

HIGHER EDUCATION FUNDING IN MISSOURI

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by

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# HIGHER EDUCATION FUNDING IN MISSOURI

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## ABSTRACT

The purpose of this qualitative case study was to examine perceptions of state legislators regarding funding of public higher education in the State of Missouri. To this end, I sought to determine how Missouri legislators perceive the purpose of higher education and the role the state government should play in funding it. The concept that higher education is a public good framed this study, meaning that it benefits more than just those individuals who receive it or results in unintended positive outcomes for a larger population than solely its consumers. This justifies its funding, at least in part, through appropriations from the state legislature.

Four key themes emerged based on data from Missouri's Constitution, historical budget documents, and semi-structured interviews with members of key legislative committee members from Missouri's 95<sup>th</sup> General Assembly: (a) the priority of higher education in Missouri, (b) the value of higher education in Missouri, (c) the need for higher education to prove its worth, and (d) the question of private good versus public good. Implications for policy and practice are presented at the end of the study, along with recommendations for future research.

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## CHAPTER 1

### INTRODUCTION TO THE STUDY

#### Background

Higher education is a public good, benefiting more than simply those who attain higher education degrees (Ehrenberg, 2006; Heller, 2001; Kezar, Chambers, & Burkhardt, 2005; Longanecker, 2005; Reindl & Brower, 2001). Those who obtain higher education degrees and join the workforce aid in the state's economic development (Trostel, 2009). In addition to producing workers for a knowledge economy, public higher education also promotes such concepts as citizenship and cultural development among its participants; graduates bring these ideas into their jobs, neighborhoods, and private lives, thus sharing ideas with others for the benefit of all (Baer, Ma, & Payea, 2010; Ehrenberg, 2006; Longanecker, 2005; Rizzo, 2004).

Even though higher education provides benefits to all residents of the state, legislators in recent years have tended to view higher education as a private good (Baer, 2005; Malveaux, 2003; Selingo, 2003; Vedder, 2004; Weerts & Ronca, 2006). The view that those who matriculate at institutions of higher education are the only ones who benefit from it (Baer, 2005; Longanecker, 2005; Mumper, 2001b; Reindl & Brower, 2001; Selingo, 2003; Vedder, 2004) may have contributed to funding shifts away from higher education to other areas viewed as public goods, such as public health (e.g., Medicaid), public safety (e.g., the correctional system), and public education (e.g., the P-12 system) (Alexander & Layzell, 2006; Baer, 2005; Cheslock & Gianneschi, 2008; Delaney & Doyle, 2007; Ehrenberg, 2006; Higdon, 2003; Jacoby & Schneider, 2001;

Kane et al., 2003; Longanecker, 2006; Okunade, 2004; Reindl & Brower, 2001; Rizzo, 2006; Selingo, 2003; Vedder, 2004; Zumeta, 2001). This trend also stems in part from the fact that higher education institutions are viewed as having the opportunity to supplement state funds through tuition and fees paid by students, who are the primary beneficiaries of higher education (Ruppert, as cited in Mumper, 2001b; Tannock, 2006; Vedder, 2004).

### Statement of the Problem

Over the past several decades, the proportion of public higher education funding in Missouri from its two major sources, state appropriations and student fees, has shifted dramatically. In viewing the state versus student shares of fund revenues for Southeast Missouri State University and the University of Missouri, public higher education institutions in the State of Missouri, the shift is evident (see Figures 1 and 2). According to conversations with staff at Southeast Missouri State University, including the former Associate to the President and former Budget Director, state appropriations funded nearly 80% of the cost of public higher education at Southeast Missouri State University in the early 1980s, (A. Wallhausen, personal communication, April 27, 2010; M. Hughey, personal communication, May 11, 2010). At the University of Missouri in the early 1990s, state support accounted for 70% of the cost of public higher education, while the student share was only about 30% (University of Missouri, 2010). State appropriations have decreased to the point that in the last 5 years, the cost of public higher education in Missouri has been split nearly equally between state appropriations and student payments of tuition and fees (M. Hughey, personal communication, May 11, 2010; University of Missouri, 2010; A. Wallhausen, personal communication, April 27, 2010).

Figure 1.

State/Student Shares of Total Current Funds Revenues  
 Southeast Missouri State University, FY1981-2010

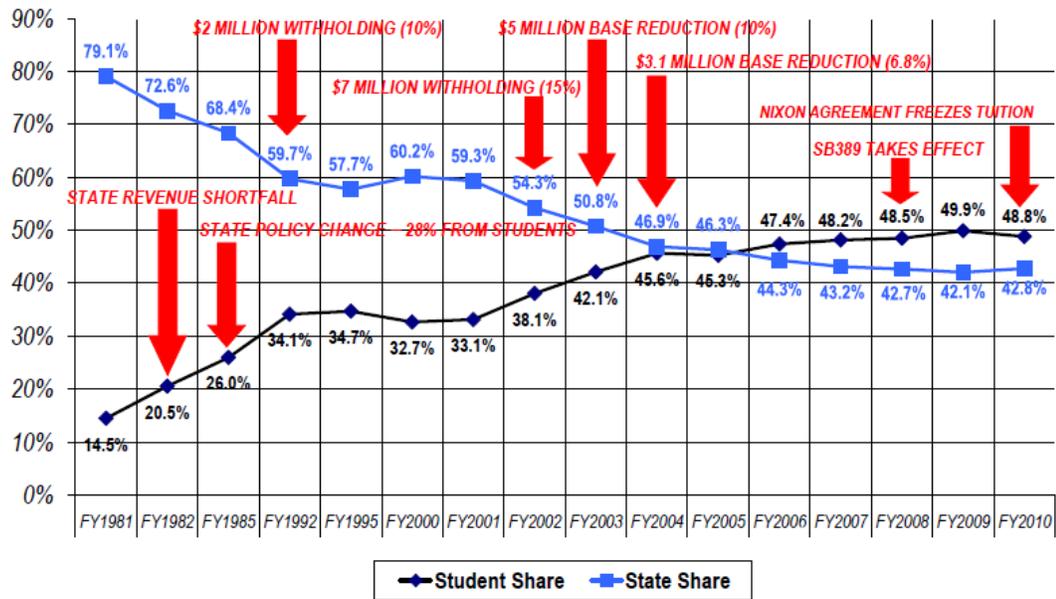
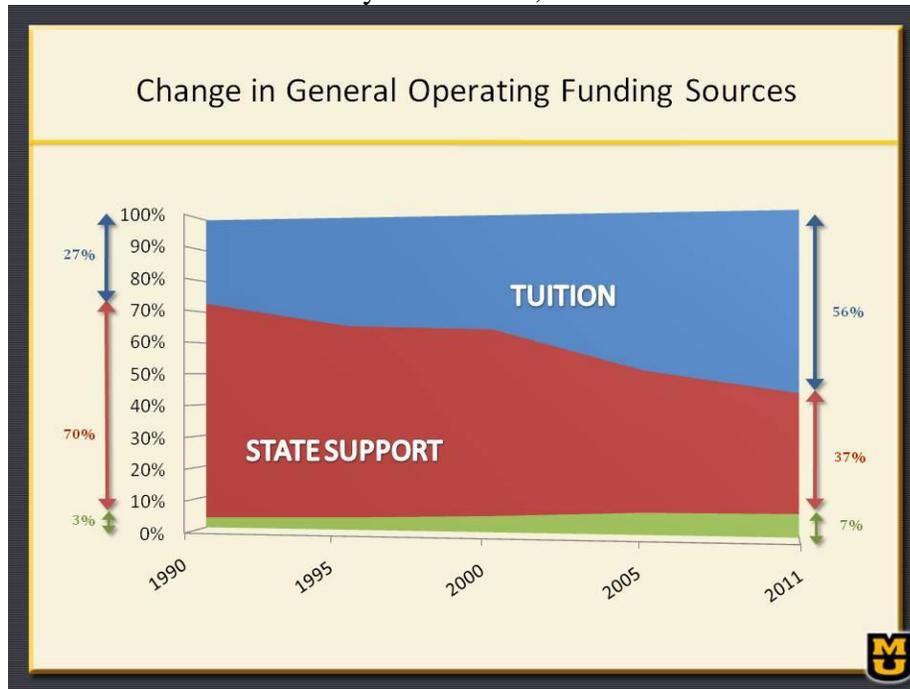


Figure 2.

Change in General Operating Funding Sources  
 University of Missouri, 1990-2011



Source: University of Missouri ([http://mubudget.missouri.edu/2011\\_MU\\_Budget\\_Snapshot.pptx](http://mubudget.missouri.edu/2011_MU_Budget_Snapshot.pptx))

## Purpose of the Study

For the present study, I set out to examine the perceptions of Missouri's legislators concerning the funding of higher education in the state and what factors might influence those perceptions. Since I approached the idea of higher education as a public good, I also wanted to explore if dedicated funding sources from state appropriations in Missouri have been established for other public goods (e.g., Medicaid, prisons, and P-12 education), but not for public higher education.

## Conceptual Framework

As mentioned previously, I believe that public higher education is a public good, meaning that it benefits more than just those individuals who receive it or results in unintended positive outcomes for a larger population than solely its consumers (Ehrenberg, 2006; Heller, 2001; Kezar, Chambers, & Burkhardt, 2005; Koshal & Koshal, 2000; Reindl & Brower, 2001). In support of my belief, I purport taking a broader view of the public good, describing it as anything that improves the lives of people and the society as a whole (Longanecker, 2005) or "provides social benefits to the public at large" (Koshal & Koshal, 2000, p. 82). In other words, while public higher education serves as a private good because it benefits those who partake of it, it also functions as a public good, in that its benefits "spill over" and have a positive impact on others, even if they are not personally attending the institution of higher education. These positive externalities for the benefit of all justify its funding, at least in part, through appropriations from the state legislature. In serving this view of the public good, higher education provides benefits to both those who partake of it and members of the larger community. This position is explored in more depth in Chapter 2.

Beyond simply looking at public higher education as a public good, I wanted to explore how public higher education is funded in the State of Missouri. In support of this aspect, I reviewed the literature on funding issues in higher education (Alexander, 2003; Garland, 2009; Hauptman, 2001; Institute for Higher Education Policy, 2001) and higher education funding specifically in the State of Missouri to help illuminate past trends and current behaviors and how those behaviors might reflect legislators' perceptions of higher education (Skinner, 2010; Tankersley-Bankhead, 2009).

### Research Questions

The following research questions guided the present study:

1. How do Missouri legislators view public higher education?
2. How do Missouri legislators perceive the importance of funding public higher education in relation to other departments that receive state appropriations (e.g., Department of Elementary and Secondary Education, Department of Transportation, Department of Public Safety, Department of Corrections)?
3. What process do Missouri legislators use to determine appropriations amounts for the various state departments?

### Design of the Study

I took a qualitative case study approach to the design of the study. Based on Merriam's (1998) suggestions, my approach was particularistic in that I focused only on the State of Missouri and heuristic in that I hoped to increase understanding about how legislators perceive the funding of higher education in the State of Missouri and how they make funding decisions.

### *Data Collection*

In terms of data collection, I wanted to practice triangulation with my sources of data (i.e., interviews, document review, and field notes) as recommended by Merriam (1998). I reviewed historical budget documents for the state to look for funding patterns. I conducted personal interviews with key Missouri legislators in a semi-structured format to get their insights on the appropriations process for the state and their perceptions about why different state agencies and areas are funded at different levels. I also collected field notes during the interviews. In addition, I used the quantitative study by Skinner (2010) involving the legislative budget process in Missouri to inform my study, but treated it as a literature source, not a data source.

### *Data Analysis*

As recommended by Merriam (1998), I began analyzing data as I collected it. I utilized the “constant comparative method of data analysis...developed by Glaser and Strauss” (p. 159). As I reviewed documents and conducted interviews, I compared each new datum to prior data to check for consistency, look for themes, and identify discrepant information. I maintained and organized data using Microsoft Word for notes and transcripts in tandem with Microsoft OneNote. OneNote allowed for archiving of recordings of interviews, portable data format (PDF) versions of documents I reviewed and Word documents I generated, as well as coding of data from participant transcripts. I also maintained a journal about my thoughts and rationales throughout the study to develop an audit trail and a record of my process (LeCompte & Preissle, as cited in Merriam, 1998).

### Assumptions of the Study

I designed this study based on the assumption that higher education is a public good, just like public health, public safety, public P-12 education, and other programs that inure to the benefit of all residents of the state, and thus deserves a fair share of the funding available for public goods from state appropriations. I also began the study with the assumption that higher education is not as important a funding priority to state legislators as other funding initiatives, and that higher education does not receive as much funding as it should.

### Limitations of the Study

This study is limited to the State of Missouri. While this may limit transferability, similar studies conducted by Perryman (1993) in Colorado and Dinnen (1995) in Indiana lend credence to the containment of a case study to a single state. The policies and procedures of any given state may not align exactly with what is done in another state. Studying the actions and inquiring about the perceptions of policymakers may give insight to higher education leaders, legislators, and education researchers about how and why decisions are made in the context of a particular state. These insights may provide better understanding of why policies were enacted or how procedures have been implemented and may lead to ideas for change or improvement in another state.

Additionally, the study is somewhat limited by the timeframe in which it was conducted. The study involved members of the 95<sup>th</sup> General Assembly for the State of Missouri; due to elections held in November 2010 and the convening of the 96<sup>th</sup> General Assembly in January 2011, access to some key participants may have been affected by personnel changes in the legislature due to election results. Interviewing both current and

former members of key legislative committees may have lessened the impact of this transition to some degree. However, the transition could possibly have had a negative impact on my study if it affected my ability to contact legislators leaving office.

The fact that I am an employee of a public higher education institution in the State of Missouri could also be a limitation. I believe my positionality assisted my study in many ways (e.g., more than a decade of experience working in higher education administration, familiarity with past state funding at my institution), but I recognize that this history could have lead to biases that could have influenced my interpretation of the data. In particular, my assumption that higher education is a public good may have influenced me as I reviewed participants' comments. My belief in the public good aspects of higher education may have colored my interpretation of their statements as I conducted my analysis of data. I hoped to counter this possibility by maintaining a journal throughout the study to chronicle my thought processes and actions. By engaging in active reflection throughout the process, I hope I was able to recognize, identify, and mitigate any biases I saw in myself.

#### Significance of the Study

This study builds upon the work of Skinner (2010) in trying to understand Missouri legislators' perceptions regarding the funding of public higher education in the state. Skinner surveyed members of Missouri's 94<sup>th</sup> and 95<sup>th</sup> General Assemblies about their perceptions regarding higher education funding, but did not do so through the lens of the public good. His findings provided information about general funding perceptions; my study seeks to focus on whether legislators see higher education as a public good, how they perceive its importance relative to other public goods, and how they allocate

appropriations among the various public goods funded by the state. By analyzing interviews with legislators about the funding procedures and priorities in the state in conjunction with document review of historical funding practices, the study should provide greater insight as to the importance that state legislators give to public higher education in Missouri. The study should serve to inform leaders in higher education in the State of Missouri about the thought processes and intentions of legislators in terms of funding priorities. Those interested in public higher education funding in other states can use this case study to learn about the case of Missouri, and possibly use it as a springboard for similar research in other states.

#### Definition of Key Terms

The following definitions are provided to give context as to how they are used in this study:

1. *Funding* refers to the variety of revenue sources available to institutions of higher education, including state appropriations; tuition and fees paid by students; gifts or donations received from individuals, corporations, or other institutions; and grants received from public or private institutions or foundations.

2. *Higher education* is considered to be any advanced education beyond a high school diploma. For the purposes of this study, this includes both 2- and 4-year degree-granting institutions. *Postsecondary education* is used synonymously with “higher education” in this study.

4. *Public*, in terms of higher education, refers to institutions that receive a portion of their funding through state appropriations.

5. *Equitable funding* refers to the need for all public goods funded by the State of Missouri to receive fair amounts of available state funds (as opposed to Hal Hovey's (1999) notion of a "balance wheel" – something funded after all other areas have received their appropriations).

6. A *public good* is anything that improves the lives of more than one person or society as a whole (Longanecker, 2005). A *private good* is something that improves the life of the individual, without a larger benefit to society.

7. The concept of the *social charter* refers to Kezar's (2004) statement that it "is generally defined as the reciprocal relationship between higher education and society" (p. 436); this view supports the idea that higher education is a public good.

8. *Funding for Results* is the name given to the performance-based funding model for both 2- and 4-year public institutions of higher education adopted by the State of Missouri in the early 1990s. Under this model, performance funding occurs at both the state and campus levels; these levels are also known as "tiers." The model was not implemented by legislation, but by the institutions in the state in recognition of the trend toward accountability funding. Stein and Fajen (1995) noted that the

resulting framework...had these central tenets: the portion of the higher education budget involved should not be greater than 5 percent; performance funding dollars should be built into the core budgets of institutions; and performance funding should reward improvement as well as the attainment of quality performance. (p. 80)

## Summary

This chapter has provided the background and purpose of the study. Chapter 2 will provide a review of related literature relevant to the present study, while Chapter 3 will outline the research design and methodology undertaken for the study. Chapter 4 will present an analysis of the data collected, and Chapter 5 will discuss findings, implications, and areas for future study.

## CHAPTER 2

### REVIEW OF RELATED LITERATURE

To begin my exploration of the perceptions of Missouri state legislators about funding for public higher education, I focused on literature surrounding the premise that higher education is a public good. This focus also led to an exploration of the concept of the social charter as it relates to public higher education, and a view that increased numbers of college graduates in a state positively impact the economic development of the whole state, not simply the salaries of the degree-holders.

In considering public higher education as it relates to other public goods receiving funding via state appropriations, I explored literature relating to other departments, agencies, and programs that might be in competition with public higher education for a state's limited resources. This led me to Hal Hovey's (1999) notion that public higher education is often used by state legislators as a "balance wheel" – something to be funded after all other areas have received their appropriations.

Finally, I examined literature relating to the funding of public higher education in general, and specifically in the State of Missouri. This review includes past funding history, recent trends and future implications, and a recent study about Missouri legislators' perceptions about public higher education funding in the state (Skinner, 2010).

## Higher Education as a Public Good

### *The Public Good*

In terms of economics, public goods are those “which simultaneously provide benefits to more than one individual...or...exhibit ‘non-rivalry’ in consumption” (Robson, 2007, p. 39; Paulsen, 2001). In other words, one person’s use of the good does not completely consume it or prevent others from using it as well. The view of a landmark, such as Mount Rushmore, is a common example of non-rivalry in consumption. If I view this attraction, it does not prevent someone else from seeing the same sight from the same location, and does not “use up” others’ ability to view it. Vedder (2004) notes that increasing “the population that enjoys a public good does not increase the ‘cost’ at the margin of maintaining it” (p. 129). Viewing higher education as a public good, therefore, means that it benefits more than just those individuals who receive it or results in unintended positive outcomes for a larger population than solely the consumers of public higher education (Ehrenberg, 2006; Heller, 2001; Kezar, Chambers, & Burkhardt, 2005; Koshal & Koshal, 2000; Reindl & Brower, 2001).

A broader view of the public good describes it as anything that improves the lives of people and the society as a whole (Longanecker, 2005) or “provides social benefits to the public at large” (Koshal & Koshal, 2000, p. 82). In serving this view of the public good, higher education provides both those who partake of it and members of the larger community with a variety of opportunities. For example, higher education provides opportunities for training, research, and economic development (Kezar et al., 2005), including traditional courses and extended and continuing education opportunities. While these are certainly private goods, in that they benefit those taking the courses and

learning from them, they also function as public goods. For example, research conducted by a faculty member may be a private good in that it helps the faculty member make progress toward tenure, and the faculty member may receive funding to conduct the research. However, if the research results in finding a cure for cancer, the research would serve as a public good in that cancer patients would benefit from the cure, and society as a whole could benefit from resulting decreases in healthcare costs if the need for chemotherapy and radiation were eliminated.

Community members attend athletic and cultural events (Ehrenberg, 2000; Rizzo, 2004) on college campuses and can be exposed to history, customs, and artistic, cultural, and scientific knowledge (Vedder, 2004). Campus facilities often host high school athletic events; plays, concerts, and other activities related to the arts are usually open to the public; and many campuses house museums or other facilities that provide access to these types of knowledge and information. Access to these types of activities also provides opportunities for increased involvement of parents in the educational experiences of their children (Malveaux, 2003), particularly since college campuses often host activities for P-12 students in their state or region, such as recitals and performances, academic competitions, and field days. The fact that campus facilities are available to the members of the larger community and not limited to use solely to those working or matriculating as members of the campus community help further the argument that other aspects of higher education also function as public goods.

Higher education provides opportunities for civic engagement and political involvement (Courant, McPherson, & Resch, 2006; Curriss, 2006; Malveaux, 2003; Paulsen, 2001; Rizzo, 2004) in that campuses often host activities such as political rallies

or debates that welcome all members of the community. Community members also benefit from enjoyment of “campus facilities (coffee shops, arboretum, gymnasias, etc.)” (Rizzo, 2004, p. 5).

Higher education also serves the public good in a variety of ways. There are larger benefits resulting from higher education, including increased “social and economic mobility” (Malveaux, 2003, p. 2) and “adaptability to change” (Paulsen, 2001, p. 99), as well as improved health for self and family (McMahon, 2009). Others speak of the positive effect of higher education on such things as “children’s schooling [and] children’s cognitive development” (McMahon, 2009, p. 18), volunteerism and charitable giving (Courant et al., 2006; Malveaux, 2003; McMahon, 2009; Paulsen, 2001; Rizzo, 2004), greater involvement in civic organizations and political processes (McMahon, 2009), and increased understanding of and regard for diversity (Paulsen & Toutkoushian, 2006). Increased utilization of higher education also results in reduced unemployment rates, crime rates, prison costs, and welfare and Medicaid utilization (Baum et al., 2010; Courant et al., 2006; McMahon, 2009; Paulsen, 2001); greater “happiness [and] longevity” (McMahon, 2009, p. 18); and even increases in property values and revenues at community businesses (Ehrenberg, 2000). All of the residents of a community or state benefit from these positive externalities, not simply those who have paid tuition and earned degrees from institutions of higher education. McMahon also places great emphasis on the notion that the positive externalities of higher education can benefit not only those of the current generation, whether or not they have attended institutions and earned degrees, but can benefit even “generations still unborn” (p. 194). For example, McMahon discusses the value of the contributions of John Bardeen, who invented the

transistor. This invention was the basis for modern electronics, and enabled the industry to produce items such as radios, calculators, and computers much more economically and at a fraction of the size. The individual education of John Bardeen led to his invention, yet generations have reaped countless benefits as a result.

In recent years, there has been a perceptual shift, particularly within state legislatures across the nation, that higher education functions more as a private good than a public good (Baer, 2005; Malveaux, 2003; Selingo, 2003; Weerts & Ronca, 2006). Weerts and Ronca state this may be due, in part, to the fact that over the last several decades funding for public programs has been transferred from the federal to the state level. Kezar et al. (2005) suggest the shift may be due to the “cumulative effects” of even “small and subtle choices” by those in power (p. xiii); may be an intentional desire to prevent higher education from influencing the larger population; or even that the shift may be unintentional, and a by-product of simply trying to manage all the changes that stem from declining state budgets.

Even if legislators view higher education as more of a private good than a public good, one might believe that the evidence of public benefits resulting from private goods would encourage public funding of higher education (Kezar, 2005; Malveaux, 2003). One view states that

high tuition values reflect the state’s position that the individual is the primary beneficiary of his or her education and so students and their families should bear more of the cost. Conversely, high state appropriations suggest a state’s position that higher education provides

social and economic benefits for states and localities so government should bear more of the cost. (Ruppert, as cited in Mumper, 2001b, p. 327)

Dissent also exists about conceptualizing higher education as a public good.

Tannock (2006) acknowledges the increase in wages for higher education graduates, but wonders if continued discussions of other elements of the public good are not simply for show on the part of universities. Some critics intimate that public good functions of higher education are limited to such things as serving as a means for employers to screen candidates (Vedder, 2004), while others believe higher education increases inequalities in the areas of “[s]tatus, power, voice, [and] opportunities” (Tannock, 2006, p. 50) between those who participate in higher education and those who do not. The view that higher education is a private good, benefiting only those who obtain it, has led some to question why those who participate do not fund it, and even to call for the elimination of any state funding (Vedder, 2004).

### *The Social Charter*

Along with the idea of higher education as a public good, there has long been the concept of a social charter (Kezar et al., 2005), compact (Baer, 2005; Garland, 2009), or covenant (Curris, 2006) involving higher education. Kezar (2004) advises that the social charter “is generally defined as the reciprocal relationship between higher education and society” (p. 436) and is “aligned with a communitarian philosophy in which the community takes precedence over the individual” (p. 435). Garland (2009) simplifies the concept, depicting it as an understanding between citizens and institutions – citizens would pay taxes to support the institutions, and, in return, institutions would keep tuition levels low enough to promote access by all citizens.

Rizzo (2006) discusses how public funding of higher education made it available to the masses, taking it from the hands of a wealthy few and making it more accessible to members of all socioeconomic classes. Baum et al. (2010) state the “benefits of investments in higher education are shared by individual students and the societies of which they are a part” (p. 10). Further, Solutions for Our Future (2010b) notes the value of “contributions of colleges and universities to our collective well-being” (§ 7). Paulsen and Toutkoushian (2006) speak to the “substantial public or external benefits [that] are created” (p. 97) by higher education, beyond the private benefits reaped by those who partake of it. They further note that “the perceptions of society regarding the value of the public or external benefits that accrue to them determine their willingness to pay for students’ investment in higher education” (p. 98). In other words, if higher education were solely a private good, and students received the only benefits, their private funding should be sufficient to sustain the private good (Paulsen & Toutkoushian, 2006). However, since higher education results in positive externalities, even for those who do not partake of it, funding of higher education solely by those who partake of it

will result in an underinvestment in higher education. Under these circumstances, public investment in higher education in the form of subsidies like state appropriations to institutions...is necessary and justified to promote a socially efficient level of investment in higher education. (Paulsen & Toutkoushian, 2006, p. 98)

Kezar et al. (2005) elucidate the idea of the social charter as the many ways higher education “develops society – through knowledge production, leadership development, a literate electorate, and cultural and economic development, to name a

few” (p. xiv). Kezar (2005) notes that the social charter fosters such ideas and activities as engaging in civic responsibilities, sponsoring of social programs, and creating equity, and that “the charter is the foundation of the missions and values of higher education institutions” (Kezar, 2004, p. 431). The amount of state funding appropriated to higher education has traditionally reflected the social charter; declines in state funding in recent years are viewed as an evolution (Chambers, 2005), erosion (Kezar et al., 2005), renegotiation (Kezar, 2005), or attenuation or elimination (Curriss, 2006) of the social charter.

Of course, funding for higher education is not the only barrier to access experienced by students seeking higher education. Other barriers which students may experience instead of or in conjunction with financial issues may include biases in such areas as ethnicity (Corrigan, 2004; Dowd, Cheslock, & Melguizo, 2008; Keene, 2008), gender (Corrigan, 2004), race (Corrigan, 2004; Dowd et al., 2008; Harper, Patton, & Wooden, 2009; Nichol, 2003; Sackett, Schmitt, Ellingson, & Kabin, 2001), social class (Corrigan, 2004; Keene, 2008; Nichol, 2003; Raines & McAdams, 2006), socioeconomic status (Corrigan, 2004; Dowd et al., 2008; Keene, 2008; Nichol, 2003; Raines & McAdams, 2006), and standardized test scores (Nichol, 2003; Sackett et al., 2001).

### *Economic Development*

Higher education benefits the state in terms of economic development. Some see a contribution to economic development as a performance indicator for higher education institutions (Serban, 1998). Others focus on the economic impact an institution of higher education has on the community where it is located, in the form of jobs provided to local citizens, construction projects for local contractors, and even the additional revenue

brought to area stores and restaurants by its students (Courant et al., 2006; Curriss, 2006; Ehrenberg, 2000; Kezar, 1999; Wellman, 1999).

Beyond effects on local communities of the physical placement of institutions of higher education are the overarching benefits that a “better-educated labor force” (Koshal & Koshal, 2000, p. 82) brings to the state as a whole. These benefits, according to Ehrenberg (2006), include “increased income for non-college graduates, increased state tax revenues, increased intergenerational mobility, and lower welfare costs” (p. 53). Rizzo (2004) and Groen and White (2003) point out that the private good aspect of higher salaries for college graduates affects economic development in a positive way by increasing the tax base. Weerts and Ronca (2006), Courant et al. (2006), and Reindl and Brower (2001) also highlight the importance of higher education as it relates to economic development. Higher education can provide specialized training and education in needed fields (Kezar, 1999; Malveaux, 2003), helping bring companies and industries to states – a benefit to residents of the state beyond simply those with higher education degrees (Ehrenberg, 2000). Rizzo (2004) cites a study which found “that the percentage of workers with college degrees strongly predicts future income growth rates in urban areas” (p. 10). He also discusses “spillover effects” from higher education graduates, noting studies have shown that areas populated by larger numbers of employees with college degrees also tend to have higher wages for those without college educations (Rizzo, 2004); Groen and White (2003) echo this concept.

Groen and White (2003) also state that college graduates “contribute to their local economies by starting their own new businesses [and] attracting other businesses to the area” (p. 2); they further note that college graduates are more likely to live in the state

where they attended college due to the relationships and other associations they form while attending school. This sentiment was also reflected by a Wisconsin senator (as cited in Glater, 2008), who expressed his belief that students raised in his state who attend state institutions are “more likely to stay here, more likely to build a company, [and] more likely to build value for our state” (p. A9).

Vedder (2004) again dissents, presenting the position that “*the more state governments support higher education, the lower the rate of economic growth in the state*” (p. xviii, emphasis in original). Ehrenberg (2007) posits that if Vedder’s position is true, it could be because individuals with college degrees are better able to relocate to areas with better-paying jobs.

#### Funding Issues in Public Higher Education

##### *State Involvement in Funding Public Higher Education*

Garland (2009) notes that while public higher education receives funding from a variety of sources (e.g., state appropriations, tuition, private donations, income related to research and grant awards, and revenue from auxiliaries), these funds are often controlled or dedicated for particular expenses (see also Institute for Higher Education Policy, 2001). For example, donors may endow scholarships, but may also set parameters that must be followed before the scholarship can be awarded; similarly, proceeds from the sale of bonds to construct facilities cannot be used to pay salaries.

Beyond these general funding limitations, institutions of public higher education often have even tighter funding constraints to consider. Whereas private institutions can set tuition levels at will, most public institutions have controls or regulations that limit how they access funds (Garland, 2009; Institute for Higher Education Policy, 2001).

According to Garland (2009), in addition to limitations on funding inherent with the amount of state appropriations received by institutions, the majority of institutions also have tuition rates “determined by an external authority, such as a governor, state legislature, statewide coordinating body, or systemwide governing board” (p. 18). In fact, less than 40% of states allow institutions relatively free reign in setting tuition, and in only 5 states do institutions have “sole authority...to set tuition rates” (Garland, 2009, p. 18). In many states, legislative control takes the form of limits on how much tuition can be raised (Garland, 2009). In the case of Missouri, an example of this type of legislative control can be seen in Missouri Senate Bill 389 (SB389). This legislation prohibits public colleges and universities from increasing tuition at a rate greater than the consumer price index; I will discuss this bill in more detail later.

Research has shown that tuition prices for institutions of public higher education have outpaced inflation (Alexander, 2003; Garland, 2009; Hauptman, 2001; Institute for Higher Education Policy, 2001; Solutions for Our Future, 2010a); Hauptman notes this trend has been occurring for more than 50 years. Garland describes the “basic financial premise” of funding for institutions of higher education as “government appropriations that enable universities to discount their charges to students (augmented in recent years by tuition controls to make sure they do)” (p. 190). Archibald and Feldman (2011) discuss the concept of state subsidies for public higher education, noting that most public higher education institutions receive appropriations from the state in one of two forms: “those covering operating expenses and those covering capital expenses” (p. 140). They go on to speak to the ongoing struggle colleges and universities face between trying to minimize costs while maximizing quality. In addition, Garland posits that this model

removes the impact of market influences (e.g., supply and demand) from pricing; he states that institutions' spending simply rises or falls to match the levels of their incomes. While recent declines in state funding have driven tuition levels up, state appropriations remain the main source of funds for many institutions of public higher education (Alexander, 2003; Hauptman, 2001).

Archibald and Feldman (2011) state that the historical funding model for higher education, with the state contributing part of the cost of public higher education through appropriations and student contributing part of the cost through tuition and fees, has been the model used since U.S. institutions were established in the 1700s. The authors report that the state share made up the majority of funding until the 1970s; in Missouri, this was the case through the 1980s (see Figures 1 and 2 in Chapter 1). They further describe a “roller-coaster” pattern of funding that most states have experienced over the last three decades; the way they describe it,

[s]tate support falls during and immediately after economic recessions and then begins to rise later in the economic expansion as the state's coffers begin to fill up again. Yet the surge in funding that takes place in the good times always falls short of the prior peak level of state effort, and the result is a downward ratchet of state relevance. This pattern is not evidence of malice, or even of intent. It reflects instead the combination of four forces: (1) periodic declines in state revenues; (2) legitimate demands on state revenues for purposes other than supporting higher education; (3) a requirement to balance the state budget; and (4) the fact that increases in college tuition have become politically more palatable than increases in taxes. (Archibald & Feldman, 2011, p. 236)

In an effort to try to remedy what they see as a perpetually broken system, Archibald and Feldman (2011) “suggest a radical change in the way states finance higher education” (p. 235). They call their proposal the “New Compact,” and posit two main concepts as part of it. The first concept they suggest is that institutions of higher education need more autonomy and fiscal freedom. They propose that public colleges and universities need to be “much more self-sustaining...independent of the state’s boom-and-bust budget cycle” and that one key to this would be to “own the tuition revenue they [generate]” and have “the tuition decision...firmly in the hands of the schools and their governing boards” (p. 238). They call their second suggestion “even more daring” and suggest “the state should get out of the business of writing appropriations directly to its public colleges and universities” and should consider as an alternative “develop[ing] a program of direct subsidies to students” (Archibald & Feldman, 2011, p. 239).

Archibald and Feldman (2011) argue that this model would make the state and its public institutions of higher education partners. They believe this would remove some of the politics from the education equation, free institutions to be able to engage in more long-range planning, and make them more self-sustaining. The authors still recommend accountability measures for colleges and universities, but suggest that these could become part of the state audit process. Archibald and Feldman suggest another change might be the ability of institutions to save for the future, rather than feeling they have to spend every dollar budgeted or risk a smaller appropriation in the future. They also note that while “tuition payments remain part of the state’s revenue, the state can control tuition levels for political reasons. Tuition should be viewed as a price, and it is not usually a good idea to set prices politically” (p. 242). Their description of state control of

tuition in Virginia, and attendant “freezes and reductions” (p. 242) also have implications with regard to state legislation, such as provisions of Missouri’s SB389, which will be discussed in more detail later.

### *In-State Versus Out-Of-State Tuition*

Given that public institutions of higher education may not have total control over setting tuition rates for residents (Garland, 2009; Institute for Higher Education Policy, 2001), many attempt to fill gaps between state appropriations and in-state tuition by increasing the tuition rates charged to non-residents (Groen & White, 2003; Walters, 2006). Out-of-state tuition levels are consistently higher than in-state tuition rates (Archibald & Feldman, 2011; Fethke, 2006; Glater, 2008; Gloeckler, 2009; Groen & White, 2003; Rizzo & Ehrenberg, 2003; Walters, 2006); depending on the study consulted, the difference in these tuition rates can range anywhere from “50 percent more” (Glater, 2008, p. A9) to “more than three times as much” (Gloeckler, 2009, p. 13).

Fethke (2006) posits two rationales for this strategy. One is that non-resident students should pay higher tuition levels because they have not been contributing to state tax revenues, and the other is that tuition incentives should be offered to resident students in hopes that they will remain in the state of residence after graduation, thus contributing to the economic development of the state (Fethke, 2006).

While out-of-state tuition undoubtedly affects revenues at institutions of public higher education, Rizzo and Ehrenberg (2003) believe this is not the only benefit. They report that

the major insight we draw is that these public institutions do not appear to use nonresident enrollments to supplement or replace revenues (as is the *a priori*

belief of many observers); rather, it appears that they enroll nonresidents to improve institutional quality, or to serve other interests. (Rizzo & Ehrenberg, 2003, p. 39)

Gloeckler (2009) and Walters (2006) expressed the idea that nonresident students can benefit the overall educational experience at the college or university level by increasing diversity in addition to revenue.

### *State Appropriations and the “Balance Wheel”*

In general, public higher education has depended on state appropriations for its funding (Heller, 2001). There is generally considered to be a cost-share between states and public institutions of higher education; that is, the more money colleges and universities receive in the form of state appropriations, the less they have to charge in terms of tuition (Archibald & Feldman, 2011). For the past few years, or even decades, state appropriations for higher education have been declining (Baer, 2005; Curris, 2006; Kane, Orszag, & Gunter, 2003; Mumper, 2001b; Vedder, 2004).

Much research has been done about the relationship of state appropriations and the business cycle (Archibald & Feldman, 2011; Baer, 2005; Delaney & Doyle, 2007; Kane et al., 2003; Longanecker, 2006; Reindl & Brower, 2001; Selingo, 2003). Russell (2008) calls this relationship “the ‘boom and bust’ cycle of higher education funding” (p. 1). This cycle refers to the tendency of state legislatures to allocate greater appropriations to public higher education when the economy is strong, but to levy greater cuts to appropriations in tough economic times (Archibald & Feldman, 2011; Delaney & Doyle, 2007; Kane et al., 2003; Longanecker, 2006; Reindl & Brower, 2001; Rizzo, 2006); “[t]his dynamic was coined the ‘balance wheel effect’ by the late Hal Hovey” (Reindl &

Brower, 2001, pp. 4-5; Delaney & Doyle, 2007). The use of higher education appropriations as a balance wheel stems from the fact that in most cases higher education spending is a discretionary item in state budgets (Cheslock & Gianneschi, 2008; Ehrenberg, 2006; Longanecker, 2006; Reindl & Brower, 2001; Rizzo, 2006; Russell, 2008; Selingo, 2003). State policymakers know that unlike most other entities requiring state funds, public institutions of higher education have the ability to generate additional revenue by increasing tuition levels to make up for reductions in state funding (Alexander & Layzell, 2006; Cheslock & Gianneschi, 2008; Delaney & Doyle, 2007; Ehrenberg, 2006; Longanecker, 2006; Mumper, 2001b; Reindl & Brower, 2001; Rizzo, 2006; Russell, 2008; Selingo, 2003; Zumeta, 2001).

#### *Competition for Resources*

Other resources, many of which are not discretionary budget items, also compete for attention from state legislators (Ehrenberg, 2000; Mumper, 2001a). Legislators must allocate scarce resources among these various sources; dollars allocated in one area are, therefore, not available for other areas (Jacoby & Schneider, 2001). Kezar (2005) notes that “if policymakers and the public do not have a clear picture of why investment in higher education matters, including the social and public benefits, other public policy priorities may end up gaining more support than higher education” (p. 319).

Chief among higher education’s competitors for appropriations are Medicaid and other public health care costs, P-12 education, corrections systems and other public safety expenses, “state retirement systems” (Alexander & Layzell, 2006, p. 135), transportation systems, “parks and recreation” (Jacoby & Schneider, 2001, p. 548), and welfare funding (Alexander & Layzell, 2006; Archibald & Feldman, 2011; Baer, 2005; Cheslock &

Gianneschi, 2008; Delaney & Doyle, 2007; Ehrenberg, 2006; Garland, 2009; Hauptman, 2001; Higdon, 2003; Jacoby & Schneider, 2001; Kane et al., 2003; Longanecker, 2005, 2006; McMahan, 2009; Mumper, 2001b; Okunade, 2004; Reindl & Brower, 2001; Rizzo, 2006; Russell, 2008; Selingo, 2003; Vedder, 2004; Zumeta, 2001). Of particular interest is the “asymmetrical” (Ehrenberg, 2007, p. 4) nature of the relationship between some federal funding and state funding initiatives. As Ehrenberg (2007) explains,

[w]hen states spend more on Medicaid, they get more federal matching funds. In contrast, when states spend less on their public higher education systems and public higher education institutions respond by raising their tuition levels, the higher tuition levels increase the amount of Pell Grant funding that residents of the state are eligible for (Pell Grants are limited by the tuition levels students pay). Thus states get more federal funds if they increase Medicaid funding but less federal funds if they increase state funding (which allows public tuitions to be kept low). (p. 4)

As legislators develop state budgets, they must attempt to fund all of these and many other initiatives. Many of these items are seen as public goods, which benefit the majority of the state’s citizens. The pressures to provide adequate funding to these areas can trigger the use of discretionary higher education funding as a balance wheel for state budgets, as previously described.

Delaney and Doyle (2007) reviewed 9 years of data from the 1990s relating to state appropriations for public higher education and to state expenditures in a number of categories relating to public goods (e.g., “total, K-12, education, health and corrections,” p. 60). Their findings indicate that the balance wheel theory holds true in terms of public

higher education. As long as there are multiple funding needs that benefit individuals and groups that are in competition for state resources, competition for resources will exist, and funding gains in one area will lead to funding losses in another (Jacoby & Schneider, 2001). Rizzo (2006) supports this concept reporting that mandatory K-12 funding has had an impact on how states appropriate funds, but that “nearly one-third of the total spending increase has come at the expense of public higher education” (p. 29). Further, the use of higher education as a balance wheel will likely continue until more stable funding can be identified to help alleviate the cyclical nature of funding tied to the ups and downs of the economy. Cheslock and Gianneschi (2008) note that simply raising tuition to account for decreases in state appropriations to public higher education can only help to a certain point; eventually, increases in tuition will lead to decreases in enrollment, resulting in little to no increase in overall revenue. A longer-term solution or more stable funding source for higher education needs to be identified to help ease the competition for resources and the use of higher education as a balance wheel in difficult times.

#### Legislator Perceptions and Behaviors

Tankersley-Bankhead (2009) notes that during the early years of public higher education, politics did not play a large role. In the past few decades, however, institutions of public higher education have not been able to “distance themselves from the legislative process” (Tankersley-Bankhead, 2009, p. 1) to the degree they had in the past; Skinner (2010) also notes this trend, and Nicholson-Crotty and Meier (2003) also discuss the insulation of institutions from politics and effects on public policy.

Skinner (2010) states that “perceptions...significantly influence a person’s behavior toward another person, groups of persons, or organizations” (p. 6). McLendon

(2003) notes the inability of prior research on funding of public higher education to study political considerations, stating “any adequate explanation of governmental behavior (e.g., higher education policies adopted) surely must account for the distinct governmental context in which that behavior occurs” (p. 183). Given this premise, a review of legislator perceptions and how they influence behaviors related to state funding of public higher education will provide background for the present study.

In addition to perceptions, a variety of other factors can influence legislator behavior in funding public higher education (McLendon, 2003). These can include the condition of the economy in the state (Hossler, Lunch, Ramin, Westfall, & Irish, 1997; Layzell & Lyddon, 1990), party affiliation (Doyle, 2007; Layzell & Lyddon, 1990; McLendon, 2003; Tandberg, 2010), competition during elections (McLendon, 2003; Tandberg, 2010), political ideology (McLendon, 2003; Tandberg, 2010), legislative professionalism (McLendon, 2003; Tandberg, 2010), institutional accountability (Layzell & Lyddon, 1990; McLendon & Hearn, 2003; Mehta, 2008), and term limits (McLendon, Hearn, & Mokher, 2009; Tandberg, 2010), among others (e.g., competition for resources, as discussed previously).

Tandberg (2010) supports the view that perceptions influence behavior, stating that “various attributes of both the [political] actors themselves, as well as the political, economic, demographic, and higher education environment they find themselves in, shape the level of support they are willing to give higher education” (p. 419). Skinner (2010) studied the effect of legislator perceptions as related to their behavior in funding public higher education in the State of Missouri; his findings are discussed in more detail below.

## The Case of Missouri

### *Legislator Perceptions*

Skinner (2010) used survey research to explore the perceptions of legislators in the State of Missouri toward public higher education, highlighting the need to study legislator perceptions because of the “connection between Missouri State (sic.) appropriations and higher education funding levels and tuition” (p. 5). Studies conducted in other states informed Skinner’s study (Dinnen, 1995; Perryman, 1993; Skinner, 2010). Perryman’s study surveyed legislators about their perceptions of higher education in Colorado. In 1995, Dinnen modified Perryman’s survey and conducted a similar study with legislators in Indiana. Skinner’s 2010 survey of Missouri legislators was modeled on these previous two studies.

Due to the fact that Skinner (2010), Dinnen (1995), and Perryman (1993) conducted studies in different states (Missouri, Indiana, and Colorado, respectively), we would not expect their results to be completely transferable. A review of similarities and differences in the findings, however, may help us understand elements of the bigger picture regarding legislator perceptions regarding higher education funding. For example, Perryman’s (1993) study found no significant differences in legislator perceptions based on age, gender, or length of service; Skinner’s (2010) results indicated that women, younger legislators, and those with less than 4 or more than 12 years of service tended to be more supportive of state funding for public higher education. Perceptions based on educational level were mixed in Skinner’s (2010) study, while Perryman (1993) and Dinnen (1995) reported no significant differences on this variable.

Interestingly, in answering prompts based on specific variables related to different funding scenarios, legislators in Missouri (Skinner, 2010) and Indiana (Dinnen, 1995) responded similarly. Legislators in both states either strongly agreed (Skinner, 2010) or agreed more than disagreed (Dinnen, 1995) that state appropriations should account for a larger percentage of higher education funding than should tuition. In both studies, legislators agreed more than disagreed that more funding should be allocated to institutions of higher education who worked to improve relationships with and the transition from P-12 schools, that tuition should be linked to the condition of the general or state economy, and that students in high-cost programs should pay a larger share of tuition than students in low-cost programs (Dinnen, 1995; Skinner, 2010). Legislators in both states also strongly disagreed (Skinner, 2010) or disagreed more than agreed (Dinnen, 1995) that funding should be tied to the graduation rates of traditionally underrepresented students.

Skinner (2010) focused on “principal-agent, social capital, and educational environment theories” (p. 2) as the theoretical framework for his study. He used funding variables from the Perryman (1993) and Dinnen (1995) studies to try to assess legislator perceptions about the funding of public higher education. While many of the variables looked at funding aspects that are not the focus of this study (e.g., tying student funding to financial aid, institutional mission, cooperation with P-12 schools, enrollment, graduation rates, underserved student populations), several of the variables are closely tied to the idea of higher education as a public good and the need for a dedicated funding source for public higher education in the State of Missouri (Skinner, 2010).

The findings from Skinner's study (2010) that were of primary interest with regard to the present study included those seeking information concerning legislator perceptions regarding proportions of funding to institutions of higher education coming from state appropriations rather than tuition and fees; student share of the cost of public higher education; funding proportions for public goods receiving state appropriations; funding for P-12 education versus higher education; and perceptions regarding funding as related to the accountability of institutions of higher education. Reviewing the findings from his study helped me think about what sorts of questions to ask Missouri legislators.

With regard to the findings from the study, Skinner (2010) noted that legislators in Missouri "tended to agree more than disagree that the needs of Missouri infrastructure, elderly, healthcare, and prisons should receive funding priority over public higher education" (p. 204) and "tended to strongly agree that the needs of Missouri's PK-12 educational system should receive funding priority over public higher education" (p. 205). These beliefs regarding competition for resources on the part of legislators may have informed and influenced their funding decisions. Additionally, Skinner found that legislators in the State of Missouri "tended to agree more than disagree that increases in tuition are closely related to poor management of higher education costs, and not changes in state appropriations" (p. 203) and "tended to disagree more than agree that increases in tuition are closely related to decreases in state appropriations and not the actions of higher education administrators" (p. 202). These perceptions regarding accountability may have also had an impact on their funding decisions regarding public higher education in recent years. Interestingly, Skinner also found that Missouri legislators "tended to strongly agree that state appropriations to public higher education should

exceed the level of financial support to colleges and universities provided by student tuition and fees” (p. 204); this was interesting to me since funding behaviors of the legislators in Missouri have *not* aligned with this reported perception (see Figures 1 and 2 in Chapter 1).

Based on these findings, it seems that Missouri’s legislators believe that state appropriations for public higher education should outpace revenue from tuition and fees, which would indicate a belief that public higher education is a public good deserving of public funds. However, the findings regarding funding of other goods seem to indicate that public higher education might be low on the list of public goods to be funded, a trend noted nationally by Hossler et al. (1997). Finally, the view of Missouri legislators that increases in tuition stem more from poor decision-making on the part of administrators in public institutions of higher education rather than from decreases in appropriations warrants further study, especially in light of the ideas of Hovey’s (1999) balance wheel and the notion of competition for resources as discussed above.

### *Past Funding*

Since the 1990s, public higher education institutions in Missouri have operated under a two-tiered, performance-based funding system (Schmidt, 2002b; Serban, 1998; Stein, 1997; Stein & Fajen, 1995; Zumeta, 2001). Both 2- and 4-year decentralized institutions adopted this approach without state mandate (Burke & Modarresi, 2001; Schmidt, 2002b; Serban, 1998; Stein, 1997; Zumeta, 2001). Basically, this Funding for Results (FFR) program makes available additional funding, beyond the state appropriation for each campus, based on “the assessment of graduates and the

performance of graduates on particular assessments” (Stein, 1997, p.12) in both the 2- and 4-year educational sectors. In particular,

two-year institutions receive FFR funds for degree and certificate productivity, transfers to four-year institutions, and successful job placement of graduates, while four-year institutions receive additional FFR funds for quality of prospective teachers, quality of new graduate students, and graduation rates. (Stein, 1997, p.12)

Stein and Fajen (1995) advise that this “unique approach involves two tiers of activity that implement performance funding principles at both state and campus levels” (p. 78). While the first tier emphasizes funding at the state level to individual campuses based on the performance measures described above, the second tier involves funding at the institution level for projects developed by faculty and students “under a grantlike funding arrangement” (Zumeta, 2001, p. 175) on individual campuses across “a broad range of activities, including improving student performance, increasing retention, enhancing the campus culture, stimulating critical and creative thinking, and implementing principles of good teaching practices” (Stein, 1997, p. 12).

While the FFR program aims to increase productivity and accountability on Missouri’s campuses (Stein, 1997) and awards are intended to become part of the base budgets of institutions (Schmidt, 2002b; Stein & Fajen, 1995; Zumeta, 2001), the state legislature still controls these funds. In tight budget times, there is no guarantee that FFR funds will be released even if performance goals are met, and these funds are not protected from budget reductions or withholdings (Schmidt, 2002b).

### *Senate Bill 389*

SB389 became law on May 23, 2007, and it became effective on August 28, 2007. Section 173.1000 of the bill is “known...as the ‘Higher Education Student Funding Act.’” Provisions of section 173.1000 of SB389 provide that from academic year 2008-2009, all public institutions’ tuition levels will only be allowed to increase by the amount of the consumer price index. Institutions that increase tuition at a level exceeding this maximum legislated increase will be required to return 5% of their state appropriations to the state (General Assembly of the State of Missouri, n.d.).

### *Recent and Future Funding*

State legislators in Missouri have indeed used state appropriations for public higher education as a balance wheel (Hovey, 1999) in developing budgets. However, Missouri’s public institutions of higher education still have not recovered previous levels of appropriations after weathering budget cuts and withholdings within the past decade (Missouri Department of Higher Education, n.d.). The Missouri legislature recently asked “all state agencies, organizations, and departments...to prepare impact statements” for potential cuts of 15 percent, 20 percent, and 25 percent in the next fiscal year (Southeast Missouri State University, 2008, ¶ 2). Missouri’s governor, Jeremiah “Jay” Nixon, announced in 2009 a plan for an agreement with Missouri’s public institutions of higher education whereby “in fiscal year 2010, the institutions will receive the same state appropriation they received in fiscal year 2009. In return, the institutions have pledged not to raise tuition or academic fees during the 2009-2010 school year” (Office of Missouri Governor Jay Nixon, 2009, ¶ 2). This plan was approved by the Missouri

legislature for fiscal year 2010 and continued for fiscal year 2011 (University of Missouri Office of Government Relations, 2010).

Governor Nixon also recently asked that the Missouri legislature and administrators in the state's public institutions of higher education review the current funding formula for higher education, stating that Missouri's "institutions [of higher education] need a multi-year, sustainable funding model that strikes the right balance among state budget appropriations, tuition, and cost reductions" and noting that such a revision would "make [the] budgeting process less crisis-driven and...funding levels more predictable" (Nixon, 2010). While the Governor's 2011 State of the State address indicated that the agreement to limit cuts to higher education or keep higher education appropriations flat in exchange for no increases in tuition has not been extended for fiscal year 2012, Governor Nixon has indicated that access to and affordability of public higher education in Missouri remain priorities for him (Office of Missouri Governor Jay Nixon, 2011, ¶ 187-200).

A dedicated funding source for public higher education would alleviate some of the year-to-year uncertainty regarding appropriations (Delaney & Doyle, 2007), but efforts to date have not been successful. In 1992, Missouri's voters soundly defeated a proposition to dedicate a portion of state taxes to public higher education (Schmidt, 2002a). Additionally, while a portion of the proceeds from Missouri's lottery is directed to higher education, the amount is not sufficient to free public colleges and universities from the balance wheel and state appropriations. Indeed, "on average, lottery funds cover 8 to 9 percent of total state funding to most four-year public institutions and 5 percent of total state funding to community colleges" (Russell, 2008, p. 4) in Missouri. It is the hope

that in seeking to ask Missouri legislators about the funding of public higher education, the study will shed some light on their perceptions regarding the need for a dedicated funding source.

### Summary

This chapter has outlined literature supporting the view of public higher education as a public good, something that benefits all citizens in the state, not simply those who partake of it. Chapter 3 will outline the research design and methodology for the current study.

## CHAPTER 3

### RESEARCH DESIGN AND METHODOLOGY

#### Purpose of the Study

The purpose of this study was to examine perceptions of state legislators regarding funding of public higher education in the State of Missouri. To this end, I sought to determine how Missouri legislators perceive the purpose of higher education and the role the state government should play in funding this initiative.

#### Research Design

I am a faculty member at a public 4-year university in the State of Missouri. Having worked at this institution for more than a decade, I have been witness to fluctuations in state appropriations, and the effect that these fluctuations can have on the institution's ability to provide a quality education to its students. I experienced the impact of the "financial emergency" in 2002, and have been affected by the economic downturn and shortage of state revenue that have impacted fiscal years 2010 and 2011, and that will likely impact at least fiscal year 2012.

As such, I had a deep personal interest in learning more about the funding of public higher education in general, and about the funding of public higher education in the State of Missouri in particular. My desire "to gain an in-depth understanding of the situation and meaning for those involved" (Merriam, 1998, p. 19) led me to conduct an instrumental case study focusing on the issue of higher education funding using the specific case of the State of Missouri (Creswell, 2007; Stake, 1995). My desire to learn more about the perceptions and processes involved in funding public higher education in

Missouri led to an in-depth look at this particular instance, providing “*rich, thick description*” (Creswell, 2003, p. 196, emphasis in original) of the case being studied.

### Participants

The decision to pursue a case study design made the selection of a purposeful sample (Merriam, 1998) the best choice for this study. Merriam noted that “[p]urposeful sampling is based on the assumption that the investigator wants to discover, understand, and gain insight and therefore must select a sample from which the most can be learned” (p. 61). For the present study, I wanted to learn more about how Missouri legislators view public higher education, their perceptions and beliefs about the importance of public higher education funding, and how Missouri legislators make funding determinations among the variety of public goods to be funded through state appropriations.

To this end, I selected key current and past legislative committee members to interview. The committees most central to the current study include the Missouri Senate Appropriations Committee, the Missouri Senate Education Committee, the Missouri House of Representatives Appropriations Committee (Education), the Missouri House of Representatives Budget Committee, the Missouri House of Representatives Higher Education Committee, and the Joint Committee on Education (Missouri House of Representatives, 2010; Missouri Senate, Standing Committees, n.d.; Missouri Senate, Statutory Committees, n.d.).

### Data Sources and Data Collection Procedures

Merriam (1998) posited there are three main types of data collection in qualitative research: interviews, observations, and document analysis; Creswell (2003) echoed these types, but added a fourth category called “*audio and visual material*” (p. 188, emphasis

in original). In considering these sources of data, I determined that analysis of documents and interviewing members of my purposeful sample would likely yield the richest data for my study. The rationale for the use of these data sources and their contributions to the study are explained in more detail in the following paragraphs.

#### *Data Collection from Documents*

Because my study focuses on the funding of public higher education in the State of Missouri, I wanted to look at historical state budget documents. My purpose in analyzing these documents was twofold; first, I wanted to get a sense of funding trends in the state (e.g., total funds available from year to year, total funds appropriated for higher education from year to year). Second, I wanted to see if I could get a sense of historical funding priorities, particularly for public goods (e.g., parks, prisons, public P-12 education).

I utilized the online resources available through the Missouri Office of Administration to obtain the historical budget documents. I was able to obtain PDF versions of Missouri budget information from fiscal year 2003 through fiscal year 2010; I believed that reviewing nearly a decade's worth of information should give me enough data to observe the trends described above.

Document analysis allowed me to review the past funding history of various initiatives funded by the State of Missouri, including such areas as conservation, elementary and secondary education, health and senior services, transportation, natural resources, public safety, and corrections, among others (Missouri Office of Administration, 2009). I compiled the data for each initiative that received state appropriations, calculated the percent of the total appropriations each initiative received

each year, and determined from year to year if the percent of appropriations received increased or decreased.

Anecdotal information from personal communications and my personal experiences regarding Southeast Missouri State University helped me determine what elements of public higher education funding to explore further from data in historical budget documents. These data informed the development of Figure 3.

#### *Data Collection from Interviews*

After identifying the sample of potential participants, I determined that I would extend interview invitations to all members of the identified committees from the 95<sup>th</sup> General Assembly. Given that some of the identified legislators serve on more than one committee, I reviewed the committee member lists posted on the Web sites for the Missouri Senate and the Missouri House of Representatives as of July 7, 2010. After removing duplicate names, 63 legislators remained (47 representatives and 16 senators).

In terms of the anticipated number of participants, my goal will be to meet Seidman's (2006) "criteria of sufficiency and saturation" (p. 55) and Weiss' (1994) concept of "diminishing returns" (p. 21). Seidman describes sufficiency as enough participants giving their perspectives that someone who is not a participant would get a sense of the perceptions and experiences of those interviewed. In terms of saturation, Seidman (2006) describes this as "a point in a study at which the interviewer begins to hear the same information reported" (p. 55). Weiss (1994) describes the idea of diminishing returns as the point at which no new information is elicited from respondents, or "when what you do learn that is new adds too little to what you already know to justify the time and cost of the interviewing" (p. 21).

Seidman (2006) notes that these concepts are difficult to quantify and will differ from study to study; he cautions against trying to set a certain number of interviews to obtain. However, to try to quantify the number of planned participants, I hoped for at least a 30% response rate. Given the 63 potential interviewees as of July 7, 2010, this would translate to interviews with approximately 19 of these legislators. I knew that if more interviewees consented to participate in the study, my data from interviews would simply be that much richer until I reached saturation.

I contacted the key members of these committees, working closely with their administrative staff members, to set up 30-60 minute face-to-face interviews with them. Per the suggestions of Weiss (1994), during the initial contact, I provided information about myself, the purpose of my study, and why the potential participant was contacted; I also advised that more detailed information would be provided to them.

Before initiating contact with any potential participants, I obtained lists of members of the identified committees from the Web pages for the Missouri Senate and the Missouri House of Representatives. I then compiled from these Web pages a database of members' office addresses; home or district addresses, if provided; e-mail addresses, if provided, or a note that e-mail would have to be sent through a Web form; and office phone numbers. I also noted in my database the committee(s) of which each legislator was a member.

I determined that my first contact with potential participants would be a letter of invitation (Appendix A) sent to all addresses provided through the Web pages for the Missouri Senate and the Missouri House of Representatives (e.g., legislative office,

district office, home address). The invitation letters included my contact information in case participants chose to initiate a response to my request.

If participants did not contact me to schedule interviews after receipt of the invitation letters, I followed up with phone calls to their legislative offices. If I could not speak with the legislator directly, I asked to speak with the legislative staffer in charge of scheduling. I advised I was following up on the letter that had been sent previously, and attempted to schedule an interview.

If both the invitation letter and follow up call proved unsuccessful, I then attempted to schedule an interview via e-mail. If an e-mail address was provided on the members' Web sites, I used it to make contact. If a legislator's contact page did not list an e-mail address, but provided an e-mail Web form, I utilized that, instead. In addition to the letters, phone calls, and e-mail contact, I also attempted to schedule interviews in person at participants' legislative offices any time I was in Jefferson City to conduct other interviews.

Upon successful scheduling and receipt of a signed informed consent letter, I conducted these interviews either in person or by using some form of teleconferencing (e.g., interactive television or an Internet teleconferencing program, such as Skype or Adobe Connect). I hoped to interview participants in person, and was prepared to travel to the State Capitol or to their offices in the districts they serve to accomplish this. As a last resort, I conducted telephone interviews when face-to-face interviews were not possible.

Before scheduling or conducting any interviews, I developed a "questioning route" (Krueger & Casey, 2000, p. 12; see Appendix B); this was a semi-structured list of

questions designed to focus the interviews and maintain consistency in my questioning of participants. I was also prepared, however, to follow up with prompts or change directions if information elicited from participants led the interviews in unplanned but relevant directions. My research questions and the related literature guided the majority of my interview questions. For example, the quantitative study conducted by Skinner (2010) regarding legislator perceptions of public higher education in the State of Missouri also helped inform the interview questions I developed for this study, particularly the potential probes. I was interested in Skinner's findings regarding legislator perceptions, and particularly in the findings from his survey questions that asked about the public good, competition for resources, and funding from tuition versus appropriations.

Whether conducted in person, via telephone, or via the Internet, I digitally recorded each interview with the participants' consent; I also took notes of participants' answers and collected my own field notes during each interview. As each interview was completed, I personally transcribed it verbatim as soon as possible, a practice recommended by Emerson, Fretz, and Shaw (1995) regarding field notes that I applied to my recorded interviews. While field notes were not a key component of my study, I took notes of my observations during each interview to add an additional data source for triangulation (Merriam, 1998) and to enhance the trustworthiness of my study.

### *Data Management*

In terms of physically managing the data collected, I utilized Microsoft's OneNote software. This program allowed me to create a virtual notebook and to store within that notebook the various data I collected as my study progressed. This included everything from Microsoft Word documents (e.g., my questioning route, my transcribed

notes) to audio and video files (e.g., the digital recordings of my interviews) to PDF versions of historical budget documents for the State of Missouri. Using this software also allowed me to create various sections and pages in the notebook to arrange my data by topic. This feature was particularly helpful in managing the “constant comparative method of data analysis” (Merriam, 1998, p. 159) described in more detail below and in organizing my thoughts as themes emerged from the data.

#### Data Analysis Procedures

As noted by Merriam (1998), qualitative research requires that data collection and analysis happen at the same time throughout the study, starting “with the first interview, the first observation, the first document read” (p. 151). In keeping with this idea, I employed the constant comparative method discussed above. As I collected each new datum, I analyzed it in terms of the data already assembled.

While I had some initial topics and themes in mind as I designed the study (primarily seen as headings in the literature review), I kept an open mind as I collected data. I also incorporated elements of triangulation (Merriam, 1998) in the study. By using data from interviews and documents, along with elements of observation as I conducted the interviews, I ensured I was not relying too heavily on any one source, and by constantly comparing data from various sources, I further explored any discrepancies. Of particular help in determining the coding of data and the evolution of themes was the use of a grid method for the transcription of interviews. After interviews were transcribed verbatim (as suggested by Merriam, 1998), I developed a grid listing each interview question followed by each participant’s response. This helped me easily see

commonalities and differences in responses, which helped me identify themes for the findings.

I practiced categorical aggregation (Creswell, 2007; Stake, 1995) in analyzing my data. In using constant comparison, I became aware of key words, phrases, and ideas as I transcribed and reviewed interview data, particularly through the use of the transcription grids. As I identified what I thought might be a key word, phrase, or idea, I searched the other interview transcripts for mention of the same or similar concepts. This idea of searching for patterns is also discussed by Creswell (2007) and Stake (1995). These patterns of key words, phrases, and ideas became the general categories or themes I used to analyze, aggregate, and discuss these concepts and the data from this study.

Referring to a case study conducted by Asmussen and Creswell in 1995, Creswell (2007) described the process by which they collected data, used categorical aggregation to “aggregate the data into about 20 categories...and collapse them into five themes” (p. 164). While I used the same general principles in my study, I reversed their process. I based my interviews with participants on a semi-structured questioning route (see Appendix B), informed by the theories and related literature for this study. Themes emerged from participants’ comments. Some themes were mentioned by a large majority of participants; others by just a few. Those relevant to the discussion are listed in Chapter 4, with some of the themes identified by me, and with some identified in vivo from the participants.

#### Trustworthiness

I used triangulation (Merriam, 1998) to compare data from different sources to ensure that no single source was used too heavily or trusted implicitly without

comparison to information from other sources. Member checking (Merriam, 1998) was also incorporated; interview participants were sent copies of interview transcripts and given the opportunity to correct or clarify any information contained in the transcripts before their use in the study. I also attempted to use “*rich, thick description*” (Creswell, 2003, p. 196, emphasis in original) in my narrative to help readers understand the perspectives of the participants in this case.

To further enhance the trustworthiness of the study, I maintained a journal of my thought processes, as well as my data collection and analysis using Microsoft OneNote, to establish an audit trail (Merriam, 1998) throughout the progress of the study. I outlined my own perspectives and potential biases at the beginning of the study. By identifying these elements, I remained cognizant of them throughout my study. By keeping a journal of my thought processes and reviewing it as the study progressed, I reflected on whether or not I was letting my perspectives and potential biases interfere with the study. I could refer to this information in determining why I made particular decisions or what information during data collection and analysis led me to take a particular direction or pursue a particular line of questioning during the study (LeCompte & Preissle, as cited in Merriam, 1998).

Additionally, I utilized member-checking (Merriam, 1998) to enhance the trustworthiness of my study. I offered all participants the opportunity to review a transcript of the completed interview to review it for correctness. I asked them to contact me to advise of any corrections that needed to be made, or to clarify anything they had said in the interview to assure that my understanding of their words and their intent was as accurate as possible.

Further, I asked trusted colleagues to review my study as it progressed. These included members of my doctoral program cohort and experienced faculty members who have received training in research methods, particularly qualitative research methods. In addition to the advice provided by my dissertation committee, I asked the former Associate to the President at Southeast Missouri State University to review my drafts in terms of content since my discussions with him led me to decide to conduct this study. I also asked the current Assistant to the President at Southeast Missouri State University to review my drafts in terms of currency since the former Associate to the President has retired and is no longer involved with legislative issues in higher education on a day-to-day basis. I asked the president of Caldwell College, a former colleague, trusted advisor, and professor of English to review my drafts in terms of form and technical issues, such as grammar and punctuation.

I asked three members of my doctoral cohort to review my drafts in terms of the design of my study and my results; I also asked them to review my research journal. Since we have all had experience with qualitative research through this program, I hoped they would be able to ask meaningful questions to make sure I had designed and conducted my study in accordance with the principles of qualitative research.

I relied on the questions and comments of these advisors to ensure that I had considered my data from multiple perspectives and had conducted my research in accordance with accepted qualitative research guidelines. By asking for peer perspectives, I hoped to ensure that the “*results* [described in my findings would be]...*consistent with the data collected*” (Merriam, 1998, p. 206, emphasis in original). By making these advisors aware of my positionality, perspectives, and possible biases, I

also trusted that they would take an objective look at my study and advise if they believed any of these issues might have affected my ability to see other themes that might have emerged.

## Ethical Considerations

### *Informed Consent*

I followed the policies of the Institutional Review Board (IRB) of the University of Missouri in conducting my interviews. In keeping with these policies, I prepared an informed consent letter (Appendix C) for all participants. In this letter, I advised participants of the expectations for their participation in the study (i.e., participate in a 30-60 minute personal interview, conducted in person, via telephone, or using the Internet), explained the risks involved with their participation, confirmed that participation in the study was completely voluntary and could be terminated at any time, and assured participants that their identities would be kept confidential. I also included my contact information, that of my dissertation supervisor, and that of the Compliance Office for the University of Missouri should participants have questions at any point during the study.

### *Identity Protection*

Since my participant pool was fairly small (i.e., current and past members of six legislative committees) and my topic could be viewed as politically sensitive, I chose not to reveal any participants by name. I wanted to assure participants of the protection of their identities for the study to encourage them to answer interview questions openly and honestly, without concern that a particular comment would be attributed to an identifiable

individual. To accomplish this, I incorporated pseudonyms for participants to protect identities.

### *Data Protection*

All data were kept in secure locations. Other than instances where data were shared with my dissertation supervisor to consult about the analysis, I was the only person who viewed the data. While I generated multiple electronic copies as backups, all copies were kept on password-protected machines and secure servers. To further ensure the protection of my data, I personally transcribed all interviews. In addition, any files that might have contained personally identifiable information about participants were password-protected, and my dissertation supervisor and I were the only people who knew the passwords for the individual files.

### Limitations of a Case Study Design

In choosing a case study design, I bounded my study with some immediate limitations. Case studies by their very nature seek to learn and understand more about a particular situation (Merriam, 1998). In this case, my findings might not be relevant to state funding of other initiatives within the State of Missouri, or to the funding of public higher education in other states. Those who review my study will decide for themselves if my findings will be relevant to their individual situations.

Additionally, with regard to any qualitative study, “the investigator is the primary instrument for gathering and analyzing data” (Merriam, 1998, p. 20). Since I conducted this study, it by definition focused on the items of interest to me and the questions I sought to answer. As Emerson et al. (1995) note, “no two persons participate in and

experience a setting in exactly the same way” (p. 63). As such, my perceptions and the aspects to which I paid attention colored my findings.

### Summary

This chapter outlined the research design used for the present study (including a discussion of case study design and its limitations) and discussed the participants in the study and how they were selected for inclusion. It further outlined other data sources, data collection and management procedures, and methods of data analysis used in the study. Finally, this chapter addressed the issues of trustworthiness and ethical considerations for the study. Chapter 4 will present the findings of the study.

## CHAPTER 4

### ANALYSIS OF DATA

Having laid the groundwork for my study in the previous three chapters, I reviewed documents related to higher education funding in the State of Missouri and conducted interviews with the participants identified in Chapter 3. To contextualize my findings, I first present a discussion of relevant policy information from my document review, further informed by comments from participants in the study. The policy context provides an understanding of the framework in which Missouri legislators operate – the Constitutional requirements and legislative channels involved in the budget and appropriations process in the state. I then follow with my analysis of the interviews

#### Policy Context

In addition to interviewing state legislators, I also reviewed the Missouri Constitution and documents relating to the budgeting and appropriations process. The description of the process is detailed below in order to provide a context for later analysis about higher education funding in the state. The historical budget documents pertained to fiscal years 2003 through 2010, and are discussed in more detail later in this section.

#### *Missouri Constitution*

Requirements in the State Constitution govern some of the processes related to budgeting and appropriations in the state. First, the Constitution prescribes the order in which the legislature must fund the state's business:

All appropriations of money by successive general assemblies shall be made in the following order: First: For payment of sinking fund and interest on

outstanding obligations of the state. Second: For the purpose of public education. Third: For the payment of the cost of assessing and collecting the revenue. Fourth: For the payment of the civil lists. Fifth: For the support of eleemosynary and other state institutions. Sixth: For public health and public welfare. Seventh: For all other state purposes. Eighth: For the expense of the general assembly. (Mo. Const., art. III, §36)

The Constitution does not specify where higher education falls within this list. I assume that higher education would fit best either in the fifth section or the seventh section. Specifically, it could fit in the fifth section with “other state institutions” because the University of Missouri system is established as a state system (Mo. Const., art. IX, §9(a), §9(b)). Otherwise, I assume it would simply be included with “all other state purposes” in the seventh section.

Several sections of the Constitution establish or discuss the handling of a variety of dedicated funds within the state. For example, proceeds from gaming (e.g., revenues from the lottery and casinos in Missouri) may only be used “for the public institutions of elementary, secondary and higher education” and are not to be considered part of the general revenue of the state (Mo. Const., art. III, §39(d)).

Additionally, while dedicated funding streams for higher education are not specified in the Constitution, sections of the Constitution do address the statewide network of highways and other transportation systems. The state motor vehicle fuel tax was established “solely for construction, reconstruction, maintenance, repair, policing, signing, lighting and cleaning roads and streets and for the payment of principal and interest on indebtedness on account of road and street purposes” (Mo. Const., art. IV,

§30(a)). Also, state revenue from such sources as licensing fees and taxes on motor vehicles and trailers are dedicated to “the purpose of constructing and maintaining an adequate system of connected state highways” (Mo. Const., art. IV, §30(b)). Both of these sections specify that funds from these sources cannot be included in the general revenue for the state. Further, Mo. Const., art. IV, §30(c) provides that as long as funds remain after the provisions of §30(a) and §30(b) have been met, they may be used

to plan, locate, relocate, establish, acquire, construct, maintain, control, and...operate, develop and fund public transportation facilities as part of any state transportation system or program such as but not limited to aviation, mass transportation, transportation of elderly and handicapped, railroads, ports, waterborne commerce and intermodal connections

at the discretion of the Department of Transportation. Mo. Const., art. IV, §30(d) further specifies that funds designated in the sections mentioned above cannot be diverted for any other purposes.

The Constitution establishes several of the departments in the executive branch of state government that oversee and administer public goods in the state. These include such areas as the Department of Economic Development (Mo. Const, art. IV, §36(a)), the Department of Social Services (Mo. Const, art. IV, §37), the Department of Mental Health (Mo. Const, art. IV, §37(a)), the Department of Public Safety (Mo. Const, art. IV, §48), the Department of Higher Education (Mo. Const, art. IV, §52), the Department of Agriculture (Mo. Const, art. IV, §35), the Department of Natural Resources (Mo. Const., art. IV, §47), and a conservation commission (Mo. Const., art. IV, §40(a)), which is known today as the Department of Conservation.

In general, these departments are all funded from the general revenue of the state. A reference is made in Mo. Const, art. IV, §35 that the “general assembly shall provide the department of agriculture with funds adequate for administration of its functions,” but no definition is given as to what “adequate” means, and there is no mention of any specific source of the funds. Additionally, unlike the other executive departments simply established by the Constitution, the Department of Natural Resources and the Department of Conservation receive special sales taxes – a tenth of a percent for natural resources (Mo. Const., art. IV, §47(a)) and an eighth of a percent for conservation (Mo. Const., art. IV, §43(a)). These mandated, dedicated funding streams cannot be used for other purposes and help keep these departments from feeling the effects of the business cycle as much as other departments, like higher education, whose funding comes solely from general revenue.

Article IX of Missouri’s Constitution is dedicated to all levels of public education in the state. Mo. Const., art. IX, §1(a) mandates that the general assembly provide free public schools for persons who have not reached majority and recognizes that a “general diffusion of knowledge and intelligence [is] essential to the preservation of the rights and liberties of the people.” Mo. Const., art. IX, §1(b) states that “[a]dult education may be provided from funds other than ordinary school revenues.” Mo. Const., art. IX, §3(a) requires that the funds set aside for elementary and secondary education must be disbursed each year, while Mo. Const., art. IX, §3(b) mandates that “in no case shall there be set apart less than twenty-five percent of the state revenue...to be applied annually to the support of the free public schools.” In terms of higher education, Mo. Const., art. IX, §9(a) establishes the Board of Curators for the University of Missouri system, and Mo.

Const., art. IX, §9(b) requires that the legislature provide for the University of Missouri and the state's other public institutions of higher education, but does not designate any funding sources or mandate any funding levels for such maintenance.

Finally, the Constitution outlines the Governor's powers, obligations, and responsibilities regarding the budget in Article IV. Per Mo. Const., art. IV, §24, the Governor is to provide his or her proposed budget to the General Assembly within 30 days of the beginning of each new session. Per my conversations with the legislators, the Governor generally presents the budget at the State of the State address each January to comply with this mandate. Additionally, Mo. Const., art. IV, §26 gives the Governor line-item veto power in the budget, except that the "governor shall not reduce any appropriation for free public schools, or for the payment of ...the public debt."

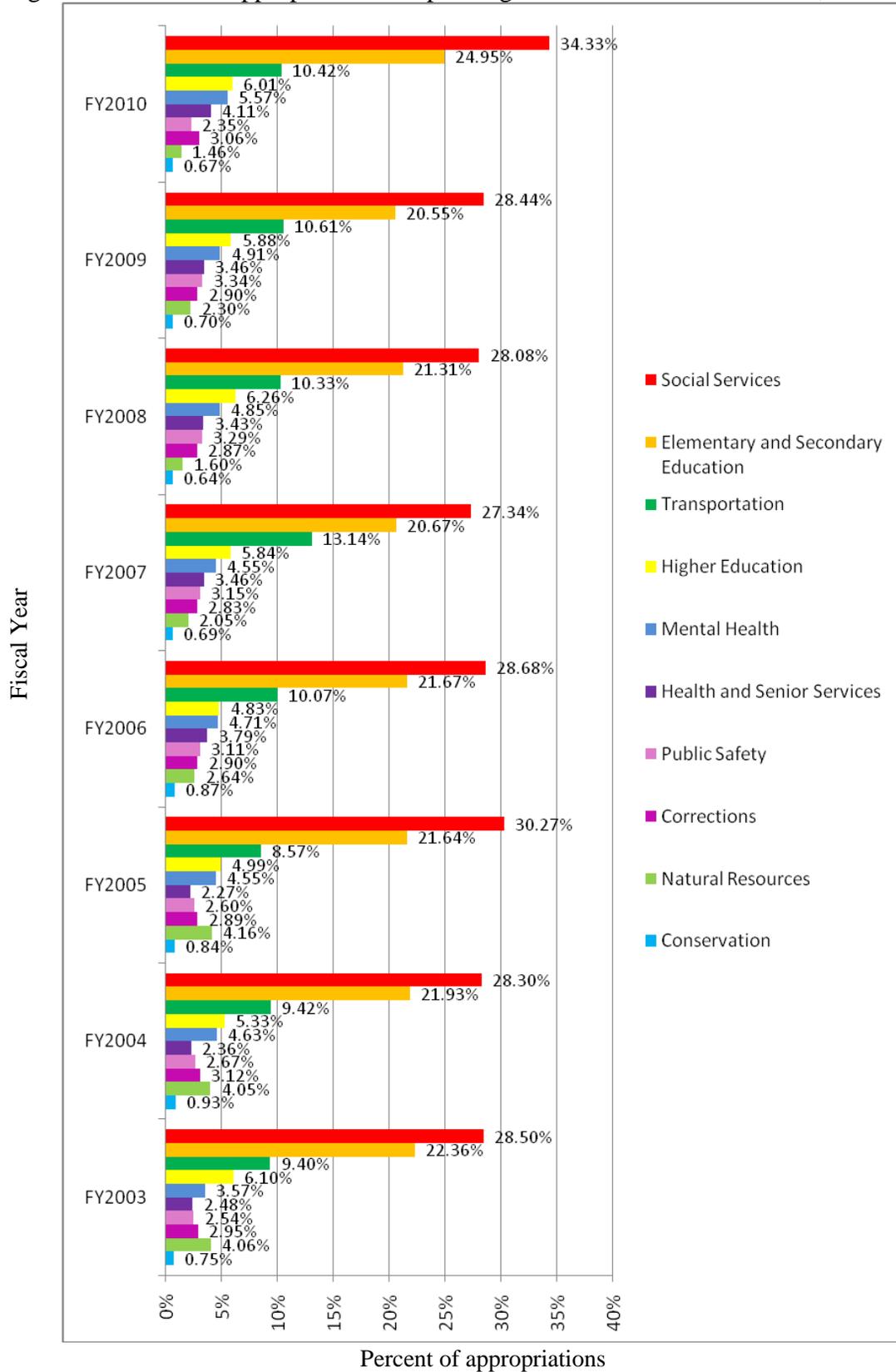
#### *Budgeting and Appropriations*

To get a sense of how budgeting and appropriations happen in Missouri, I spoke with legislators and asked them to explain the process and provide their perspectives about how this works in the state. I also examined the level of appropriations made for higher education and other departments in the state over the past several years by viewing documents available online through the website for Missouri's Office of Administration.

I reviewed documents from the administrations of governors Bob Holden (2001-2005), Matt Blunt (2005-2009), and Jay Nixon. While I reviewed such items as letters of transmittal of the governors' budgets, press packets, budget summaries, and house bills with appropriations details, the Appropriation Activity Reports for each fiscal year were of the most value. These reports summarized the final appropriations for each fiscal year after the budget had gone through the process and had been approved by the Governor.

I compiled the data from these reports into a spreadsheet to compare how the percent of appropriations as a portion of the total budget fluctuated between fiscal years 2003 through 2010. I then extracted the percentages for the departments in the state that represented higher education and other public goods and created the chart that appears in Figure 3 so that the historical appropriations during that period could be viewed in summary format.

Figure 3. Percent of appropriations for public goods in the State of Missouri, FY2003-10



The funding amounts represented in Figure 3 are general revenue amounts. My conversations with legislators revealed that general revenue is really the only portion of the state budget over which the legislature has any real control. While the state budget totals approximately \$23 billion, that total figure is comprised of three main components, general revenue, federal funds, and dedicated funds, each of which receives roughly one-third of the total budget for the state.

One participant stated that general revenue “comes from taxes of the taxpayers directly to the state coffers – it’s sales tax, income tax, capital gains tax, corporate tax, and use tax.” Normally, legislators would have approximately \$8 billion in general revenue available for appropriations; however, due to the economic downturn, only about \$6.4 billion has been available for each of the last 2 fiscal years.

In terms of the federal funding component, several participants referred to the federal “strings” or “tendrils” that come with the federal funds. One participant commented that to receive federal funds, there is often a minimum amount the state has to provide to “get that draw-down.” Others shared that the implications of matching federal funds and the potential loss of federal revenues is a consideration when trying to determine which state programs can be cut.

With regard to dedicated funds, many participants noted that constituents do not realize how limited these funds are. One person said, “a major portion of our budget is non-discretionary.” Shane referred to these as “other funds” and stated there are about 100 of them, but the 3 major ones are the state gas tax, which goes to transportation...the conservation tax, which is the eighth-cent sales tax, and it provides money for the conservation program and facilities around the state...

and...the gambling money – the casinos and the lottery – and that goes almost exclusively to education, most of it K-12 again, and some of it to higher ed.

In terms of the actual process for making appropriations and developing the state budget, participants' responses varied. Some responded with brevity; others provided summaries of the process; still others explained the process in fairly comprehensive detail. I provide a visual representation of the process in Figure 4.

To help explain what legislators receive from the Governor, Tom shared that pretty much every single budget item for the State of Missouri is represented as a line item in the budget, so literally just think of lots and lots and lots, just stacks, of three-ring binders that have all these things in there.

After the House of Representatives receives the budget, the appropriations committees in the House divide and review the budget. The full committee names are: (a) Appropriations – Agriculture and Natural Resources; (b) Appropriations – Education; (c) Appropriations – General Administration; (d) Appropriations – Health, Mental Health, and Social Services; (e) Appropriations – Public Safety and Corrections; and (f) Appropriations – Transportation and Economic Development (Missouri House of Representatives, 2010). As part of the review process, each appropriations committee hears testimony from the departments and reviews relevant documents, then makes recommendations as a body and forwards its revised version of its section of the budget to the full Budget Committee for the House of Representatives.

The full House Budget Committee follows a similar process; it reviews the sections of the budget received from the appropriations committees, reviews documents, and hears testimony if it chooses. It can also make changes to the budget at this point.

Once the Budget Committee has approved its version of the budget, it is forwarded to the floor of the House of Representatives for review, debate, amendment, and voting, the same as any other bill in the House.

The House-approved version of the budget is then forwarded to the Senate. The process in the Senate is similar to that in the House, except the Senate has a single appropriations committee, rather than the multiple committee structure in the House (Missouri Senate, 2010).

After the Senate has approved the budget, if its version differs from the version approved by the House, a conference committee is formed. One participant described the make-up of the committee as 5 members of the House of Representatives and 5 members of the Senate, with “3 members of the majority party of each, 2 members of the minority party.” Another participant said the purpose of the conference committee is to “hash out the differences” and come to a common budget agreeable to both sides. Once that happens, the revised budget is taken back to the floor of the House and voted on; if passed, it returns to the floor of the Senate for a vote.

Once both branches of the legislature have approved the budget, it is returned to the Governor for review and approval. One legislator shared that “unlike every other piece of legislation, the Governor has line-item veto authority in the budget.” He said, “generally, what ends up happening is anything that we have added from the initial recommendations we got at the beginning of the process from the Governor that the Governor doesn’t like, he can veto those out.”

Participants also described two tools that are part of the budget and appropriations process: the consensus revenue estimate and balancing amendments. Henry described

consensus revenue estimate as “the number that you balance to” and made the point that “it’s meaningless to say that you have a balanced budget if you don’t have a hard number against which you balance.” He advised that the chair of the Senate Appropriations Committee, the chair of the House Budget Committee, and the Governor determine the consensus review estimate. To make this determination, the three of them review past budget information and try to come up with a number they can “reasonably expect” in general revenue. He stated that the “number’s never going to be precisely correct, but it’s going to be very close, and...they can adjust it as the year goes along.” He called the consensus revenue estimate the “driver” and “the key to a balanced budget.”

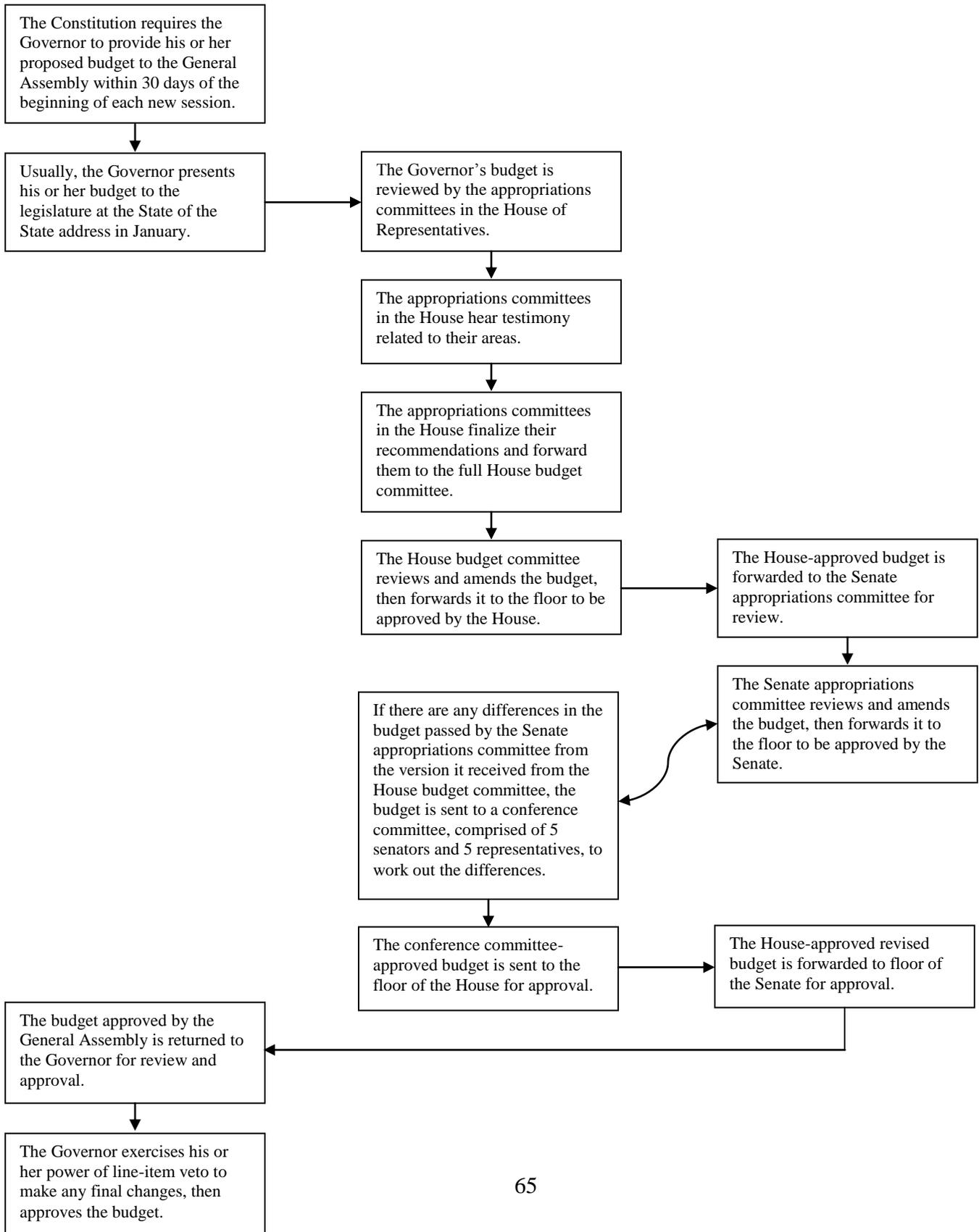
Other participants described the concept of balancing amendments. Within the appropriations committees in the House of Representatives, to keep the budget balanced, an increase cannot be made in one place without a decrease being made in another place to balance it out. One person commented that to stay within the Governor’s recommended budget, “if we put money in one program, we’ve got to take it out of something else.” In describing this process, Gail said, “it troubles me,” because she noted that the balancing amendments happen within the limits of each appropriations committee. She said,

What happens in the appropriations committee is that they are sort of isolated...you don’t step outside of your narrow view of the world. And perhaps, for example, in education, I feel as if there are more funds needed there and we could take them out of the appropriations for, for example, public safety and corrections. We can’t do that during the committee process in appropriations committees. So, we’re all sort of operating in our own silos.... I don’t think it

gives us the ability to compare the relative importance of programs through the appropriations process, and I don't think that necessarily cutting 10% out of education is the same as cutting 10% out of some other area of the budget. So I think right out of the gate, we're sort of operating with some false assumptions. She did note, however, that once the full budget has been compiled and taken to the floor of the House, at that point "amendments can be made that cross over from various appropriations committees."

This review of documents and discussion of the budgeting and appropriations process as it happens in Missouri helped provide the background for the later, more nuanced comments participants provided regarding higher education in Missouri. Before delving into the findings from the interviews with these participants in greater detail, I present information on the characteristics of the 95<sup>th</sup> General Assembly in Missouri, of those legislators invited to participate in my study, and of the legislators who chose to participant in my study.

Figure 4. The Appropriations Process in the State of Missouri.



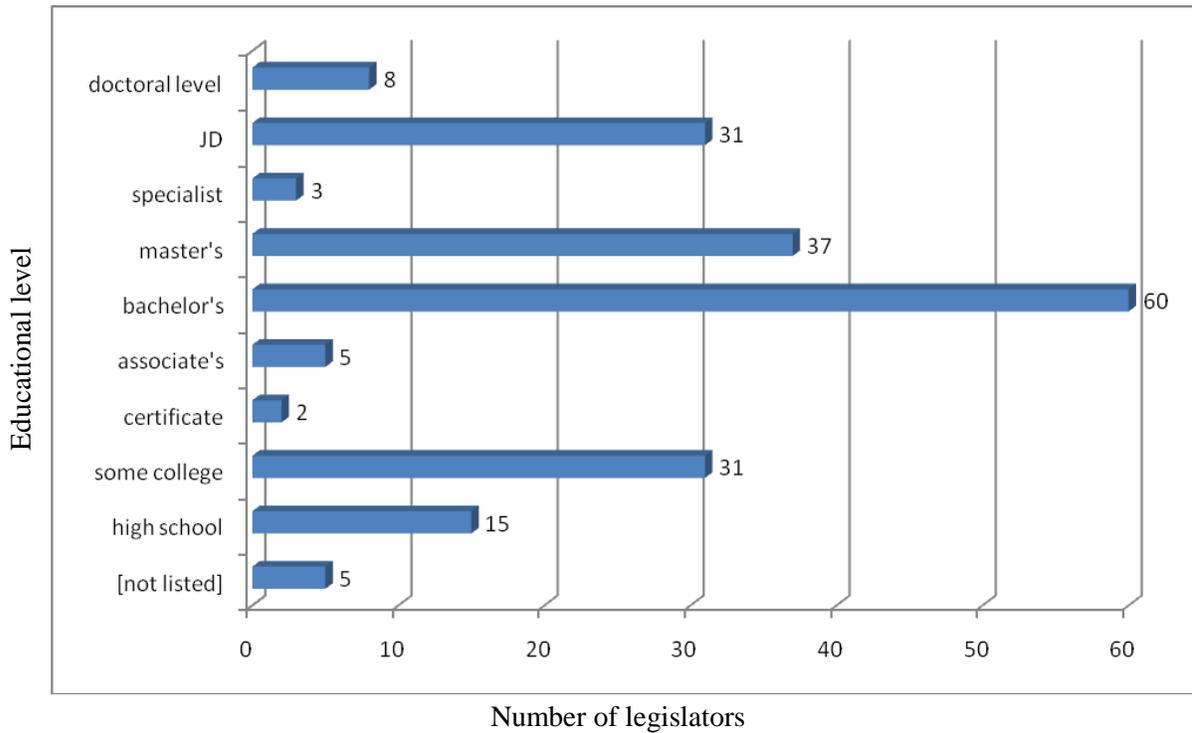
## Characteristics of Participants

McMillen (2010) tells the tale of a 2009 situation in Arizona where a leader in higher education alluded to the fact that legislators “were not educated enough to make decisions on higher education appropriations” (p. 62). In response to this situation McMillen conducted “an unscientific survey of legislative profiles on the Web” (p. 62) and determined that roughly half of federal legislators held some sort of college degree, and of those with degrees, “about 20 percent have law degrees” (p. 62). Following this model, I conducted a similar investigation into the educational backgrounds of the 197 members of the 95<sup>th</sup> General Assembly for the State of Missouri. I visited the official member biography page via the Missouri House of Representatives Web site (<http://www.house.mo.gov>) or the Missouri Senate Web site (<http://www.senate.mo.gov>) and made note of the highest level of education reported by the individual members of the 95<sup>th</sup> General Assembly. Unlike Arizona, many more Missouri legislators have a college degree (73%). See Figure 5 for more detail.

Legislative degree attainment is important to my study to forestall the notion that legislators may not support funding for public higher education because they, themselves, are not degree-holders. Conversations with my instructors and colleagues about higher education funding as I was formulating this topic and my initial dissertation plan led me to realize that some members of the academic community held the belief that the majority of our legislators had not earned college degrees, and thus may not have seen the need for stable or increased funding for higher education institutions. Curious about this idea, I initially gathered data similar to that in Figure 5 for the Missouri legislators in office in 2008, and found that a large percentage of Missouri’s legislators had indeed attended or

graduated from college. Upon reading McMillen’s (2010) work, I updated the data relative to the members of the 95<sup>th</sup> General Assembly and the present study in Figure 5.

Figure 5. Educational Attainment of Members of Missouri’s 95th General Assembly



Additionally, in looking at Missouri’s legislature as a whole, I gathered other demographic information from the member biography sites for the members of the 95<sup>th</sup> General Assembly. There were 197 members in the 95<sup>th</sup> General Assembly; 163 (82.74%) from the Missouri House of Representatives, and 34 (17.26%) from the Missouri Senate. Of these, 84 (42.64%) were members of the Democratic Party, and 113 (57.36%) were members of the Republican Party, and 153 (77.66%) were male, and 44 (22.34%) were female. Also the National Conference of State Legislatures (2010) noted that 89% Caucasian members, 9% African American members, 1% Latino members, and

0% of either Asian or Native American/Native Alaskan members comprise Missouri's legislature.

As discussed in Chapter 3, 63 legislators were identified as potential participants for the study. Of this group, 47 (74.60%) were members of the House of Representatives, and 16 (25.40%) were members of the Senate, with 28 (44.44%) Democrats and 35 (55.56%) Republicans. There were 47 (74.60%) males and 16 (25.40%) females in this initial pool. The initial group was comprised of 55 (87.30%) Caucasian members and 8 (12.70%) African American members. Additionally, in terms of level of education, in looking at the member biographies posted to the web sites for the Missouri House of Representatives or the Missouri Senate, one person (1.59%) did not list his educational level, 3 people (4.76%) reported having a high school diploma, 11 people (17.46%) indicated they had some college, one person (1.59%) indicated she held a certificate, no one reported holding an associate's degree, 21 participants (33.33%) had earned bachelor's degrees, 12 people (19.05%) reported received master's degrees, 3 people (4.76%) indicated that they held specialist's degrees, 7 people (11.11%) had juris doctor degrees, and 4 (6.35%) held some type of doctoral level degree.

The participants for my study were very representative of the entire 95<sup>th</sup> General Assembly. The percentages of participants on every demographic element were roughly similar. In the entire General Assembly, the composition was 42.64% Democrats and 57.36% Republicans; those participating in my study consisted of 50% Democrats and 50% Republicans. In the entire General Assembly, members were split 77.66% male and 22.34% female; my participants were 60.71% male and 39.29% female. In terms of ethnicity, the entire General Assembly was comprised of 89% Caucasian members and

10% non-Caucasian members (National Conference of State Legislatures, 2010); my participants consisted of 92.86% Caucasian members and 7.14% non-Caucasian members. Finally, the distribution of degrees for my eligible participants closely mirrored that of the General Assembly as depicted in Figure 5.

Of those identified as eligible to participate, 28 people completed interviews for my study; this is a 44.44% response rate. Of these 28, I conducted 14 interviews by phone, 13 in person, and one participant asked that I e-mail the questions so they could be answered in written format. Four participants had reached the end of their term limits at the end of the 95<sup>th</sup> General Assembly, but were still kind enough to speak with me for this study.

Since I assured confidentiality to my participants, I will not refer to them by name and I will not reveal identifying characteristics about them. However, to be able to quote or refer to a particular participant as needed, I have assigned all participants pseudonyms; Table 1 identifies the pseudonyms for each participant. Table 1 also encapsulates the demographic characteristics for the participants in this study, to highlight the fact that the proportions of study participants closely mirror those of the full 95<sup>th</sup> General Assembly in terms of composition regarding branch of legislature, sex, political party, and ethnicity.

Individual educational level is not included in Table 1 to protect participants' identities. However, in the aggregate, the highest educational level completed by these participants include 2 (7.14%) who are high school graduates, 2 (7.14%) who completed some college, 12 (42.86%) who hold bachelor's degrees, 5 (17.86%) with master's degrees, one (3.57%) with a specialist's degree, 5 (17.86%) with juris doctor degrees, and one (3.57%) with a doctoral level degree. Additionally, I will not refer to participants'

individual years of experience with the budgeting and appropriations process in the legislature for fear that it might make them personally identifiable. However, the 28 participants in my study have a combined 162 years of experience in this area.

I started my interviews with participants by asking them to tell me a little about themselves, including why they had decided to become legislators. While their answers varied, there were some similarities. For example, four legislators decided to explore politics after retiring from their first careers. Reflecting on retirement, Evan and Gary expressed similar views. Evan said, “when you get old, you can sit in your rocking chair, or you can try to do something worthwhile that makes a difference. Gary worded it as, “you can retire and die, or you can retire and maybe give back a little bit of what you’ve got, and that’s what I chose to do.”

Other participants spoke of a family history of politics guiding their interest. Fiona, Kent, Neil, Paul, and Quentin, spoke of having had an interest in politics since childhood, high school, or just knowing that working in politics was always something they wanted to do. Several people said that service on their local school boards or city councils led them to seek public office at the state level. Some expressed that elected office seemed like the next step in a history of volunteerism, public service, or a desire to help others. Fiona and Matt became interested in seeking office after they helped work on the campaigns of other candidates. Others spoke of wanting to improve the system, wanting to be the ones making policy decisions, and feeling they could do a better job than the people currently in office.

The majority of the participants in my study worked in either business or education before becoming legislators. Alex, Daniel, Frank, and Jeff all reported coming

from business or small business backgrounds. Elizabeth, Evan, Gary, and Hannah were career teachers before becoming legislators. Even some whose primary career was not in education reported connections to the field of education, either through service on school boards, involvement in parent-teacher organizations, work as substitute teachers, or other significant position or involvement in the field.

Table 1. Participant Characteristics

<b>Pseudonym</b>	<b>Branch</b>	<b>Sex</b>	<b>Party</b>	<b>Ethnicity</b>
Alex	House	Male	Republican	Caucasian
Brent	Senate	Male	Democrat	Caucasian
Alissa	House	Female	Democrat	Caucasian
Caleb	Senate	Male	Republican	Caucasian
Brooke	House	Female	Democrat	Caucasian
Camille	Senate	Female	Republican	Caucasian
Dana	Senate	Female	Democrat	African-American
Daniel	Senate	Male	Republican	Caucasian
Elizabeth	House	Female	Democrat	Caucasian
Evan	House	Female	Republican	Caucasian
Frank	House	Female	Democrat	Caucasian
Gary	House	Female	Republican	Caucasian
Henry	House	Male	Democrat	Caucasian
Fiona	Senate	Female	Democrat	Caucasian
Ian	Senate	Male	Republican	Caucasian
Jeff	Senate	Male	Republican	Caucasian
Kent	Senate	Male	Democrat	Caucasian
Luke	House	Male	Democrat	African-American
Matt	House	Male	Republican	Caucasian
Neil	House	Male	Republican	Caucasian
Owen	House	Male	Democrat	Caucasian
Paul	House	Male	Republican	Caucasian
Quentin	Senate	Male	Republican	Caucasian
Gail	House	Female	Democrat	Caucasian
Richard	House	Male	Democrat	Caucasian
Shane	House	Male	Republican	Caucasian
Hannah	House	Female	Democrat	Caucasian
Tom	Senate	Male	Republican	Caucasian

## Findings

Four main themes emerged from the interview data. These themes are: (a) the priority of higher education in Missouri, (b) the value of higher education in Missouri, (c) the need for higher education to prove its worth, and (d) the question of private good versus public good. I will discuss each theme below.

### *The Priority of Higher Education in Missouri*

*An easy target.* More than half of the participants said that their ability to prioritize higher education was dependent primarily upon the availability of funds. Several mentioned that the only reason they would ever reduce funding for higher education would be due to “a reduction in revenues” or a “tight financial situation.” One person said that when funds are tight, “we have to look at everything.” Another mentioned that since the budget crunch has persisted for the last couple of years, “We’ve already cut the low-hanging fruit.” Daniel commented,

Now, in areas that use a lot of GR funding – general revenue funding – those are the places where the legislature goes first. [...] [And] higher ed has a pretty good chunk of general revenue, and that’s why it’s always a target. [...] In this budget climate, it is almost inevitable that the places where there is the most general revenue is where the legislature is going to go.

Several participants discussed the need for increased revenues in the state, and the need to explore ways to create or enhance revenue streams; however, many also noted the reluctance of the current Republican-led legislature to raise taxes. Dana, Hannah, and Elizabeth, all members of the Democratic party, had the most to say about this topic; this was the only instance in the study where there was a clear partisan distinction in

participant responses. Dana and Hannah both noted that Missouri does not currently assess taxes on Internet sales; they also noted that increasing the cigarette tax – what Dana called the “sin tax” – would be a way to increase revenue since Missouri’s cigarette excise tax rate is currently the lowest in the nation<sup>1</sup>. Dana said, “those are things that we could readily utilize to increase our funding, and, of course, higher education would be part of that funding cycle.” Elizabeth shared,

Unless we have people – voters in Missouri – coming to representatives and senators and the Governor and saying, “This is unacceptable, to make these kinds of cuts to education,” then it won’t change, because this legislature, so far, has been opposed to seeking other revenue sources, and that, I think, is too bad, as well. But, you will not get representatives to look for new revenue unless they feel that there is a real uprising from the people.

*A scalpel, or an ax?* Several legislators mentioned that they look at a program’s or institution’s efficiency or effectiveness when prioritizing funding decisions. Some mentioned this as a criterion for reducing or eliminating programs, while others mentioned accountability in terms of the management of state funds; wastefulness and spending on “pie-in-the-sky programs” were discussed as reasons to cut funding. One stated that funding decisions should be based on merit. Other criteria mentioned were if the level of funding was “not enough or too much” or “which programs [could] survive better with a few cutbacks.” Henry spoke of a three-part evaluation he used when considering requests: “One is, is this worthwhile – doing this program? Two, is it more valuable than these other programs? And three, are the people that are going to do it – do I

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<sup>1</sup> See also National Conference of State Legislators, 2011.

have confidence that they are going to do it well?” Fiona described the need to choose the right tool when making budget cuts:

Sometimes with shortfalls, everybody gets the same whack in some areas, but it’s done more with a scalpel than with an ax, because sometimes when you cut, there’s nothing left in a program, and if you want the program, you’ve got to not be as brutal with it. Sometimes it works better just to cut out entire programs and then spread the cuts in varying degrees elsewhere.

Ian posed an alternative not unlike the federal funding strategies for financial aid such as Pell Grants (U. S. Department of Education, 2010), but one that I had not heard discussed at the state level before. He suggested,

You can either fund the institutions themselves, and hope that they do the best with the money you are giving them, or you can be more student-focused, and you can look at funding students, and then that funding then goes to the universities that they choose to attend.

He noted there would still be a need for the state to provide a certain level of funding for their infrastructure...and things of that nature, but also you like to create competition, you like to see the students use their money as they see fit to go to the institutions. So, that’s kind of a philosophical way that at least I would rather fund individual students with education, and then whatever institution they choose to go to, then that’s where the state funding would flow as the key component.

*Needs versus wants.* In terms of priorities, Dana stated that when determining which departments should get more or less money, “you go through, and you kind of weigh out what seems to be a priority, what seems to be a need, rather than a want.”

Many others also spoke of prioritizing based on programmatic or expressed need. Quentin spoke of a need to “list what your priorities are, what things that you feel are important to the citizens of Missouri” after the Constitutional mandates have been settled. Tom also expressed a “firm [belief] in having those institutions come in and justify their budget and providing them a budget based on what they can prove that they need.”

Others discussed the need to be able to fund facilities maintenance and capital improvements, and a concern that there is “a lot of infrastructure that’s aging and crumbling because we simply haven’t put the money into it,” as Tom put it. In addition to the need to maintain existing facilities, some spoke of the need to be able to fund new construction, both in terms of residence halls and classroom facilities, to assist with recruitment, to allow for expansion of general enrollments, and to meet accreditation requirements of high-need programs.

Participants also discussed the need for funding to attract and retain high-quality faculty and staff. Some mentioned that they would view favorably funding requests for new people required to staff new programs approved by the state. Others mentioned concerns that faculty in the State of Missouri are “the lowest paid in the AAU [Association of American Universities]” or that “the level of our professors’ pay is sort of mid-range,” and that this could affect our ability to retain talent. Shane indicated early in our conversation that he has been “pushing...to keep the salary increases down” at institutions of higher education, but later in our conversation he acknowledged that Missouri has some of the lowest faculty salaries in the country, which leads to concerns about maintaining quality programs and retaining qualified faculty. As Tom mentioned,

lower levels of pay can be tolerated in the short term, “but over time...the market actually works, and people are going to go other places.”

Finally, participants indicated a need to provide funding to allow for growth and expansion in terms of programs and enrollments. Specifically, Alex and Richard noted the importance of funding to ensure that Missouri’s public institutions of higher education remain competitive “with other states and other institutions,” and also with “private institutions.”

*Institutional autonomy.* In discussing funding of higher education, several legislators commented that their involvement in the spending of higher education dollars should end with the appropriation of the money. One commented that the legislature should review the requests of the institutions and make the funding determinations, but then give the institutions “more autonomy to make decisions on their own.” Another shared that they “do allow quite a bit of deference to really who are the experts in the field, and those would be the people that actually operate the institutions, when they come in and make their case to us.” Tom stated that from his

perspective as a legislator, and as an appropriator, I don’t know that micromanaging those entities is really the best way to handle it. [...] But I think that when you’re going to tell an institution, “Here’s your dollar amount that we can give you,” I think it’s incumbent upon them...to then determine how that money is going to be best used to deliver the product, the end product, that they need to deliver, rather than the State of Missouri stepping in and saying, ...“but we’re going to tell you what we think you should cut and consolidate and other things.” I just... for the most part, I don’t think that’s appropriate.

Henry mentioned he felt it was his job

to bring the money to the schoolhouse door – it is the chancellors’ and the professors’ job to figure out how to appropriately use the money. It’s a bad thing if I get into the decision of how we... if I, the politician, involve myself too heavily in the educational decision-making.

While Tom called for a certain amount of autonomy in allowing institutions of higher education to determine how they spend the funds they receive from the state, he also called for a certain amount of accountability. He said,

I really do think that, for the most part, they [higher education institutions] do a good job to make sure that they’re being very careful with the money that they’re given. And that’s not to say that we shouldn’t keep asking them and making them prove to us that they are, in fact, you know, being good stewards with their money, but, for the most part, I think they are.

Along these same lines, several legislators commented on the Governor’s deal with higher education institutions in recent fiscal years to hold tuition levels flat in exchange for limited budget cuts. One called the deal “interesting;” some expressed the opinion that being able to hold tuition rates steady is amazing, and that our public higher education institutions have done a very good job with the initiative. Others expressed concern that the deal had “hamstrung” the institutions, and that as a result, “the administration’s having a heck of a time, you know, keeping all the balls in the air there.”

Evan shared an interesting perspective on the matter:

Now, last year, higher education was cut 5% before it ever left because of the Governor’s agreement, and we couldn’t cut a lot more than that anyway, because

of the strings attached to the stimulus money that was given to us, the stabilization money. And, of course, nobody knew that – they thought the Governor was trying to do a good deed. Basically, he knew how much we could cut out, and he knew what that deal had to be. You know, the universities that signed that – I told some of them later, I said, “Well, look – this is what was going to happen anyway. He just put you on a hook.” It was a political move. But, it worked out, and it’s OK. We have had 2 years with no tuition raise. We can’t keep doing that. They are going to have to ask for waivers this year, and they are going to have to raise their tuition, I think, too, to operate.

Finally, about one-third of participants expressed that they felt a responsibility to be good stewards of taxpayers’ money, and they expect institutions of higher education to act responsibly with the money they receive from the taxpayers. A couple of participants mentioned that when they make funding decisions, they want to make sure that taxpayers are getting the most or “biggest bang for their buck.” Matt stated that when he appropriates taxpayers’ money, he wants to make sure they will be getting a good “return on investment.” Shane said his personal finance habits carry over to the legislature: “I don’t like to spend my money, I don’t like to spend your money.” Tom put it this way:

Well, I think one of the biggest things is that we actually – in the General Assembly – that we actually see that the universities and the institutions of higher education are good stewards of the money they’re getting. Because it’s kind of dubious when someone, whether it’s an institution of higher education or any other entity, says, “Well, we want X amount of money, and if you don’t give that to us, it’s not enough money to do what we have to do.” Well, maybe it is and

maybe it isn't. What are you doing with the money you have, and what are you getting for that? And so part of our due diligence is to make sure that the dollars that they are getting are being used in the best possible way.

*Competing goods and conflicting priorities.* Lastly, many legislators spoke of the competition for resources and the difficulty of prioritizing funding determinations between a variety of positive choices. Caleb called them "conflicting priorities" and noted that "almost all of the requests are valid, they are necessary – there is just never enough money to go around to meet our needs, and so that's when we have to make the very, very tough decisions that we do." Richard said,

It's tough. It's hard. There's no pat rule that says education is more important than social services, or social services are more important than good highways, or good highways are more important than having good correctional services. There's no set answer to that.

Matt stated that when they make cuts, "hopefully it's nothing that will affect the quality of life." Paul echoed this thought, stating,

Generally, you're going to cut where it affects quality of life and people the least. You're going to cut in areas of department and procedure and policy. I'd much rather eliminate a reprint of a manual than to cut somewhere, let's say, in special needs children.

Henry further commented, "It's almost never a fight between good and bad things." He said,

The competition is always... I mean, do you do more early childhood education, or do you do more programs for veterans returning from Iraq and Afghanistan?

Well, no one would argue that either one of those are bad ideas – the question is, in what proportion do you do them, and are you confident that the people who are doing them are going to do a good job?

Gary shared a story about people from the arts who came to him seeking his support to maintain their funding at the same level as the previous year. When he advised them that he could not guarantee his vote, they began pressuring him for his support. He said,

And I smiled and nodded and listened. And after a while, I just got tired of it, and I took the folder that had the sheltered workshops on it, and sat it on the desk in front of them. I took the folder that had the blind kids' education, I took the kids who couldn't hear, and took the kids with IEPs [individualized education plans]. I put those folders in front of them, and said, "OK, you take your money. Where are you going to take it from?" And they said, "No, no, that's not what we meant." And I said, "No, that's damn *sure* what you meant. It's got to come from somewhere."

### *The Value of Higher Education in Missouri*

For the most part, legislators conveyed positive perceptions regarding the quality of higher education in the State of Missouri. Comments from participants included generally positive descriptors ranging along a wide spectrum. Several called our schools or system "excellent" and "outstanding" and "wonderful," while some mentioned that we have "great" or "very good public institutions." Daniel referred to the fact that "we have a very good system that is balanced across the state." Others referred to Missouri as having "done a good job over the years." Paul noted that we are not "Harvard or Yale, but we're

a pretty good public system....” Those less enthusiastic used descriptors such as “very adequate” or “pretty good” to describe our public higher education system and institutions. One participant, Alex, was the clear exception. He stated that he was “not overly impressed with higher ed in the State of Missouri.”

*How many is too many?* Legislators raised a concern that the large number of institutions in Missouri may be affecting the quality of public higher education we are able to provide. Fiona and Henry commented specifically about this topic. At one point, Henry said

Now, that brings up an interesting question: Do we have too many colleges in the State of Missouri? And we all know what the answer to that is – the answer is yes.

You can't swing a dead cat without hitting a public college in Missouri.

Fiona spoke to a concern that Missouri is not a large enough state to adequately support the quantity of public higher education institutions it has. She said that Missouri is “a low-tax...state, historically...[which] causes resources to be stretched thinly.” She also pointed out that “there are so many higher ed institutions around the state, each has its own advocate in the legislature – the legislator from that region.” She further shared her perspective that “legislators have their own perceived needs for bringing home the bacon.” So many higher education institutions in the state may put them in competition with each other for resources, as well as with other departments.

*Affordability for students.* Legislators also expressed a desire to keep education affordable when discussing the quality of higher education in Missouri. Some participants expressed the belief that they think higher education “is viewed as expensive, it's growing more expensive every day.” Several spoke in general to the need to look at

funding decisions for higher education in terms of its affordability for students, saying things like institutions need to keep “tuition for students low enough for the regular person to afford.” Ian shared,

You want to increase funding for higher education if it has a correlation on making higher education either higher quality or more affordable to the citizenry. You don’t want to just provide additional money just so they can have more money and the best this and the nicest-looking buildings and the various different...best-paid salaries and things of that nature.

*Profoundly underfunded.* In terms of historical funding for higher education in the state, about one-fourth of the participants referred to the trend discussed in Chapter 1, and depicted in Figures 1 and 2, of the decline in the percentage of tuition provided by the state versus the increase borne by students. Two specifically mentioned that they believe the proportion of funding used to be approximately 65-70% from the state and 30-35% from the students, and that they believe those proportions are now reversed. One mentioned that “we should not consider ourselves to be state-supported, because we really are not.” Another spoke of the need to try to determine the appropriate balance between what the state should pay and what students should pay, but said, “I don’t know what that balance is, and I don’t think anybody really knows.” Yet another said she “would like to see a greater contribution of citizens in Missouri toward higher education.”

Legislators generally acknowledged that higher education in Missouri has been historically underfunded. Some of the phrases participants used included “woefully underfunded,” “profoundly underfunded,” and “comprehensively underfunded.” One person shared his belief that “we are funding higher education probably 8 or 9 years in

arrears...so we are way behind.” A few participants mentioned specifically that Missouri does not seem to, as Elizabeth put it, provide “the same kind of support that other states in the United States are giving their public universities and colleges.” Dana and Hannah both noted that Missouri ranks somewhere in the 40s – Dana thought 43<sup>rd</sup>, and Hannah thought “47<sup>th</sup>, 48<sup>th</sup>, or 49<sup>th</sup>” – in terms of willingness to support higher education;” Dana remarked that this was “abysmal.” Henry further stated, “money’s not everything, but money *is* important, and people who say ‘Well, it’s not all about money’ are cracked in some deep, philosophical sense.”

Generally, legislators acknowledged that higher education is underfunded, and they did recognize that over the years Missouri’s funding of higher education has shifted from more state-supported to largely student-supported. However, participants did not provide any real suggestions on how to reinstate funding to former levels, or how to restore the balance between the state and student share of funding. While some participants spoke of believing institutions should have autonomy in determining such things as tuition rates and enrollments, these types of statements indicate that these participants believe that institutions should be more responsible for their revenue streams than should the legislature.

*Job training versus liberal arts education.* In terms of the purposes of higher education, participants expressed differing opinions on why they believed people should pursue higher education. In general, their perceptions fell into one of two areas – higher education should provide job training, or higher education should provide a well-rounded, liberal arts foundation. Paul even stated, “we have to consider that higher

education and vocational training tend to be in competition with each other in a lot of ways.”

Those who spoke to the idea that higher education provides job training said things like given the current economy and the unemployment rate, “job and career classes need to be top on the list” and even spoke about expanding funding to increase these types of classes. Another mentioned, “some of the fine arts stuff is great if that’s the area you want to work in. Humanities, philosophy, sociology – all those kinds of things – to me, we may have to lighten up on it a little bit.” Frank expressed the opinion that “[p]eople don’t need to know how to put together a thesis or whatever; they need to be trained.”

Those advocating for higher education as more than simply job training said “I happen to also believe there’s just an intrinsic value in education” and “I wish that our educational system were much more classical, much more old-fashioned.” Another noted, “We don’t want to be in a position in Missouri where we only turn out doctors and accountants - the arts are very important.” Gary summed up his opinion by sharing,

I don’t necessarily believe that you have to have a skill when you leave school, on a personal note. I believe that you need to be educated. You need to know how to learn. You need to know how to deal with people, and those kinds of things.

Many legislators spoke of the importance of the community college system within as part of public higher education in Missouri. Most of the participants who commented about community colleges spoke favorably about them. Some commented that they play an important role because they seem to have more of a job-training focus than the 4-year institutions. Others mentioned that community colleges can be a lower-cost way for

students to obtain general education credits before transferring to a 4-year school to complete a degree.

Some participants mentioned that community colleges can be a way to emphasize industry and manufacturing from an economic development perspective. While some mentioned that they believe the community colleges in Missouri are well-utilized, others mentioned that they do not believe we are doing enough to leverage the potential of these institutions. In terms of funding for community colleges, some mentioned that they are “strong proponent[s]” of them or support them “[f]rom a pragmatic standpoint;” Fiona, however, was the only person to raise an interesting question about funding sources for community colleges. She said,

And the other thing they just don’t mention in terms of higher ed is the state is involved in community colleges, with an appropriation to community colleges. [...] So, community colleges get money from the state, but because Missouri is a low-tax, low-service state, I have real questions on whether it should be doing that, because, you know, community colleges are also funded by local taxes, property taxes, and I’m not sure we can afford to do that anymore.

Finally, a few participants expressed the belief that higher education may not be for everyone. One person said, “Does everyone need it? I don’t think so.” Another said, “I think there has been maybe too much emphasis put on, ‘well, you can’t be successful unless you are a college graduate.’ And, actually, success is not measured by how much money you make, it’s measured by how happy you are in life and what you are doing.”

Another mentioned a shortage in the trades, saying,

Now, I also am a big believer in...college isn't necessarily the right thing for everybody. [...] I think that we have to be careful, although I appreciate higher ed and education, we have to be careful that we don't oversell that everybody has to have a college degree, although I think that we shouldn't...I wouldn't want to take a position where we would want to put roadblocks in people's places, either.

This idea is somewhat in conflict with the call by other legislators for colleges and universities to increase enrollments, as discussed previously. Missouri, like many states, anticipates its number of high school graduates will decrease between 2011 and 2017 (National Center for Education Statistics, 2006). In order to increase enrollments at institutions of higher education if the "traditional" population shrinks, the colleges and universities will have to tap into a different market. However, those legislators in this study reflected on how not to "oversell that everybody has to have a college degree," but at the same time increase enrollments in the foreseeable future.

#### *The Need for Higher Education to Prove Its Worth*

Nearly half of the participants remarked about a need for some sort of accountability measures at the higher education level, as there are for K-12 education. Most mentioned that they would like to see funding decisions tied to accountability measures. As Caleb put it, "It's just not a matter of, 'you got this last year, so you get a 2% increase next year.' Because if you [haven't been] successful in the past, just giving incremental increases just doesn't make sense." Some participants spoke in general terms, mentioning things like "success," "performance," "show[ing] results," "student success," and "outcomes." Others were more specific, saying they would look at things

like “increased enrollments,” “graduation rates,” and length of persistence to graduation, or as Brooke put it, “Are students taking longer than 4 years to graduate?” Camille mentioned looking at the “jobs...and pay they get afterwards.” Some mentioned things such as “poor performance of students,” and “spending money on non-related educational items.” While some participants spoke to the need for institutional autonomy in making funding determinations, others mentioned a desire to ensure “that the money goes into the classrooms.” As Paul mentioned,

I mean, you have to be careful what you do, because I like to see educational money in the classroom. I like to see it in the labs. I like to see it in the personnel that deliver, and that are there day in and day out to educate the young people. [...]So I am cognizant of that, and I think if there is any area we need to keep an eye on, it's that area. I like the money in the classroom, and I like it going to the instructor, and the less levels of administration we have, the better.

Finally, several legislators mentioned the current statewide initiative regarding academic review in higher education as a way to perhaps implement some accountability measures. Some mentioned that this can be a way to prune some outdated programs, to see which programs are necessary, and to see “how many majors that people are graduating, how many duplicated efforts there are in certain areas, and those kinds of things, to make recommendations.”

Legislators spoke of wanting to see efforts on the part of institutions of higher education to acknowledge the tough economic situation being experienced throughout the state by increasing efficiencies and effectiveness. Participants used phrases such as wanting to see colleges and universities “tighten their belt[s],” “[get] along on less,” and

“do more with less.” One mentioned that he is “not into the bells and whistles;” another commented that he was “not real big on, like I say, on acquiring prestigious entities of any kind, whether it’s buildings, or sending our professors or teachers to conventions that really don’t benefit them.” Others, like Daniel whose comments are below, shared the belief that colleges and universities needed to evaluate existing programs to determine if there were opportunities to reduce, consolidate, or eliminate in areas to save money.

Mike expressed that some institutions just saw it as “a matter of how much money can we obtain from the state, or federal, or grants, rather than how can we make this program the most efficient?” Some participants extended the concept of efficiency beyond programs to personnel and facilities, as well. Daniel said he felt that legislators are “expecting the departments to do more with less” and to “acknowledge through what they do with their budgets that we’re in a very tough time right now.” He went on to say that what he would “want to see is probably salary freezes, hiring freezes – those types of things” and that what “you don’t want to see is fat raises for professors and otherwise.” He also spoke of a hope that colleges and universities would identify “other efficiencies” and gave examples of degree programs with low enrollments that could be eliminated if they were offered elsewhere. Matt expressed a general feeling that recipients of state funds are not necessarily as conscientious about how they spend the money as they ought to be, because they “just [send] the bill on to somebody else to have it paid.” He expressed a specific concern about underutilization of facilities, saying, “I know there are certain days, that like on a Friday afternoon, that in some of those classroom buildings that you can shoot a cannon down the hallway and never hit anybody.” Shane suggested

investigating ways to “operate on a smaller level with less money...[t]hink about ways that you can provide a better product at a lower price.”

The statewide initiative regarding academic review was also discussed in this context. Caleb mentioned that he gives credit to the leaders of the higher education institutions “that we currently have on board – I think they see the need to work together, as opposed to work separately.” Many legislators commented on the need to identify and reduce duplication of efforts, both within and between institutions across the state. Fiona said, “If somebody really needs to have a certain degree, there ought to be a couple, a few options around the state, but not keep repeating the same programs at every institution. [...] We’re not that big a state.” Gary echoed this concept, giving the engineering program at Rolla and education programs “within 40 miles of each other” as examples. Richard seemed to agree with the majority on this topic to some degree. He stated,

I think the thing I like about higher education, it seems like each university kind of has a different area of specialization. I think that’s good. It’s not like every school operates or emphasizes the same thing. You’ve got different strokes for different folks, so to speak, and I think that’s good.

However, he also said,

I think another reason to increase funding is to make sure they are offering a wide range of programs. I think during the last several years, with the funding cuts to state schools, some of these colleges and universities have dropped certain programs, they’ve dropped certain degrees. And I think that’s... I think a secret to having a good institution is to offer a wide range of different academic programs, different academic degrees. I think that’s a key.

### *The Question of Private Good Versus Public Good*

Legislators' comments reflected that higher education serves as both a private good and a public good, and that trying to separate its private and public functions is not always easy. The concepts are nearly impossibly intertwined and interrelated; participants' comments reflect this, in that they sometimes would use a traditional public good example while discussing private benefits of higher education, and vice versa.

In terms of the financial impact on individuals, legislators mainly spoke to two factors: jobs, and increased personal income. Nearly half of participants mentioned jobs as a way that higher education benefits individuals. Some talked about higher education preparing people for positions that require more than a high school diploma or "that need specialized training." Others spoke in terms of helping prepare people to "adapt to the changing marketplace" or providing opportunities for "retraining, when people lose their jobs." Evan went so far as to say that he believed that "[i]f people didn't have to work, I'm not sure there would be a real high demand for higher education."

Several legislators also expressed the belief that higher education leads to increased personal income. Dana noted that higher education can "lift the economic level of people;" Kent phrased it as giving people a "mechanism where people can get a step up...[so] they can earn their way to a more stable economic environment."

In terms of financial impact for the state, most comments linked the need for an educated citizenry and economic development. Many legislators stated that when businesses are making the decision as to whether or not they want to locate in Missouri, they look to see if we have a "highly-qualified and educated workforce" in place. Ian commented,

If they can't have a workforce that's ready to go to work and they have to spend thousands and millions of their own dollars retraining people and getting them to the point where they can provide a good service or quality product for them in their system, then they are not going to look at us.

Further, Caleb commented on his observation that “if you look where our pockets of economic vitality are in the state, it is almost always centered around a higher education institution, or the two-county radius of higher ed, so, really, that's where most of the jobs are.”

Beyond financial impact, several participants discussed what they viewed as other benefits for individuals because of higher education. One topic mentioned by participants was having an educated citizenry. Comments on this topic included that educated citizens tend to have “a higher standard of living,” are more involved in the democratic process, end up being “more successful in life,” and “[know] how to learn things and...how appreciate things more.” As Ian put it, “the more educated your workforce is, you tend to have a higher quality, a standard, higher health rates, higher incomes, lower poverty, and things of that nature.”

Legislators also mentioned personal enrichment as a benefit of higher education. Some spoke in broad terms, using phrases like “personal development” and “personal well-being.” Others talked about life-long learning and “expanding your horizons.” Some indicated specifically that they were not speaking about jobs or income. Shane said, “And I'm not talking about money here, I'm just talking about what their talents are, and what their abilities are, and what they can do.” Alissa shared, “I think there is more than an

economic benefit, there is a great benefit to having a satisfied and happy population that can read books, that can appreciate music, that can enjoy art, that can be creative.”

Improved quality of life was also mentioned as a way that higher education benefits individuals. Some of the items that came up were tied to the financial benefits mentioned earlier, but some of the items mentioned were also positive externalities resulting from higher education. Several participants mentioned the impact that higher education can have on the engagement level of citizens with the political process, noting that people who have degrees “tend to be better citizens and more informed citizens and more engaged citizens.” Others noted that having citizens with higher education degrees affects quality of life in that “you see less crime” and “more property value.”

Legislators also described some of the same issues identified as individual benefits of higher education when they discussed how higher education benefits the state. The positive externalities regarding quality of life, such as citizens engaged in voting, decreased crime rates, increased property values, their children’s performance in school, and better health, were also mentioned as benefits to the state as a whole. Other quality of life issues relating to higher education that are of interest to the state include the fact that, as Alissa mentioned, “People like to move in a place that has nice theater, nice art, nice recreational opportunities.” Caleb echoed this sentiment, saying, “That’s where people want to be – around colleges – because it’s just such a rich diversity and such a nice intellectual place that people want to gravitate toward it.” Legislators also observed the tendency of students to stay, live, and get jobs near where they went to school, and stated, “there’s been a need to increase funding so that we have a greater number of professionals living and working in our state.” Some also commented that having

students remain in the state after graduation and earning higher income levels helps the state through increased revenues through such streams as incomes taxes, property taxes, sales taxes, and personal property taxes.

### Summary

Analysis of information from the Missouri Constitution, historical budget documents, and perspectives from legislators provided context for the budgeting and appropriations process in the state. Four main themes emerged from the interviews with participants: (a) the priority of higher education in Missouri, (b) the value of higher education in Missouri, (c) the need for higher education to prove its worth, and (d) the question of private good versus public good. Legislators' comments within these themes were outlined in detail. In Chapter 5, I will discuss the meaning of these findings and their implications. I will also provide conclusions and recommendations for future study.

## CHAPTER 5

### CONCLUSIONS AND IMPLICATIONS

In this chapter, I will present a brief summary identifying the major themes from the data. I will follow this with a discussion of the conclusions I have drawn from the findings in relation to my research questions. I will then discuss the implications of the study for policy and practice, and note any recommendations I have for future study in this area.

#### Summary of Findings

For the present study, I set out to examine the perceptions of Missouri's legislators concerning the funding of higher education in the state and what factors might influence those perceptions. Since I approached the idea of higher education as a public good, I also wanted to explore if dedicated funding sources from state appropriations in Missouri have been established for other public goods (e.g., Medicaid, prisons, and P-12 education), but not for public higher education.

Additionally, the present study expanded on Skinner's 2010 study. While some of the questions on his survey touched on public good issues, the concept of public higher education as a public good was not the focus of his study. Also, while his survey research gave an overall impression of legislator perceptions of broad concepts related to the funding of public higher education in Missouri, I hoped to get a more detailed and descriptive picture of legislator's feelings about higher education, particularly within the public good framework.

From my data, four major themes emerged: (a) the priority of higher education in Missouri, (b) the value of higher education in Missouri, (c) the need for higher education to prove its worth, and (d) the question of private good versus public good. Within each of these themes, various subthemes emerged that I also presented.

## Discussion

### *Views of Public Higher Education*

With regard to the question of how Missouri legislators view public higher education in the state, participants indicated a generally favorable view. The majority spoke positively with regard to the statewide system, individual public institutions, the overall environment of public higher education in the state, and the accessibility of public higher education in Missouri. Comments about the leadership at Missouri's public colleges and universities were largely complimentary, indicating that legislators do not withhold funding from higher education because of a belief that funds are mismanaged. Participants posited somewhat differing beliefs regarding the amount of autonomy institutions should have related to the funds they receive from the state, but did not express concerns regarding malfeasance.

Legislators clearly consider education a priority in Missouri; many commented that they would want to fund both K-12 education (even if there were not Constitutional provisions for it) and higher education. They believed higher education should receive as high a priority as K-12 education. It seemed that the lack of a Constitutional provision, the limited availability of funds, and conflicting priorities were chief among the reasons that legislators could not fund higher education at the levels at which they would like to do so.

Participants seemed to understand larger funding implications related to decisions regarding prisons, as an example, but it is less clear that they have the same broader understanding when it comes to higher education. Legislators understood that it would be “insane to have prisons and not have the guards.” However, when they suggested that higher education institutions could increase enrollments as a way to increase revenues, I did not get a sense that all of them saw the same bigger picture that increased enrollments could require additional resources for higher education. Some did acknowledge that increasing enrollments and offering additional programs could require additional facilities in terms of classroom and residence hall space, but larger enrollments could also require more faculty to teach classes, and more staff to manage administrative processes. Additional personnel would require additional salaries, the same as prison guards in the earlier example, consistent with findings from Alexander and Layzell (2006), Reindl and Brower (2001), and Rizzo (2006).

#### *Funding Higher Education in Relation to Other Departments*

With regard to the question of how legislators perceive the importance of funding public higher education in relation to other departments that receive state appropriations, these state legislators weigh funding decisions carefully, and take their funding responsibilities seriously. Our legislators feel that education (both K-12 and higher education) is a top priority in the state. When asked directly about reasons funding for higher education might be reduced, some made comments indicating that the only reason higher education would ever be cut during the budgeting and appropriations process would be due to a lack of funds. These comments do not always align with reality, however. For example, in fiscal year 2005, the overall budget increased by nearly \$1.2

million, yet the appropriation for higher education actually decreased by 0.34% (Missouri Office of Administration, 2004, 2005). Other comments revealed beliefs that funding for higher education should be tied to enrollment levels and accountability measures, and not solely on the dollars available. Participant comments framed funding for higher education in the larger context of funding other state initiatives, including the need to ensure that state funding decisions maximize the receipt of federal dollars (Ehrenberg, 2007). The need for university administrators to please state legislators to receive as much state funding as possible (Garland, 2009) parallels participants' comments about maximizing the component of the state budget that comes from federal dollars, and the federal "strings" or "tendrils" that come with those dollars. For example, participants talked about the need for Missouri to meet federal requirements in certain areas to receive the maximum amount of federal funding available, such as the "Medicaid match" that several legislators mentioned. I was reminded of these descriptions as I heard participants discuss the need for more accountability measures in higher education. Participants might be envisioning adapting the federal model to require certain accountability measures be met in order to receive state funding for higher education. This is similar to the way the federal government reimburses a percentage of Medicaid costs expended, but only if a certain level of service is provided by the state. Additionally, legislators genuinely seem to struggle with how to determine funding allocations when faced with legitimate needs and competition for scarce resources. This was particularly evident in comments such as Henry's statement that, "It's almost never a fight between good and bad things" and Richard's comment that "It's tough. It's hard. There's no pat rule that says education is more important than social services, or social services are more important than good

highways, or good highways are more important than having good correctional services.” Hearing these types of comments from participants helped me understand that funding decisions at the state level are not snap decisions for them. Higher education and other departments that receive the majority of their funding from general revenue do suffer the most when cuts need to be made. While higher education may still serve as a balance wheel (Hovey, 1999) to some degree, these legislators are examining all options and considering the impact of cuts in all departments before making funding determinations. However, it also reinforced for me the importance of ensuring that our legislators understand the importance of funding higher education, including both the private and larger public benefits (Kezar, 2005), lest they decide to prioritize other departments in the state, without considering the benefits of higher education.

#### *Determination of Appropriations Amounts*

In terms of the question regarding the process that legislators use to determine appropriations amounts for various state-funded departments, it was evident that they carefully consider the Governor’s proposed budget, review allocations and appropriations from prior fiscal years, listen to testimony from the departments and other affected parties, and consider their own prior knowledge and experience when making budget and appropriations decisions. The legislators with whom I spoke are involved in the committees key to the budgeting and appropriations process and are all very familiar with the steps involved. I developed Figure 4 in Chapter 4 from the descriptions I heard during the interviews I conducted, which all had common elements, but varying degrees of detail or nuance.

I was enlightened to learn just how much of the state budget is *not* in the control of the legislature. I did not realize that between the requirements related to receiving federal dollars and designated state funds, only about one-third of the total state budget is actually discretionary. Other Missouri citizens may not realize this either. If more citizens were aware that legislators can only appropriate about one-third of the budget, they might support movements to increase general revenue to allow legislators more freedom to fund state initiatives. In terms of the process legislators use to appropriate the funds over which they have control, the participants seem to carefully follow the process outlined in Missouri's Constitution.

### *Competition*

The idea of competition was presented in a number of contexts. The competition for resources will always be prevalent in funding discussion, given the nature of appropriations in the state. As noted by participants, there are only so many dollars available, the budget must be balanced, and funding one initiative necessitates taking dollars away from a different initiative.

Competition also becomes an issue when legislators suggest that revenues for higher education institutions be generated more through avenues such as tuition and enrollments than through appropriations. By not having a dedicated funding stream and not knowing how much money will be received from the state each year, institutions of higher education must heavily rely on generating revenue by increasing enrollments, increasing tuition levels, or both. This is often a delicate balance, because institutions do not want to set tuition levels so high that they impede access to students.

In Missouri, the provisions of SB389 also constrain colleges and universities; if they raise tuition levels too high, they risk losing a portion of their already limited appropriations. The physical limits of their facilities may also constrain enrollments, in terms of how many students they can house or accommodate in classrooms. Ian's suggestion to provide state appropriations directly to students, rather than to institutions of higher education, also reflected by Archibald and Feldman (2011), calls for direct competition between institutions. Ian even said he would like to use this mechanism "to create competition." While this would set public higher education up to function even more as a market economy, it does not take into account some of the critical outcomes related to higher education, and mentioned by other participants, such as students' learning outcomes and completion of degrees. While creating competition may be beneficial in the short term, changing the funding model in this way might not prove viable in the long run. Institutions might change recruitment and investment policies to attract students, and thus state funding, under this model. However, if they do not invest those dollars wisely to educate and retain students once they have recruited them (e.g., quality faculty, programs), those students may later transfer to other schools.

Participants also discussed competition in terms of contrasting liberal arts education with job training. Paul made that exact statement; others drew the distinction in more subtle ways, noting personal preferences or beliefs that one was more important than the other. The differences in participants' comments highlight variations in the importance they place on vocational skills versus skills to allow students to adapt to a changing workforce, such as problem solving and critical thinking. In addition, participants perceived that 4-year institutions focus predominantly on white-collar

professions and the arts. In contrast to other participants' comments about the value of vocational training and community colleges, Kent mentioned the need for higher education to "provid[e] people with a background where they can adapt to a changing marketplace," but noted that "[w]e don't want to be in a position in Missouri where we only turn out doctors and accountants – the arts are very important." Certain participants expressed a personal preference for 2-year or 4-year institutions, or a preference for a job training emphasis over a more liberal arts education. However, most participants seemed to realize that these different sectors serve different needs, and that both types of institutions serve important functions in Missouri.

Comments regarding job training and a need for people to have skills to be able to work now may be somewhat short-sighted, however. While there is no question that there is a need for training and educational opportunities to staff today's workforce, higher education is always changing and evolving to meet new needs and incorporate new markets and developing technologies. Matt acknowledged this, sharing his experience that when he was considering graduate school, a new program was available in computer science that "was not in existence" before. He chose a different path since he was not familiar with computer science and it was an uncharted field, but he recognized the need to expand as times, markets, and technologies change, as reflected by his statement that "we [don't] know [what] is going to happen in the future...[and] your curriculum has to adjust as to what the need is."

#### *Legislator Perceptions of Higher Education as a Public Good*

While none of the legislators specifically used the phrase "public good" to describe public higher education in the State of Missouri, some of their comments

touched on the fact that they view it at least in part as a public good, or see that it has some of the positive externalities discussed in Chapter 2. They generally mentioned these aspects when discussing how higher education affects the quality of life in the state. Participants acknowledged some of the private benefits, such as higher income levels and better jobs for college graduates. Many comments about the benefits of higher education were also consistent with the research regarding public goods, such as voting practices (McMahon, 2009); how successful college graduates' children are in school (McMahon, 2009); lower crime rates and lower poverty (Baum, et al., 2010; Courant, et al., 2006; McMahon, 2009; Paulsen, 2001); higher health rates (McMahon, 2009); and increased property values and more professionals living and working in the state (Ehrenberg, 2000).

Participants identified that higher education leads to people generally being happier, more successful, and achieving goals, which are social benefits from higher education also noted by McMahon (2009). While there are private elements to these benefits, there are many spillover effects from these private goods that benefit the larger society. These include such things as contributions of higher education to the overall body of knowledge available to everyone (Kezar et al., 2005) and the tendency for wages to be higher for *all* workers in locations with large numbers of college graduates, not just those who hold the degrees (Groen & White, 2003; Rizzo, 2004).

Based upon data from this study and my own experiences working in higher education, I am concerned that Missouri's citizens do not fully understand the concept of the public good and the benefits that higher education can provide to all residents of a state, whether or not they are college graduates. Many of the legislators with whom I spoke mentioned the public good functions or spillover effects of higher education, but I

suspect the majority of the population in the state may believe that the only people who benefit from higher education are those who receive it. As such, higher education administrators likely need to investigate ways to increase awareness of the public good functions of higher education, not only with legislators but also with the larger populace. By doing so, voters and legislators may consider increased support for postsecondary education. I suggest ways to assess citizens' knowledge level regarding the concept of public goods and the benefits that result from public goods later in my recommendations for future research.

In terms of the majority of legislators themselves, they do see both the private and public good aspects of higher education. The passion some of them felt for the need to fund higher education, and to return it to prior levels of funding, was quite apparent. Some participants seemed frustrated by the unwillingness of some of their colleagues in the current legislature to consider changes in revenue streams that would increase the amount of general revenue available to fund higher education and other state departments. Others, however, seemed to think that institutions of higher education should still bear a majority of the responsibility for their own funding through tuition revenues through increased enrollment. Such differences in opinion regarding where the responsibility for funding higher education lies may factor into discrepant beliefs among legislators as to how much higher education should receive in terms of state appropriations, leaving higher education at risk to continue to be underfunded.

Additionally, as noted in Chapter 4, participants mentioned several of the same issues (e.g., increased participation in voting, decreased crime rates, increased property values, and better health) whether they were discussing private or public benefits of

higher education. This highlights that the lines between these types of benefits are not clearly delineated. They can be separated for theoretical discussions such as this one, but in practicality, they are intertwined, and always will be. As noted in Chapter 4, participants identified several benefits in a private good context, despite the fact that the point they were making was, in fact, a public good argument. For example, participants described the benefit of higher education as having an educated citizenry in the context of the belief that higher levels of education tend to lead to higher standards of living and greater levels of success for individual citizens, which would be private benefits. Yet there are elements of having an educated citizenry that are public benefits, such as greater civic and political involvement (Courant, McPherson, & Resch, 2006; Curris, 2006; Malveaux, 2003; Paulsen, 2001; Rizzo, 2004). Without clearly indicating that benefits are private *and* public, there is a risk that legislators and the public may not see the need to prioritize funding for higher education in light of the benefits to everyone in the state. The private benefits cannot be denied, but the public benefits tend to be overlooked.

#### *Institutional Autonomy*

Participants had some conflicting opinions regarding institutional (university or college) autonomy when considering higher education funding. Some related their beliefs that legislators should appropriate funds, and then trust the expert judgment of the administrators and faculty at the institutions of higher education to know how to allocate the funds on individual campuses to best meet student and institutional needs. Others expressed a desire to direct funding “to make sure that the money goes into the classrooms” rather than for other operations costs. These differences in opinion may contribute to why legislators do not agree on how much higher education should receive

during the appropriations process. I note a similar tension that may influence appropriation decisions in statements made by some participants that higher education dollars should never be reduced, while others indicated they want to see funding for higher education tied to performance measures, which means appropriations could increase or decrease.

Several participants expressed the belief that autonomy should be paired with accountability measures. As Tom put it, “that’s not to say that we shouldn’t keep asking them and making them prove to us that they are, in fact...being good stewards with their money.” One way to tie funding to accountability to satisfy this need for legislators could be through regular program review.

It is good practice for institutions of public higher education to regularly review academic programs. Doing so can strengthen programs and increase efficiencies for a university. For example, during the financial emergency of fiscal year 2002, Southeast Missouri State University implemented a program review process of its own to look at all academic and non-academic programs to determine which were viable, which had a sufficient number of majors, and which should perhaps be consolidated or eliminated. In 2006, Missouri’s State Auditor recognized this process as an example of best practices (McCaskill, 2006). Southeast Missouri State University continues the academic program review process to the present day.

The Governor’s call for statewide program review is important; however, decisions were made with a single statewide set of criteria for determining viability of programs. I believe the Southeast example, and the State of Missouri’s previous recognition of it, indicate that institutions can determine for themselves what criteria to

use in deciding which programs are sustainable in their current configurations, which could be modified or combined to enhance efficiencies, and which need to be eliminated due to lack of enrollees or a lack of graduates.

Had institutions been allowed to conduct reviews using their own criteria, they might have been able to apply Fiona's scalpel; by having to apply the Governor's criteria to all institutions in the state, it felt more like Fiona's ax. Given the diversity of institutions in the state and the variance in programs (e.g., degree level, major field of study), arbitrarily deciding that all programs must

[m]aintain a critical mass of majors and graduate annually an average, calculated over the prior three years, of at least 10 majors at the associate or baccalaureate degree level, 5 majors at the master's degree level, and 3 majors at the doctoral degree level, unless there is sufficient justification for exceptions, particularly in the arts and sciences (Missouri Department of Higher Education, 2011, p. 8)

did not adequately take into account programmatic differences. Accreditation requirements in some programs may mandate enrollment caps. Student learning in other programs may not be achieved in large numbers. While program review is important, mission and programmatic need should allow for autonomy regarding enrollment management at the institutional level within some broader statewide parameters.

A few legislators responded positively to the fact that some institutions have reduced program offerings, However, these participants did not provide context for their comments, so I am not sure if they believed these actions were undertaken by the institutions to determine ways to save money on their own initiative. In the cases of some colleges and universities, these actions were in response to be the current statewide

program review that was requested by Governor Nixon in August 2010 (Nixon, 2010), and may even have been symbolic rather than substantive.

### *Reluctance to Increase Revenues*

Before speaking with the legislators in this study, I assumed that raising taxes would not be a politically popular move. However, I was surprised by how unwilling some participants perceived the current legislature to be to consider any increases in revenue or alternative revenue sources for higher education. With such perceived (or even real) reticence among legislators, it is unlikely that there will be new revenue streams in the state budget that could possibly augment appropriations to higher education.

*Voter perspectives regarding taxes.* Despite a legislature perceived to be unwilling to raise taxes, I was curious about whether voters were supportive of such an action. To consider Missouri voters' perspectives on initiatives to increase revenues in the state, I reviewed the results of several surveys from the past 5 years, whether or not the surveys specifically inquired about higher education. All of the surveys indicated a general support for tax increases. Specific to increasing taxes to benefit higher education, Silvey (2011) referred to a 2008 study in which "Missourians rank[ed] higher education third in a list of state priorities, and most [indicated they] would be willing to pay more taxes to invest in it" (¶ 1). Other surveys reported a willingness on behalf of Missourians to pay higher alcohol excise tax rates (Join Together, 2005) and tobacco tax rates (Knapp & Brinker, 2007) to increase the state budget in general.

*Recent legislation proposed regarding taxes.* Since completing my interviews, there have been some indications that the attitudes of Missouri's lawmakers regarding

taxes may be changing. Recently, members of Missouri's House of Representatives have proposed several bills. If any or all of them become law, they could positively impact the amount of general revenue available in the state. This, in turn, could allow more dollars to be available for higher education funding in Missouri, especially in light of participants' comments that availability of funds is the chief impediment to appropriating more dollars to higher education.

Of the proposed legislation, two bills consider ways to increase Missouri's cigarette tax (Silvey, 2011). A third bill suggests restructuring the state's current sales, income, and corporate tax structure (Patane, 2011a); a fourth recommends investigating ways to collect Internet sales taxes due to the state (Patane, 2011b). The cigarette tax bills could generate additional revenue between 12¢ to \$1.00 per pack, depending on which of the two proposals might be adopted, and the higher increase would require approval by Missouri's voters (Silvey, 2011). The bill looking at online sales taxes suggests that Missouri "would lose \$187 million in 2011 from untaxed Internet sales" (Patane, 2011b, ¶6). Having those funds available as part of the general revenue would go a long way toward easing the budget crunch that higher education and other departments in the State of Missouri have felt over the last several years.

Unless or until a dedicated funding stream for higher education is identified, or a new funding model is determined, the only avenue available for possibly increasing funding for higher education is through increasing general revenue. Based on participant comments, any plans to increase the general revenue for the state will help higher education. Participants said such things as "the only reason you would reduce funding for higher education is because you have a reduction in revenues to appropriate" and "the

only reason for decreasing it is the tight budget that we have” and “the only reason I can see for reducing it is because we have a budget issue, and I’m not sure that’s good enough.” With statements like these from our legislators, I draw the conclusion that increases in general revenue would lead to increases in higher education funding. It may be a case of all boats rising in the same tide, and higher education may not receive any larger proportion of the budget respective to other state departments than it is receiving now, but even the same percentage of a larger available revenue amount would help the situation. It is also possible that participants made statements like this because they knew that higher education funding was the focus of my study. However, based on the consistency among individual participant comments and the passion with which some comments were delivered, I trust that they made these statements based on their personal beliefs, not because they thought this was what I wanted to hear.

Additionally, we have seen that Hovey’s (1999) balance wheel effect has proven true over time. Higher education funding has returned to the same level or reached better levels after periods of recession twice in the past 25 years (State Higher Education Executive Officers, 2011). The same “pattern of recovery following the 2001 recession began for a third time in 2007, but this recovery was cut short by the onset of the recession that started in 2008” (State Higher Education Executive Officers, 2011, p. 11). As long as the current funding model for higher education remains, every dollar of general revenue that can be brought into the state can matter for our colleges and universities.

### *Changes to the Current Funding Model*

Changing the funding mechanism for higher education in Missouri may not be the answer, but it merits exploration. The current method of funding for higher education forces institution of higher education into a constant waiting game, never knowing what their levels of funding will be from year to year. If a dedicated revenue stream for higher education cannot be identified, perhaps a change in the way in which higher education is funded could provide some of the needed stability to allow institutions to better carry out their missions, educate students, and provide the private and public functions that benefit all residents in the state.

### Implications and Considerations

#### *Initiating Discussions about Revising the Funding Model*

The current funding mechanism for higher education creates uncertainty regarding how colleges and universities will operate from year to year. As such, legislators should explore serious consideration of different funding mechanisms. One option would be to establish some sort of dedicated revenue stream for higher education, similar to those in place through the dedicated sales taxes set forth in Missouri's Constitution for the Department of Natural Resources and the Department of Conservation. Failing this, legislators could consider a direct subsidy model, such as the "new compact" proposed by Archibald and Feldman (2011) whereby state funds would not be appropriated to institutions of higher education, but rather directly to students. This might increase the motivation for institutions to keep standards high because of the need to constantly attract students to ensure maximization of revenues from the state. However, this could also cause institutions to divert funds from instructional needs to

marketing efforts in an attempt to attract, recruit, and retain students and their attendant appropriation dollars.

This “new compact” (Archibald & Feldman, 2011) may not be the answer to the higher education funding problem in Missouri, but it merits consideration. At this point, I recommend that Missouri’s legislators and higher education administrators review and consider the elements of the structure that Archibald and Feldman proposed to see if it has efficacy in Missouri. If so, legislators and higher education administrators could have some initial conversations about how this or another funding model might affect the state, the higher education institutions, and the students of Missouri. Delaney and Doyle’s (2007) suggestion to “include discussions of stability (in addition to increases in funding) in annual negotiations of state appropriations for higher education” (p. 74) might be a good starting point. They note, however, that

stability cuts both ways – asking for smaller cuts in bad times means asking for smaller increases in good times. We believe that increased stability to plan for the future and to make long-range strategic decisions would be worth the trade-offs inherent in such a deal. (Delaney & Doyle, 2007, p. 74)

The Governor’s proposal of, higher education leaders’ agreement to, and legislators’ approval of the recent tuition freeze (Office of Missouri Governor Jay Nixon, 2009, ¶ 2; University of Missouri Office of Government Relations, 2010) may be an indication that Missouri’s executive, legislative, and educational leaders recognize that change is needed and are open to innovative ways to try to solve the funding problem in the state.

If leaders decided to make a change in Missouri’s funding model, they could also discuss what steps would need to be taken to initiate such a model and what sort of a

timeline might be considered for implementation. They could also determine how such a change should be communicated to constituents. The state might retain the current system, but I believe that all parties should at least consider this model or discuss other options. Missouri could even develop its own collaborative model to try to help stabilize funding for higher education to ease the roller coaster (Archibald & Feldman, 2011) or balance wheel effect (Hovey, 1999) and allow for longer-term fiscal planning and budgeting.

With a better sense of the level of funding that would be available from year to year, institutions could better plan for the longer term (Archibald & Feldman, 2011; Delaney & Doyle, 2007). For example, they could develop regular facilities maintenance schedules, instead of having to defer maintenance and hope for funding to be restored at some future date. Campuses could build up reserves, or “rainy day funds,” instead of feeling that every appropriated penny had to be spent lest it be taken away in the next budget cycle. With a reserve fund built up, institutions could more easily absorb slight dips in enrollments without having to increase tuition levels to make up the difference. Having more stable income levels would also allow for longer-term planning in the areas of curriculum and instruction. Regular program review efforts could continue, but programs with low enrollments and/or mission centrality could be given some resources and time to determine their viability.

#### *Impact on Quality in Higher Education*

Institutions of higher education can cope with budget cuts, withholdings, and tough economic times in the short term, or even for a few years at a time, but when these actions take place over extended periods, the impact begins to build up. The abilities of

institutions to attract and retain students and grow programs are often tied to their abilities to build new and maintain existing facilities. An institution cannot recruit new students, thus expand enrollment and increase revenue from tuition, room, and board, if it cannot physically house them, whether in terms of living space and/or classroom and research facilities. Additionally, when students are deciding where to attend college, they consider the campus environment, including the quality and availability of housing, academic, and recreation facilities, along with the quality and availability of programs and major fields of study (Kinzie, Palmer, Hayek, Hossler, Jacob, & Cummings, 2004).

The same impacts of budget cuts and withholdings on quality occur in terms of personnel and programs as well. McMahon (2009) reports that “real unit costs of retaining faculty and staff are rising in real terms although appropriations per student have not risen” (p. 56) and notes that other personnel costs (e.g., costs associated with providing health insurance for employees) have also continued to rise. Several participants acknowledged that funding is key to attracting and retaining high-quality faculty and staff at our institutions of higher education in Missouri. Archibald and Feldman (2011) note, too, that “[t]alented individuals are mobile, and when state budget necessities keep salaries fixed and facilities in disrepair, these people are likely to move” (p. 237). The authors note that while economic declines may happen nationwide, they are not the same in every state, and faculty and staff can also explore opportunities at private institutions that do not have to rely on decreasing state funding.

As a few of the participants in the study recognized, if the situation at public institutions in Missouri does not improve, faculty and staff may seek opportunities at private institutions, or look for opportunities in states where the financial situation may

be more stable or the outlook may not be as bleak. The continued use of higher education as a balance wheel (Hovey, 1999) in Missouri's budget can leave faculty members wondering from year to year if they will receive pay increases, or in times of economic retrenchment, if they will even get to keep their jobs. The departure of qualified faculty and skilled staff could lead to a decline in the quality of Missouri's institutions of public higher education. While participants indicated a general sense of satisfaction with the current level of quality of Missouri's institutions, this could be in jeopardy if current fiscal trends continue. The colloquialism "you get what you pay for" can apply to this situation. Without the funds to adequately compensate faculty and staff, retention has and will continue to falter as quality employees seek higher salaries at other institutions.

#### *Educating Legislators and the Public about Positive Externalities*

Most legislators in this study understood that higher education benefits more than simply those who earn degrees. However, I am not sure their funding decisions about higher education are founded as much in a belief that higher education is a public good inuring to the benefit of all residents of the state as much as they are tied to the traditional "boom and bust" (Russell, 2008, p.1) cycle of funding that mirrors the economy. The majority of participants' comments about funding for higher education seemed rooted in the current lack of state funds. I was concerned that legislators did not indicate a stronger desire to increase funding for higher education due to its benefit to all residents in the state in terms of having educated citizens, informed voters, greater economic development, and the myriad other benefits outlined in Chapter 2. The public good functions of higher education need to be recognized and prioritized whether the state coffers are empty or full.

Most of the legislators who participated in this study saw higher education as a public good in some respects, or spoke to positive externalities benefitting those in the state beyond simply those who receive degrees. Higher education contributes to the overall development of the economy of the state (Courant et al., 2006; Ehrenberg, 2006; Groen & White, 2003; Kezar, 1999; Malveaux, 2003; Reindl & Brower, 2001; Rizzo, 2004; Weerts & Ronca, 2006), and develops and educated and well-rounded citizenry (Ehrenberg, 2000; Kezar et al., 2005; Koshal & Koshal, 2000; Rizzo, 2004), and thus deserves some sort of dedicated funding that would protect it solely from the vagaries of the state's general revenue. Since I believe and there is evidence of higher education benefiting all residents of the state, some sort of dedicated funding stream for higher education remains critical, or changes to the current funding model need to be examined.

As I mentioned above, the level of knowledge regarding the public good functions of higher education is less clear for the general public. Expanding the conversation from the legislature to the general public about the positive externalities and spillover effects that higher education provides to all residents of the state could garner additional good will toward higher education. The more people know and talk about how higher education benefits all residents of the state (Ehrenberg, 2006; Heller, 2001; Kezar et al., 2005; Koshal & Koshal, 2000; Longanecker, 2005; Reindl & Brower, 2001), the more we may all understand the need for increased appropriations for higher education. With such understanding, perhaps the funding tides could turn for colleges and universities.

#### *Talking to Legislators about Revenue*

Questions need to be raised about the apparent reluctance of the present legislature to consider any form of revenue enhancement. These questions could be asked

during conversations between legislators and constituents or legislators and higher education administrators, or in future research studies, as discussed in more detail in the next section. While tax increases are not politically popular, when the economic situation in the state becomes as dire as it is, at some point, revenue enhancements have to be considered. One way to do this could be through the “sin tax,” as Dana and Hannah suggest. As reported in Chapter 4, Missouri has the lowest cigarette tax rate in the nation (National Conference of State Legislators, 2011), and the state that charges the highest tax on cigarettes earns more than \$4.00 *per carton* more than Missouri does. While Missouri certainly would not need to make a change that drastic, any sort of increase from the current \$0.17 per carton in revenue would help. Dana and Hannah also suggested collecting taxes on Internet sales as a means for increasing revenue. Along the same lines, even modest to moderate tax increases, whether for income tax, sales tax, or other taxes, would add up when applied across the entire state.

The proposed legislation regarding cigarette taxes (Silvey, 2011), Internet sales taxes (Patane, 2011b), and the structure of sales, income, and corporate taxes (Patane, 2011a) may indicate that some legislators are becoming more open to the idea of revenue enhancement. Higher education administrators could take advantage of these proposed bills to open the dialogue about how desperately increases in funds for higher education are still needed as we look to the future. They could use these proposals as ways to suggest similar increases in general revenue to legislators. All indications point to the fact that economic recovery will continue to be slow, and that fiscal year “2012 is likely to be a very challenging budget year in most states” (State Higher Education Executive Officers, 2011, p. 12). Constituents could also contact their legislators to articulate their

support for such increases. These suggestions from either group could be posited simply as a way to increase the general revenue available to the state, and thus the revenue available for higher education under the current funding model, as discussed previously. However, such suggestions could also include specific recommendations that increases be dedicated to higher education funding. While this might not carry as much weight coming from administrators, legislators might pay attention to a grassroots effort coming from voters.

Taxpayers might not welcome new or increased taxes; however, as a practitioner of higher education who strongly believes in the public good of higher education, I see the value of a slight increase in an existing tax or the creation of a new tax to help generate new or additional revenue. While this increased revenue would not be guaranteed to further fund higher education, it would increase the amount of money in the state's coffers in the area of discretionary general revenue. As previously stated, it is possible these revenue increases would benefit higher education somewhat given the perceived willingness of the legislators in the study to better support higher education.

The historical funding pattern for higher education in Missouri clearly follows Hovey's (1999) balance wheel theory; when times are good, higher education tends to get a larger share of appropriations, but when times are bad, the cuts to higher education run deeper. Additionally, once cuts are made, funding levels never seem to return to where they used to be, which tends to leave higher education "in arrears." This has been compounded by the fact that higher education did not have a chance to fully recover from the 2001 recession before the 2008 recession began, and the fact that the outlook for fiscal 2012 remains bleak (State Higher Education Executive Officers, 2011). If the

balance wheel pattern of funding continues, conversations with legislators to increase overall revenue for the state might help higher education in the long run. If there is more general revenue overall for Missouri, higher education has a better chance of getting a greater share of funding. Even if funding percentages remain the same, the same portion of a larger funding “pie” equates to more available dollars for higher education.

### Recommendations for Future Study

This study focused on Missouri legislators’ perceptions about public higher education. When asking participants about higher education in the State of Missouri, I did not draw distinctions between 2-year and 4-year institutions. Participants’ responses seemed to be about higher education in the state in general, with occasional examples specifically from the 2-year or 4-year sectors to highlight a particular point. I only spoke to members of key budget and appropriations committees in the 95<sup>th</sup> General Assembly in Missouri. My questions were formulated from the perspective that higher education is a public good, and sought to determine if participants in this study also viewed higher education in this way.

Future research could build upon this study in a variety of ways. While this study focused on the legislative branch of Missouri’s government, future research could be done to explore the involvement and perceptions of the Governor and staff members of the executive branch regarding higher education and the importance of funding it. Researchers could speak with administrators and other leaders at higher education institutions to get their perspectives about the funding process to see if their perceptions align with what Missouri’s legislators reported. Similar case studies could be conducted

to see how perceptions of legislators in other states compared to those of legislators in Missouri.

Studies could also be designed to gather information about citizens' perceptions about public higher education in the State of Missouri. From the review of the literature, I did not get a strong sense that much is known about the average Missourian's beliefs in terms of the positive externalities higher education provides for everyone in the state, beyond the private benefits reaped by those who receive degrees. If we learned more about Missourians' perceptions and understanding about higher education and how it benefits everyone in the state, we might be able to learn more about whether people in the state need to be educated about these benefits. If Missouri citizens had more complete information, they might be more supportive of initiatives to fund public higher education in the state. A study such as this could lead to an effort to increase public awareness about higher education as a public good, and perhaps the next proposition for a dedicated state tax for public higher education might be more successful than the 1992 effort (Schmidt, 2002a).

To increase the depth of knowledge about the legislative process and legislator perceptions in Missouri, this study could be replicated with members of future general assemblies to try to assess the effects of term limits on legislator perceptions on higher education. This or future general assemblies could be asked their opinions about alternate funding models proposed by Ian and recommended by Archibald and Feldman (2011). Other questions could be asked of this or future general assemblies in Missouri to try to learn more about the perceived reluctance of Missouri legislators to raise taxes of any kind, whether income taxes, sales taxes, cigarette taxes, or instituting an internet sales

tax. Legislators could be asked why only certain departments, such as transportation and conservation, have dedicated revenue streams. Studies could be conducted involving all members of the General Assembly, instead of only those involved in budgeting and appropriations.

Understanding why legislators have not proposed amendments to Missouri's Constitution similar to those for transportation and conservation to establish small-scale (e.g., one-eighth of one cent or one-tenth of one cent) dedicated sales taxes for the purpose of funding higher education, and to find out what it would take for them to support such a dedicated revenue stream could help higher education administrators better understand how to approach the issue of requesting dedicated funding streams in the future. Legislators could be surveyed or interviewed to learn more about their perspectives about these amendments to the Constitution, how they would feel about similar initiatives for higher education, and if they would support such actions.

More information is needed to discover Missouri's voters' knowledge level regarding public goods, the value they place on such goods, and whether they believe funding public goods is important. The surveys of Missouri voters regarding alcohol excise taxes (Join Together, 2005), tobacco taxes (Knapp & Brinker, 2007), and state priorities (University of Missouri System, 2008) were all conducted several years ago; elements of these studies could be incorporated and updated. In addition to inquiring about public goods, a survey instrument could include items designed to elicit voters' feelings about cigarette and alcohol taxes, online sales taxes, or other taxes; their perceptions about how such taxes are used to fund various initiatives in the state; and how they would like to prioritize the use of their taxes for state appropriations.

Finally, this study could be replicated in other states. This could help researchers gain insights about the budgeting and appropriations processes in other locations, and to learn more about how legislators in other states view the funding of higher education. Having data from similar studies in other states would allow for a much broader comparative analysis of the processes and perceptions, and allow researchers to learn more about how these issues are handled across the country. Such findings could help researchers develop an idea of the best practices in higher education funding, and might also help inform federal funding practices for higher education.

Overall, funding for higher education and higher education as a public good have received some attention in the research literature. However, if we want college and university administrators, legislators, and other state citizens to make informed decisions about higher education funding, much more warrants further exploration not only in Missouri, but for other states.

### Conclusions

While the private benefits of higher education are clearly evident, most participants in this study acknowledged that higher education also functions as a public good. However, arguments for the public benefits of higher education have not, as yet, led to increased funding for higher education, even during times of economic wealth in the state. As a public good, higher education benefits more than just those individuals who receive it; it results in positive outcomes for a larger population than solely its consumers (Ehrenberg, 2006; Heller, 2001; Kezar, Chambers, & Burkhardt, 2005; Koshal & Koshal, 2000; Reindl & Brower, 2001). These spillover effects, or positive externalities, justify its funding through appropriations from the state legislature. At this point, the state needs to

consider prioritizing funding for higher education in terms of its public good benefits, and not simply in terms of how much revenue is available to divvy up. Additionally, a dedicated funding source for higher education in Missouri should be considered to help smooth out the peaks and valleys that have followed the balance wheel (Hovey, 1999) method of funding.

As discussed in Chapter 2, the ongoing competition for funds between higher education and other public goods is well documented (Alexander & Layzell, 2006; Archibald & Feldman, 2011; Baer, 2005; Cheslock & Gianneschi, 2008; Delaney & Doyle, 2007; Ehrenberg, 2006; Garland, 2009; Hauptman, 2001; Higdon, 2003; Jacoby & Schneider, 2001; Kane et al., 2003; Longanecker, 2005, 2006; McMahon, 2009; Mumper, 2001b; Okunade, 2004; Reindl & Brower, 2001; Rizzo, 2006; Russell, 2008; Selingo, 2003; Vedder, 2004; Zumeta, 2001). I believe the concept of the social compact, covenant, or charter between society and higher education (Baer, 2005; Curris, 2006; Garland, 2009; Kezar et al., 2005) has become diluted in recent years. This is reflected by the continued shift in the proportion of funding from the state to the students. While this study found that Missouri's legislators see education as a priority, it is critical for administrators to continue to keep the public functions served by higher education at the forefront in conversations with legislators (Paulsen & Toutkoushian, 2006; Solutions for Our Future, 2010b) and other state citizens (Kezar, 2005). As Kezar reminds us, "if policymakers and the public do not have a clear picture of why investment in higher education matters, including the social and public benefits, other public policy priorities may end up gaining more support than higher education" (p. 319).

The “boom and bust” (Russell, 2008, p. 1) nature of higher education allocations remains a concern. In order for higher education institutions to be able to plan appropriately for the future and experience some level of stability in funding, a dedicated (and ideally increased) revenue stream needs to be established for higher education. The current balance wheel approach makes it difficult, if not impossible, for higher education institutions to plan for long-range financial circumstances, systematic facilities maintenance, changes in curriculum and instruction, developments in technologies or industry to meet the economic development and workforce needs of the state, fluctuations in enrollment, and other contingencies. If institutions knew more about what their funding streams would be long term, or could establish “rainy day” funds, they could better respond to the needs of students, the state, and community. The ability to be proactive rather than reactive in terms of budgeting and planning would allow institutions to focus on outreach to the larger community, rather than having to concentrate solely on generating enough revenue to simply survive from year to year. This could help college and university administrators formulate projections in enrollment management and appropriately plan for facilities to meet campus, community, and state needs. These needs include classroom, residential, and programmatic demands to attract students, faculty and staff, and industry to the state, as well as facilities to support activities for the local community.

The participants in this study noted the importance of higher education for the residents and the economy of Missouri; one even commented that higher education “changes everything.” Higher education administrators need to keep the lines of communication with Missouri’s legislators and voters open to keep reminding them of

both the private and public good functions of higher education, and to continue the dialogue regarding the need for a dedicated revenue stream or more stable funding model for higher education in the State of Missouri.

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## APPENDIX A

### INVITATION LETTER TO POTENTIAL PARTICIPANTS

[Date]

The Honorable [Representative or Senator] [First Name] [Last Name]  
[Address]  
[City, State, ZIP]

Dear [Representative or Senator] [Last Name],

I am a doctoral student at the University of Missouri – Columbia. For my doctoral research, I am exploring how Missouri legislators view public higher education, the perceptions of Missouri legislators regarding the importance of funding public higher education in relation to other departments that receive state appropriations (e.g., Department of Elementary and Secondary Education, Department of Transportation, Department of Public Safety, Department of Corrections), and the process Missouri legislators use to determine appropriations amounts for the various state departments.

You have been selected as a potential participant for this study because you are or were a member of a key legislative committee during the 95<sup>th</sup> General Assembly. I would like to conduct a 30-60 minute personal interview with you to learn more about your thoughts regarding higher education. This interview could be conducted in person, or using a Web-based teleconferencing program, depending on your preference and availability.

Participant identities will be kept confidential in my study; pseudonyms will be used in the dissertation to protect identities and encourage open dialogue during the interviews. All data collected for this study will only be viewed by me and possibly by my dissertation supervisor.

If you would be interested in participating in this study, please contact me via e-mail at [lmuller@semo.edu](mailto:lmuller@semo.edu) or [lkm4y4@mizzou.edu](mailto:lkm4y4@mizzou.edu) or via phone at 573-651-2401 (work), 573-382-0930 (cell), or 573-833-6168 (home) to schedule an appointment.

I believe your service in the legislature and your committee experience make you uniquely qualified to help people understand the budgeting process in the state. Your participation in this study would be invaluable. I hope to hear from you soon, and will follow up with you in the future to schedule an appointment. Thank you.

Sincerely,

Lori Mueller

## APPENDIX B

### QUESTIONING ROUTE FOR INTERVIEWS

1. Please tell me a little about yourself, including why you decided to become a legislator. [If needed: Please tell me a little about your educational background. How has this benefitted you outside of the legislature?]
2. How many years have you been involved in the budgeting and appropriations process for the state?
3. I realize that there are many departments vying for state funding. Please describe how appropriations are made. [If needed: How do you decide which departments get more or less money?]
4. As you know, my study focuses on public higher education. Please tell me a little about your perceptions of public higher education in the State of Missouri.
5. What do you see at the benefits of public higher education in the State of Missouri?
6. When considering funding for higher education, what aspects factor into that decision? [If needed: What might be reasons for expanding or reducing funding for public higher education?]
7. Is there anything else you would like to share with me about the process of prioritizing funding determinations in the state?

Possible probes:

If participant discusses ability of institutions of public higher education to raise tuition to balance shortages in appropriations:

- Provisions of section 173.1000 of SB389, which became effective in August 2001, provide that from academic year 2008-2009, all public institutions' tuition levels will only be allowed to increase by the amount of the consumer price index. What recommendations do you have for institutions to address the current fiscal crisis in the state? [If warranted: How do you think institutions of public higher education should respond when cuts in appropriations exceed the amount they can raise tuition and fees?]

If participant advises that tuition levels are too high due to inefficiencies/poor management at institutions of higher education:

- What accountability measures would you like to see from institutions of public higher education to consider when making funding determinations? [If needed, "e.g., Graduation rates? Enrollment? Alignment of actions with mission?"]

## APPENDIX C

### INFORMED CONSENT FORM

#### **Higher Education in Missouri Informed Consent**

This form requests your consent to participate in a research study (IRB Project #1176617) to explore how Missouri legislators view public higher education, the perceptions of Missouri legislators regarding the importance of funding public higher education in relation to other departments that receive state appropriations (e.g., Department of Elementary and Secondary Education, Department of Transportation, Department of Public Safety, Department of Corrections), and the process Missouri legislators use to determine appropriations amounts for the various state departments. This is a dissertation project being conducted by Lori Mueller (researcher) as overseen by Dr. Jeni Hart (advisor/chair; hartjl@missouri.edu or 573-882-4225).

Project description: This research project involves interviews and field notes regarding the perceptions of members of key legislative committees from the 95<sup>th</sup> General Assembly regarding funding for public higher education in the State of Missouri. The 30-60 minute interviews will focus on gaining an understanding of how Missouri legislators view public higher education and the process Missouri legislators use to determine appropriations amounts for the various state departments.

Potential Benefits and Concerns: Benefits from the study may include the ability of administrators in higher education to better understand the perceptions and processes involved with the funding of public higher education in Missouri. Risks associated with this research are minimal; your involvement would involve the interview described above, the ability to review a transcript of the interview for correctness and completeness, and possible follow up correspondence or interviews for clarification of the content.

Confidentiality: All information regarding this project will be kept confidential according to legal and ethical guidelines. Pseudonyms will be used in the dissertation, which will be used to track your participation and information instead of your name or other identifying characteristics. Any identifiable information associated with project participants will only be accessible to the researcher and will be kept on a password protected computer in a locked office. No comments will be attributed to you by name in any reports on this study, and the information will be presented in a way which obscures individual identities. All data collected for this study will only be viewed by me and possibly by my dissertation supervisor. I will personally transcribe all interviews.

Recording: All interviews will be recorded (audio recorded if the interview is conducted in person, or video and audio recorded if the interview is conducted via the Internet), unless you prefer to have the interview conducted without recording. If you agree to have the interview recorded, you have the right to request the recorder be stopped at any time—either to stop the interview completely or to continue the interview un-recorded.

Participation is Voluntary: Your participation is entirely voluntary, and you can decline to answer any questions you do not wish to or withdraw your participation in this study at any time without penalty. You can freely withdraw from the project at any time without negative consequences, and all data pertaining to you will be destroyed.

Questions: Please contact Lori Mueller (573-651-2401 or 573-382-0930, lkm4y4@mail.missouri.edu) with any questions or concerns.

The Campus Institutional Review Board approved this research study. You may contact the Campus Institutional Review Board if you have questions about your rights, concerns, complaints or comments as a research participant. You can contact the Campus Institutional Review Board directly by telephone or email to voice or solicit any concerns, questions, input or complaints about the research study.

483 McReynolds Hall  
Columbia, MO 65211  
573-882-9585

E-Mail: [umcresearchcirb@missouri.edu](mailto:umcresearchcirb@missouri.edu)  
Website: <http://www.research.missouri.edu/cirb/index.htm>

Please check the appropriate line to indicate that you have read and understand this letter:

I agree to participate and I give consent that the interview can be recorded. At any time I may ask that recording be stopped.

I agree to participate, but do not give consent to record the interview.

Signed: \_\_\_\_\_

\_\_\_\_\_  
(Date)

NOTE: You will be given a copy of this form for your records.

## VITAE

Lori Katherine Mueller was born in St. Louis, Missouri, to Paul and Kay Boyster. She attended public schools in the Mehlville school district, graduating from Mehlville Senior High School in 1990. She earned a Bachelor of Arts in Psychology with an emphasis in Industrial/Organizational Psychology from the University of Missouri – St. Louis in 1993, a Master of Arts in Higher Education Administration from Southeast Missouri State University in 2007, and completed her Doctor of Education in Educational Leadership through the statewide cooperative program at the University of Missouri. She is married to Tim Mueller and currently works at Southeast Missouri State University as the Director of Technology and Communications for the College of Education.