breakeven points illustrates when tuition revenues cover the direct costs of teaching a class. Therefore, the University could benefit from offering a class above these breakeven levels.

When we calculated the breakeven points with added OH costs, we found that the breakeven points were much higher than those without OH allocation. These values were approximately 50 percent larger in this case. Assuming that a faculty member would not teach a class for less than a ninth, then a class with 20 students would have been canceled for all years for those faculty members, making $15,000. Additionally, if the faculty members had started making $10,000 in 2008, the class would have been canceled in 2008, 2009, and 2011. Meanwhile, without the University and CB OH charges, the class would have only been canceled for the $15,000 faculty member in 2008, 2009, and 2010 and not canceled for the faculty member with a $10,000 salary.

[6] The breakeven point without University and CB were found by taking the faculty salary, benefits, and pay increase amount and dividing it by the tuition rate per hour x 5. All classes at this school were five quarter hours.

In 2008, accounting faculty were the highest-paid faculty members on average in the CB and at the University. Table 5 indicates that the accounting area showed the most significant reduction in SCHs from 2008 to 2018 in CB. Meanwhile, the CB's average salaries were higher than the other colleges.

Table 7 presents the changes in SCHs across all the colleges. Some SCHs (others) were not identified with a college. As expected, the CB SCHs decreased from 6,639 to 4,802, a reduction of 27.67 percent from 2010 to 2018. Science College also reduced by 20.49 percent during the same time. The other two colleges, Education and Humanities, showed a slight increase from 2010 to 2018. However, the other colleges showed less variation over the period. Table 7 illustrates that CB was hit harder than the other three colleges.

Table 7: SCHs Taught by Each College from 2010 through 2018*

Colleges	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Business	6,639 16.0%	5,811 14.2%	5,775 14.7%	5,574 15.0%	4,875 13.6%	5,114 14.4%	5,335 15.6%	4,462 13.9%	4,802 12.7%
Education	13,576 32.8%	14,141 34.6%	13,832 35.2%	13,694 36.8%	14,156 39.4%	13,991 39.4%	13,971 40.9%	13,633 42.5%	14,196 37.5%
Humanities	9,052 21.9%	8,952 21.9%	8,455 21.5%	8,094 21.7%	7,527 20.9%	6,767 19.1%	5,909 17.3%	5,513 17.2%	9,241 24.4%
Sciences	11,472 27.7%	11,710 28.7%	10,798 27.4%	9,716 26.1%	9,133 25.4%	9,199 25.9%	8,791 25.7%	8,060 25.1%	9,121 24.1%
Other	671 1.6%	252 0.6%	500 1.3%	149 0.4%	258 0.7%	435 1.2%	192 0.6%	437 1.4%	511 1.45%
TOTALS	41,410 100.0%	40,866 100.0%	39,360 100.0%	37,227 100.0%	35,949 100.0%	35,506 100.0%	34,198 100.0%	32,105 100.0%	37,871 100.0%

* Unfortunately, the University did not start keeping this data until 2010.
**The SCHs (%) for Business, Education, Humanities, Sciences, and Other for 2019 were 4,675 (12.80%), 13,824 (37.86%), 8,995 (24.64%), 8,698 (23.82%), and 321 (0.88%), respectively. The SCHs (%) for Business, Education, Humanities, Sciences, and Other for 2020 were 5,277 (15.19%), 12,953 (37.29%), 7,200 (20.73%), 9,273 (26.69%), and 36 (0.10%), respectively.

Conclusions

The changes in summer school administration over the study period substantially increased OH-inclusive breakeven points for faculty members. Both the University and the College sought to balance fiscal year budget needs with summer profits. The higher breakeven points led to more faculty members having to accept a prorated salary for summer teaching or to cancel the class. For the institution and students, canceling the class was often a suboptimal decision, increasing OH rates across the remaining courses and leaving students with fewer options.

The declining spiral in summer is a result of many interacting factors. A core issue was the reduction in state support that began in the Great Recession and did not return to 2008 levels until the post-pandemic years, if any. Both universities and colleges expanded their OH rates against summer

school revenues to maintain balanced budgets, including faculty pay raises and other inflationary increases. These changes led to significantly increased breakeven rates that, as noted throughout the paper, reduced the faculty incentive to teach summer courses, reducing both course availability and summer school revenue.

Similar strategies, such as the substantial increase in summer tuition, the 28% tax, and the Ledger 1 swap, were all attempts to balance institutional and college budgets in an era of increasing costs and decreasing state support. The increased summer tuition rates are one factor in declining summer enrollment as students seek cheaper options to "transfer back" or focus their studies on the academic year. The effect of increased costs allocated to summer OH rates, declining student enrollment due to high tuition, fewer courses offered, and the need for the University and College to balance operational budgets led to a situation where, for the CB, summer school became a less viable source for faculty compensation and building long-term budget sustainability, which, in turn, forced both faculty and the college to look for other revenue-generating opportunities.

Another pressure point for the college, particularly the Accounting Department at this institution, was the higher faculty salaries that escalated breakeven points, especially following the series of salary increases. The data show differential effects across colleges at this institution. Colleges also employed different strategies relative to OH. For example, the CB maintained an additional OH to support faculty professional development, increasing its already high breakeven points. It is not our point here to determine whether adding OH to balance budgets is better or worse, but it does show the impact of such decisions on the overall viability of summer school profits.

Although we have explored the case of one institution here, the dynamic challenges facing this institution are not unique. Many public institutions in many states face similar pressures. While summer school is just one example of self-support or soft money accessible to balance budgets, it is a primary source of revenue for many institutions, similar to the one studied here. The case highlights how one institution tapped into that revenue stream to balance its budget, which may have led to declining enrollment and courses necessary to sustain contributions. Institutions must prioritize maintaining the best summer profitability to meet budgetary, student, and faculty requirements.

Conflict of Interest: The authors reported no conflict of interest.

Data Availability: All of the data are included in the content of the paper.

Funding Statement: The authors did not obtain any funding for this research.

Ethical Compliance: All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki Declaration and its later amendments or comparable ethical standards.

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