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Review of Andrew P. Roth, Saving for College and the Tax Code: A New Spin on the "Who Pays for Higher Education?" Debate

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Review of Andrew P. Roth, *Saving for College and the Tax Code: A New Spin on the "Who Pays for Higher Education?" Debate*

**Abstract**

*Saving for College and the Tax Code: A New Spin on the "Who Pays for Higher Education?" Debate*, by Andrew Roth, Vice President of Enrollment at Mercyhurst College, sheds light on an increasingly common mechanism for financing the costs of higher education: state-sponsored, tax-advantaged college savings plans. Roth includes three types of programs under this umbrella: prepaid tuition plans, college savings plan trusts, and college savings bonds. The book is based on Roth's dissertation, completed under the direction of D.Bruce Johnstone, Distinguished Professor at the Graduate School of Education at the State University of New York at Buffalo, and is organized into seven chapters, three appendices, bibliography, and index.

**Disciplines**

Accessibility | Education | Education Economics | Higher Education

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then reviews models of the university and patterns of governance. His concluding discussion refers to the difficulties in changing culture and incorporating any changes into a strategy of comprehensive change.

Werner Hirsch’s essay offers several initiatives for improving shared governance. He analyzes the weakness of governance and then suggests ways to improve the performance of boards, administrations, and senates.

Hans van Ginkel details the evolution of university-government relations in the Netherlands over the past 40 years. He places this experience in the current worldwide context of discussions about university autonomy. His concluding 11 observations on “What Matters” offer an interesting blueprint for future discussions on the appropriate boundaries of university autonomy.

An essay by Robert Dynes et al. compares governance practices in two university-based entities with those in Bell Laboratories, arguing that participation in decision making contributes to organizational health and other desirable outcomes.

Harold Williams’s essay offers an “Agenda for the Governing Board.” He discusses problems associated with such issues as leadership, structure, accountability, funding, tenure, teaching, service, and research.

In the appendix there is another essay by Frank Rhodes, apparently written as a 2000 version of the 1998 Glion Declaration. It restates the arguments about institutional values, relations with governments, and the respective roles and responsibilities of governing boards, faculty, and presidents.

This book covers a wide range of issues on topics of governance. Graduate students and policymakers will find it a useful introduction to the discussion about governance. More experienced scholars and researchers will see it as a useful addition to the governance debates.

I, like Williams, am troubled by the lack of discussion about the broadly based public criticisms of higher education in general and of research universities in particular. In some respects, this book is a defense of the research universities with no attempt to respond to such issues as declining public confidence in their ability to act in the public interest or the rise of non-research-based providers of basic teaching.

Most university presidents believe that the most important issues facing them are financial, yet there is little discussion of funding in this book.

The eventual judgment on the book’s place in the debate about research universities will depend on the staying power of the 1998 Glion Declaration.


Reviewed by Laura W. Perna, Assistant Professor, Department of Education Policy and Leadership

Saving for College and the Tax Code: A New Spin on the “Who Pays for Higher Education?” Debate, by Andrew Roth, Vice President of Enrollment at Mercyhurst College, sheds light on an increasingly common mechanism for financing the costs of higher education: state-sponsored, tax-advantaged college savings plans. Roth includes three types of programs under this umbrella: prepaid tuition plans, college savings plan trusts, and college savings bonds. The book is based on Roth’s dissertation, completed under the direction of D. Bruce Johnstone, Distinguished University Professor at the Graduate School of Education at the State University of New York at Buffalo, and is organized into seven chapters, three appendices, bibliography, and index.

This book is an important contribution to the higher education finance literature for at least four reasons. Perhaps most importantly, Roth provides an innovative, policy-relevant conceptual framework for determining who pays for state-sponsored, tax-advantaged college savings plans. Stressing that financing the costs of higher education is a shared burden, Roth develops a systematic approach to rank each state’s program along a “public-versus-private responsibility” continuum. The ranking is based on the degree of “publicness” in terms of the type of program offered, whether the state guarantees the investment, minimum and maximum program deposits and account balances, whether the state provides a supplemental contribution, the nature of the state’s tax treatment of contributions and account earnings, and the state’s treatment of account earnings in determining eligibility for state-sponsored financial aid. While the specifics of the ranking are unique to state-sponsored, tax-advantaged college savings plans, the notion of considering the relative public-versus-private responsibility for paying the costs of higher education may be useful for understanding other higher education finance policies.

Second, the analyses, based on qualitative research methods, show that the distribution of state-sponsored, tax-advantaged college savings plans is skewed toward the private end of the public-versus-private responsibility continuum. As Roth observes, the finding that these programs reflect a greater emphasis on the private than the public responsibility for paying the costs of high-
er education is consistent with other recent trends in higher education finance, including the shift from grants to loans in the predominant type of financial aid that is awarded and the decline in the proportion of the total costs of higher education that is covered by state and local appropriations. What is new is his conclusion that, for these programs, “private” means “parental.” Roth speculates that this “anti-generational burden shifting” may be a response to concerns about students’ growing indebtedness and observes that this characteristic reflects a bias toward traditional patterns of college enrollment.

Third, despite the phrase “tax code” in the title, the book provides clear definitions of the characteristics of these complex programs in nontechnical language. A mini-case study of the implementation and adoption of these programs in one state (Pennsylvania) is particularly instructive. This easy-to-understand information is timely, given recent program growth. Roth reports that, although states began to implement prepaid tuition plans in the middle and late 1980s, growth in state-sponsored tax-advantaged college savings plans stalled until tax liability issues were resolved in the mid-1990s. At least in part because of federal tax advantages established under IRS Section 529, growth in these programs, particularly college saving trusts, surged during the mid- to late-1990s. In 1999, 39 states had programs in place and 3 states had programs pending.

Finally, although the tables are not “pretty” and, at times, contain information that is difficult to reconcile across tables or with the text, Roth provides a picture of the “national landscape” of these programs as of 1999. The state-by-state information in the appendices, including a summary of basic program characteristics and more detailed state profiles, may provide a starting point for those who are interested in further investigating these programs.

Despite these strengths, the book falls short on one of its stated purposes, namely, to examine the impact of state-sponsored, tax-advantaged college savings plans on the issues of access and equity. Although Roth seems to equate “public” responsibility with an emphasis on access and equity, he does not test this assumption. Perhaps because of the newness of many of these programs, Roth provides no data on the characteristics of program participants. Such data are needed to determine whether programs that he considers to be relatively more “public” are used by all groups, thereby providing access and equity, or are disproportionately used by middle- and upper-income families, thereby providing a response to the affordability crisis described in Chapter 2.

This book raises at least one other critical area for future research that Roth does not list in the concluding chapter. This study reveals that most state-sponsored, tax-advantaged college saving plans are on the private end of the public-versus-private responsibility continuum but does not evaluate the appropriateness of this placement. Similarly, the book concludes by suggesting “best practices” that may maximize the “publicness” of these programs but does not justify the assumption that these programs should be shifted toward the public end of the continuum. In other words, while the book adequately addresses the question in the title, “who pays?”, it does not address the next logical questions: “Who should pay?” and “Is the answer to ‘who pays?’ the same as the answer to ‘who should pay?’”

Addressing these questions requires a comparison of the net benefits that accrue to individual participants from these programs with the net benefits that accrue to society. While Roth briefly reviews what is known from prior research about the ways in which individuals and society benefit from an investment in higher education as part of the justification for his framework, future research should determine how much, and in what ways, participants and taxpayers benefit. Future research should also determine the costs of these programs. Roth’s assertion that “the costs of such programs are their amorphous and vague foregone tax revenues and the even vaguer and more amorphous opportunity costs of initiatives not pursued because of the lack of resources resulting from the unrealized tax revenue” (p. 126) is insufficient.

In summary, this book makes an important contribution to the higher education finance literature. Roth not only offers a framework for understanding the characteristics of these programs and establishes the “national landscape” as of 1999, but also provides the groundwork for additional research.


Reviewed by Anne S. Pruitt-Logan, Professor Emerita of Educational Policy and Leadership, The Ohio State University.

It has become customary for university faculty and administrators to attribute attrition among doctoral candidates to their lack of academic ability. Lovitts argues, however, that the focus on ac-