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Using History to Teach Time Value of Money

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Business in a *Life of Faith*

CBFA '09

October 15-17

Hosted by JOHN BROWN UNIVERSITY

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JEFF GUERNSEY
ASSISTANT PROFESSOR OF
FINANCE



CEDARVILLE
UNIVERSITY™



USING HISTORY TO TEACH TIME VALUE OF MONEY



MANHATTAN ISLAND



- In 1626, the Indians received \$24 for the ‘purchase’ of Manhattan Island
- Was that a good deal?
- 383 years have gone by!

MANHATTAN ISLAND



- If they took the interest out of the account each year, how much money would that be?

at 5%

\$456

at 10%

\$912

Manhattan Island



- If they kept the money in the account and allowed it to grow, how much would it be?

5%

8%

\$1.20 MILLION

\$4.90 BILLION

\$205 MILLION

\$151.9 TRILLION

\$3.13 BILLION

\$3.0 TRILLION





What is the rate of increase in
college tuition?



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In the meantime, efforts would be made to secure a church group to take over the remainder of the operating obligations and the operation of the college, as of June 2, 1953. The major responsibility for making the contacts fell on the shoulders of Mr. McClellan and Mr. MacMillan.¹⁸

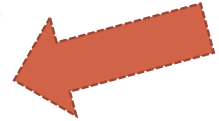
12. *Faculty Minutes*, January 12, 1953.
13. *Ibid.*
14. *Trustees Minutes*, January 24, 1953.
15. *Ibid.*
16. *Trustees Minutes*, February 7, 1953.
17. *Faculty Minutes*, February 19, 1953.
18. *Cedrus*, 1953, p. 6.

EXPENSES.

Tuition.—First term, 13 weeks,	\$8 00
Tuition.—Second term, 11 weeks,	7 00
Tuition.—Third term, 11 weeks,	7 00
Incidental expenses (\$1.50 per term) per annum, .	4 50
Boarding, from \$2.00 to \$3.00 per week.	
Rooms, from 50 cents to \$1.00 per week.	
Books, \$6.00 per year.	

SUMMARY OF MONEY EXPENSES FOR YEAR.

Boarding, 35 weeks, \$2 to \$3 per week, .	\$70 00	\$105 00
Room rent, " 50 cts. to \$1 per week, .	17 50	35 00
Tuition for the year,	22 00	22 00
Contingent expenses for the year, . . .	4 50	4 50
Books,	6 00	6 00
	<hr/>	<hr/>
Totals,	\$117 00	\$172 50



This page, extracted from the first College catalog, shows what it cost to attend during the 1895-96 school year. Those who took music lessons paid an additional \$15 a year for lessons and \$1 a month for instrument rental.

Student Costs

Tuition

*Regular tuition per semester credit	\$656
Audit tuition per semester credit	\$328

Fees

Application fee	\$30
Board per semester	
Group A Meal Plans	1,163
Group B Meal Plans	1,050
Car registration fee per semester	35
Drop/add (course) fee	5
Late payment fee	25
Late registration	50
Non returned / Lost room key	50
New student fee	
Commuting student – fall Semester	90
Commuting student – spring Semester	70
Resident student – fall Semester	120
Resident student – spring Semester	80
Returned item fee	20
Reservation deposit	250
Room deposit (refundable upon withdrawal)	100
Room per semester	1,342
Test-out fee per semester credit	328

*Senior citizens may enroll in courses for credit or no credit on an available space basis at no tuition charge. Senior citizens are those individuals 62 years of age or older who are considered to be retired according to the Social Security Administration.

Summary of Costs

Institutional Costs

Estimated basic costs for the academic year of 2008-09 (excluding transportation, personal expenses, books, and laboratory fees):

Tuition (based on an average of 32 semester hours)	\$20,992
Board (Weighted average)	2,210
Room	2,684
Total Estimated Costs	\$25,886

Miscellaneous Costs

Other yearly expenses may be estimated as follows:

Books and supplies	\$900
Personal expenses (including clothing, recreation, and personal items) Note: laundry included with room	1,450
Transportation (based on area of residency)	various



The desire for accreditation by the North Central Association of Colleges and Secondary Schools has exerted a healthy influence throughout the institution. A consultant recommended by the North Central Association has been hired, and it is expected that he will be able to give direction to the efforts that are being made toward improving the college. However, many of his recommendations involve additional expenditures of funds which add to the financial burden. In one way, the spending of these additional funds in order to gain accreditation can be considered "seed" money, for the feeling is that once accredited, the college will be able to raise tuition charges. The present cost is \$22.50 per semester hour, and this will be raised to \$25.00 per semester hour in September, 1966. The idea is that many students will not pay high tuition in a non-accredited college. Another facet to this problem of increased tuition is that the constituency is composed of lower-middle class and working class families who cannot afford high tuition, and would be tempted to send their young people to community or state schools where the tuition would be much less.

The college also has a problem in retaining students as the "drop out" rate is high. About 5 per cent of the students leave at the end of the first semester, and 10 per cent at the end of the second semester. Thus, at the end of the present semester,

¹⁸Samuel Baskin, Higher Education, Some Newer Developments (New York: McGraw Hill Book Co., 1965), p. 1.

The History of CEDARVILLAGE College
Cleveland M^cDonald, 1966