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FUNDING OF HIGHER EDUCATION IN TENNESSEE:
A QUALITATIVE STUDY OF THE PERCEPTIONS
OF STATE LEGISLATORS AND HIGHER EDUCATION LEADERS

A Dissertation

Presented to the Faculty of the
Department of Educational Leadership and Policy Analysis
East Tennessee State University

In Partial Fulfillment
of the Requirements for the Degree
Doctor of Education
in Educational Leadership and Policy Analysis

by

David D. Collins

December 1996

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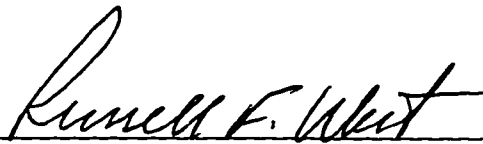
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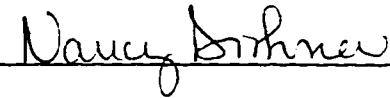
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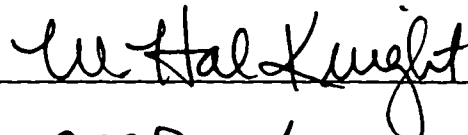
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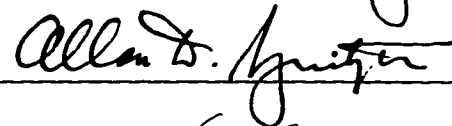
The committee read and examined his dissertation, supervised his defense of it in an oral examination, and decided to recommend that his study be submitted to the Graduate Council, in partial fulfillment of the requirements for the degree of Doctor of Education in Educational Leadership and Policy Analysis.



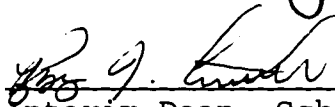
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Signed on behalf of
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Interim Dean, School of
Graduate Studies

ABSTRACT

FUNDING OF HIGHER EDUCATION IN TENNESSEE:

A QUALITATIVE STUDY OF THE PERCEPTIONS

OF STATE LEGISLATORS AND HIGHER EDUCATION LEADERS

by

David D. Collins

The purpose of this study was to identify issues that are considered important to the legislators and higher education leaders of Tennessee in making decisions that affect the funding of higher education. A further purpose was to identify actions that such individuals believe should be taken by higher education leaders to ensure that higher education is accountable and worthy of continued or increased financial support.

Using a qualitative research design, interviews were held with 10 legislators and 6 higher education leaders selected in accordance with the concept of purposeful sampling. Legislative participants included five members from the Senate and five members from the House of Representatives. All participants served on either the Education Committee or Finance Ways and Means Committee within their chamber. Higher education leaders consisted of a university president, the President of the University of Tennessee System, Chancellor of the Tennessee Board of Regents, Executive Director of the Tennessee Higher Education Commission, Comptroller of the Treasury, and a member of the University of Tennessee Board of Trustees.

Issues identified from the interviews were reduced to eight categories: (a) issues affecting higher education and (b) findings regarding the accountability of higher education. The issues category was divided into eight categories: (a) financial issues that was further subdivided into funding issues, accountability issues, capital expenditures, taxes, fees, and other general financial issues; (b) administrative structure and costs; (c) quality outcomes; (d) faculty issues (e) technology; (f) program duplication; (g)

relationship to K-12 education; and (h) other general issues. Issues that emerged related to accountability included the measurement of educational outcomes and the communication of those results to legislators and the public.

Based on the findings of this study, three recommendations are offered: (1) a committee consisting of appropriate representatives should be established to study the issue of accountability and determine appropriate measurements that will provide relevant information; (2) leaders in higher education should make a concerted effort to improve communication with legislators and their staffs; and (3) those in higher education must improve their communication with the public.



East Tennessee State University

Institutional Review Board • Box 70565 • Johnson City, Tennessee 37614-0565 • (423) 929-6134

TO: David D. Collins

FROM: David N. Walters, M.D., Chairman
Institutional Review Board

DATE: February 22, 1996

SUBJECT: Funding of Higher Education in Tennessee: A Qualitative Study of the
Perceptions of the Governor and State Legislators.
IRB #95-114e

I have reviewed the above-referenced study and find that it qualifies for exemption from further IRB review. Participation is voluntary in this research project. Federal Guidelines Title 45--Part 46.101 allows for categories of studies to be exempted from further IRB review.

If you feel it is necessary to call further IRB attention to any aspects of this project, please refer to the above-titled project.

I appreciate your bringing this project before the IRB for its concurrence of exempt status. Good luck with your study.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Walters", with a stylized flourish at the end.

David N. Walters, M.D.
Chairman, IRB

DEDICATION

This work is dedicated to my wife Hilda who provided me with the love and support I needed throughout the course of the project. It is also dedicated to my children, Michael and Lauralyn, who tolerated my moods and provided with me with strength and guidance in their own special ways.

ACKNOWLEDGMENTS

No project such as this can be accomplished without the help and advice of numerous individuals. First I would like to express my appreciation to my committee chairman, Dr. Russell West, who provided me with the guidance and encouragement to complete a qualitative design. Second, I would like to thank the rest of my committee members; Dr. Hal Knight, Dr. Nancy Dishner, and Dr. Al Spritzer, who provided valued input that ensured this study was relevant and useful.

I would like to thank Dr. Rick Osborn who served as my peer debriefer for this project. He kept me focused and ensured I did not wander off in the wrong direction. My thanks also to John Harman who served as the inquiry auditor. His review of transcriptions and the audit trail provided a valuable service.

A special note of thanks goes to the Director of Purchasing at ETSU, Kathy Kelley. She continually asked me about the progress of this project and in general made a nuisance of herself to ensure that I did not get behind. Without her constant prodding, I am not sure I would have finished on time.

Another special note of thanks goes to Ms. Wilma Carney in Senator Crowe's office. Her help in arranging interviews with the legislators in this study as well as a majority of the higher education leaders helped to save my sanity. I'm not sure I could have arranged all of this without her help.

My sincere appreciation goes to Dr. Richard Manahan. He provided me with the push eight long years ago to embark on this journey. Since that time he has continued to encourage me and has been a friend and mentor.

Finally I would like to thank the legislators and higher education leaders who provided me some of their valuable time. Without their frank and insightful comments, the results of this study would have been much less valuable.

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CHAPTER 1

INTRODUCTION

In a recent newspaper article, Watson (1995) quoted Dr. Joe Johnson, President of the University of Tennessee system as saying "Tennessee's higher education institutions will have to demonstrate their worth to compete for funding in the state" (p. 5). According to Johnson (cited in Watson, 1995), higher education is being looked at as a fourth priority behind mandated improvements in K-12 education, corrections, and health care. This sentiment was mirrored by Dr. Charles Smith, Chancellor of the Tennessee Board of Regents who indicated that, in his opinion, Tennessee higher education will see little growth in funding for the next three to five years. During this period, higher education must take steps to become accountable for its actions and place itself in a position to request increased funding when the current priorities have abated (C. W. Smith, Business Affairs Sub-Council (BASC), October 18, 1995). Perhaps the most telling remark is contained in a report prepared by the Tennessee Commission on Practical Government (1995). In it, the Commission noted "Tennessee colleges and universities, like those elsewhere, face a future of declining resources,

greater demands as enrollment rises and increased public scrutiny" (p. 17). They further noted:

Tennessee colleges and universities can maintain or improve quality during a time of stable or declining resources only if they change the way they do business....Therefore, Tennessee colleges and universities must find ways through better management and improved educational productivity to do more with less (p. 18).

Policy makers are sending a message to higher education. This message is that while higher education is valued and appreciated, budget realities have all but eliminated opportunities for significant discretionary budget increases (Albright & Gilleland, 1994). Factors such as changing state priorities, budgetary problems, and the resistance to higher levels of tuition will seriously constrain college budgets for the near-term and very likely through the remainder of the century (Hollander, 1992). Ashworth (1994) may have summarized it best when he said:

A college or university president would indeed have to be cloistered in an ivory tower not see the competing demands for public dollars coming from runaway health costs; an aging population; the deteriorating distribution, transportation, and utility infrastructures of our cities and states; increasing social service costs; escalating prison costs; costly court orders, expensive school reform movements and equalization of funding; and frequent mandates from Washington to extend state coverage into areas the federal government is unwilling or cannot afford to support (p. 8).

According to Lyddon and Layzell (1991) state budgeting for higher education is influenced by a variety of environmental factors including previous levels of spending for higher education, economic conditions, demographic trends, and political factors. Among the least satisfactorily measured of these categories are the political factors. The players within and around state government are critical to determining whether higher education gets a greater share of the budget in any given year. Lyddon and Layzell (1991) further noted that the clearest factors contributing to the changes in the funding of higher education appear to be the policy agendas of the governor, and to a lesser degree the interests of key legislators. Johnson (cited in Watson, 1995) noted that, in Tennessee, higher education leaders must do a better job in letting legislators, the governor, and staff know what is being done in higher education and why additional investment is essential.

Finn (1990) noted that revelations of tuition setting, financial aid, and indirect cost scandals have taken much of the aura from higher education as a place of quality, virtue, and the pursuit of truth. As a result, public concern mounted throughout the 1980s and 90s. This concern

was expressed most recently in the Wingspread report (Wingspread Group on Higher Education, 1993). Now more than ever, public higher education must compete in the same policy arena of state government for limited state resources (Abrams, 1987).

Current debate now centers on the degree to which state governments should use their budgetary powers to establish policy goals for higher education. These include questions of how best to use budgets as a tool of policy and which techniques are most successful in achieving desired outcomes (Epper, 1994). Legislators and state leaders are among those asking what messages state policies are intending to convey to the campuses. They are also among those raising questions about how responsive campuses have been (Albright & Gilleland, 1994). This may best be illustrated by a quote from former New Jersey governor Thomas Kean (cited in Hines & Pruyne, 1993) who said "Our ivory tower is under siege because people are questioning our mission and questioning who we are. They claim we cost too much, spend carelessly, teach poorly, plan myopically and when we are questioned, we act defensively" (p. 10).

Higher education leaders in Tennessee are beginning to face these issues. In testimony before the Senate Education

Committee (1995, February 15), Dr. Bryant Millsaps, Executive Director of the Tennessee Higher Education Commission (THEC) noted that higher education leaders in Tennessee must become more accountable for their actions. He further noted that the higher education community must do a better job of communicating what it is doing to legislators. This view was more recently confirmed by Senator Burks (D Monterey) during 1996 Senate Education Testimony (Senate Education Committee, 1996, January 31). Johnson (cited in Watson, 1995) stated that Tennessee higher education institutions must demonstrate that the student who enters an institution and graduates four years later is a better educated individual as evidenced by demonstrated successes in passing rates on licensure exams and gaining entrance into professional schools.

Administrators need to be sensitive to the changing social and economic climate and attempt to understand the forces to which state legislators are being subjected as crucial funding decisions are made. Only an understanding of the legislator's perceptions of important issues that affect final funding levels will allow administrators to emphasize and develop those areas that will have the most

benefit for the institution. To solve the problem will require a cooperative effort among all parties (Kerr, 1993).

Statement of the Problem

Over the past several years, there have many instances in which it was said that higher education must become "accountable". The Executive Director of the Tennessee Higher Education Commission, the Chancellor of the Tennessee Board of Regents, the President of the University of Tennessee system, and various legislators have all indicated that higher education leaders in Tennessee must become more accountable and communicate the needs and accomplishments of Tennessee higher education to the governor and legislators. There has been, however, little indication as to what information is required by the governor and legislators, or what specific steps higher education leaders should take, for higher education to become "accountable".

Purpose of the Study

The purpose of this study was to identify issues that are considered important to the legislators and higher education leaders of Tennessee in making decisions that affect the funding of higher education. A further purpose was to identify actions that such individuals believe should

be taken by higher education leaders to ensure that higher education is accountable and worthy of continued or increased financial support.

Significance of the Problem

Higher education has been compared with the health care industry as the next crisis in public finance (Albright & Gilleland, 1994). State governments have taken a more active role in higher education in terms of budget planning and actual expenditures of public institutions (Smith, 1991). Epper (1994) noted that higher education institutions have enjoyed considerable flexibility and autonomy in allocating resources as state government officials traditionally believed the campus to be better equipped than legislators to decide how resources should be spent. In recent years, however, this confidence has waned as institutions shifted dollars out of instruction and into other activities (Epper, 1994). Albright and Gilleland (1994) voiced similar concerns noting that campuses have not been required to expend funds as they are allocated. The combination of real trends and perceived institutional tendencies to direct funds away from instructional purposes have damaged the public perception of higher education with

the result that states are becoming more interested in how public dollars are being spent in public institutions (Epper, 1994). As an example, a recent report by Wilson (1994) noted that the President of Morehouse College was forced to resign for using over \$750,000 of school funds for a new house, social memberships, and a chauffeur.

As these changes continue, presidents are being more frequently called upon to be the leader in negotiating budgets with state legislators (Smith, 1991). Also higher education must make its needs known by inviting legislators, their key staff, and career government officials to the campus (Schwartz & Poorman, 1992); better communication of their needs ("Communicating Financial Data", 1993); and explaining why certain things happen in the budget process (Layzell & Lyddon, 1990). Administrators must be able to move comfortably and effectively in the state legislative environment (Krepel & Grady, 1988) and make sure the state's congressional delegation understands the priorities and needs in higher education (Watson, 1995). Higher education leaders must make greater efforts to address these issues directly with their state legislators and develop cooperative attitudes to problem solving in areas such as teaching loads, year-round utilization of buildings,

curtailing administrative costs, using faculties more efficiently and economically in teaching duties, and eliminating duplication of campus programs (Kerr, 1993).

Hollander (1992) noted that the attitude toward higher education in many states is downright hostile. This is due to a sense that institutions have neglected teaching in favor of research and have not responded adequately to statewide priorities for minority access, school improvement, and other issues related to the perceived decline in America's competitive position. Finney (1994) noted that higher education leaders must be able to address state officials concerning the pressure coming from public sentiment that higher education is slipping beyond the reach of the middle class, increased numbers of high school graduates, and the severe constraints on state resources. National critics have argued for some time that teaching responsibilities of faculty appear to be decreasing as the price that students and parents pay for higher education is increasing (Ohio Board of Regents, 1992). Clearly, state lawmakers have taken a renewed interest in accountability demonstrated by the number of states studying faculty productivity, graduation rates, amount of time to graduate, and economic impacts of higher education (Hines & Pruyne,

1993). The Tennessee Commission on Practical Government

(1995) noted:

The existing governance system of Tennessee higher education is so fragmented that it does not provide the focus or accountability necessary to respond to the state's vision, to be the primary engine of the state's economic growth, to control program proliferation and redundancy or to be cost effective (p. 18).

Despite comments such as these, there appears to be little guidance as to what is needed for higher education to be "accountable". Johnson (cited in Watson, 1995) has indicated that institutions must be able to show they have made a difference; that students are better educated and have the ability to do the job for which they have been trained as evidenced by passing rates on licensure exams and gaining entry into professional schools. Smith, in testimony before the Senate Education Committee (1995, March 22) indicated that higher education must link what is done in higher education to the needs of the state.

Legislators in Tennessee have expressed their own concerns. In a Senate Education Committee Hearing (1995, March 22), Senator Womack (D Murfreesboro) questioned the increases in positions at a time that there was very little increase in students. Faculty productivity and research was also questioned. During the same hearing, Senator Burks (D

Monterey) questioned increases in administrative costs when technology was supposed to cut such costs.

Other individuals have expressed differing opinions. Some feel that budgets should be used to force higher education to meet the needs of the state (Albright & Gilleland, 1994; Epper, 1994) while others feel that standardized performance indicators be used to measure the result of higher education's effort (Kerr, 1993; Schofield, 1991). "Higher education needs to be forthright in answering these serious questions if institutions are to maintain their credibility and, with it, their ability to influence the priority of resource appropriations" (Albright & Gilleland, 1994, p.7).

Overview of the Study

Chapter 1 includes the introduction, the statement of the problem, the purpose of the study, the significance of the problem, and an overview of the study.

Chapter 2 contains a review of relevant literature and research concerning possible factors that may affect the way legislators view the funding of higher education. The chapter closes with a list of the initial research questions to be explored during the study.

Chapter 3 is a description of the methods and procedures used in the study.

Chapter 4 is the analysis of data and presentation of the research findings.

Chapter 5 is a summary of the study with conclusions and recommendations for further research.

CHAPTER 2

REVIEW OF RELATED LITERATURE

In the mid-80s Kerr (cited in Evangelauf, 1985) contended that new initiatives and new moneys for colleges and universities would come from the states instead of Washington, D. C. and state Governors and legislatures would face grave funding issues in the years ahead. Not only have colleges faced the realities of the shrinking federal dollar, the state and local dollars are diminishing as well (Blong & Bennett, 1991). Abrams (1987) noted that since the World War II there has been a major change in the institutional context of educational policy-making. State governments have gradually established new, and strengthened existing, administrative controls over both the public schools and public higher education. Contrary to historic patterns, the states are now the greatest single source of funding for both public and higher education (Fischer, 1990).

State governments now occupy a position of primacy in establishing budget policy for higher education. This inescapable conclusion comes at a time when the fiscal

positions of virtually all states have eroded because of alterations in state and federal tax structures and as additional demands are being made under the theme of "New Federalism". These circumstances, in conjunction with the generally unfavorable economic circumstances faced by the states as well as demands unique to each state, assure that higher education will continue to face increased competition for scarce dollars (Abrams, 1987). This is underscored by a recent survey in which a majority of states surveyed reported that Medicaid, K-12 education, and corrections will absorb any new revenue. The survey also noted that it is unlikely that states will embrace major new taxes (Finney, 1994).

There is little sympathy, however, for the notion that higher education is in trouble. Because colleges and universities continue to enroll growing numbers of students in spite of budget problems, people seem to discount claims that colleges need more dollars. They expect higher education to "tighten its belt" and become more efficient. Most believe that the belt-tightening can be done without hurting quality (Southern Region Education Board [SREB], 1994).

State governments have become more intrusive in terms of budget planning and actual expenditures of public educational institutions (Smith, 1991). It is no surprise that questions are being raised in state legislatures about the value of higher education. It is also no surprise that those raising the questions may not be the same individuals who have a commitment to higher education's loftier, less tangible goals. Often, they are individuals whose constituencies have elected them to balance state budgets, cut burgeoning costs, and generally maintain careful stewardship over dwindling resources (Cole, 1994).

These questions come at a time when the contributions of higher education are gaining greater evidence. Such evidence includes greater access, greater graduate monetary gains, greater student satisfaction, a world dominance in research, and better contributions to the balance of trade. Modern society needs the advanced skills and knowledge provided by higher education (Kerr, 1993).

In order to continue these gains, higher education must reestablish itself as a priority in state budgets. It is basic to the continued growth and transition into a new economy, and it is the training ground for building

individual responsibility to understand the world and to help make it a better place (Cole, 1994).

Higher Education Funding History and Current Status

Public opinion polls in America show an overwhelming belief in the critical importance of a college education. Yet state support for colleges and universities is falling, and public dissatisfaction with some aspects of higher education is rising (Baliles, 1994). There is concern because the flow of public money to our colleges and universities is diminishing at a time of unprecedented political, social, and economic change. There is concern that higher education institutions have replaced millions of state tax dollars with the fastest growing special use tax in America, tuition, threatening access which is one of higher education's greatest accomplishments (SREB, 1994). As an example, the average price of college tuition rose 6% from fall, 1994 to fall, 1995, a pace more than double the rate of inflation which was 2.6% for the 12 months ending August, 1995 (Gose, 1995). McKinney (1995) noted that the fee to cost ratio in Kansas had risen to its current level primarily due to three factors that occurred in close proximity: A lowering of the states general use fund

budget, program maintenance increases approved by the legislature that were less than originally requested, and tuition increases by the legislature that were above the Board's original recommendation.

The current budget situation has its roots to the 1960s and 70s when the federal government initiated major policies for higher education including the Higher Education Act of 1965 and the Education Amendments of 1972. The growth of higher education and the vital role of government in that growth were unprecedented (Hines & Pruyne, 1993).

Two significant events began to slow the rate of growth of higher education. The substantial reduction in federal aid to state governments during the initial phase of Reaganomics was followed closely by the transferring of responsibility of certain social services, particularly Medicaid, from the federal government to state governments (Kenan, 1994). The "tax revolt" in California in 1978 was followed by a 24% reduction in constant dollars in federal student aid from 1981 to 1990. Also, from 1978 to 1989, there was a 13% reduction in constant dollars in federal support to the states (Hines & Pruyne, 1993).

Education at all levels came under close scrutiny in the 1980s as the faith in the quality and capacity of

educational institutions eroded in the face of damning reports (Garland, 1990). While understandable that such incidents would raise questions about higher education management, it is the questioning of the underlying value of higher education by political leaders and some elements of the general public that is more troublesome (Mingle, 1994).

By the 1990s, states increasingly were in an untenable position. The national and regional economies had slowed as the federal government imposed spending requirements on states as part of legislation designed to reduce federal debt. By 1991, most economists openly admitted that the nation had entered a recession (Hines & Pruyne, 1993).

It was during this period that higher education found its support eroding. A study by the Center for Higher Education at Illinois State University found that for the first time in the 33 year history of the study, states appropriated less to higher education during fiscal year (FY) 1991-92 than during the prior year (Jaschik, 1991). At an American Council of Education conference, it was noted that it had been 10 years since college presidents had talked in such despondent tones about the retrenchment they were enduring or facing (Magner, 1991).

In recent years, the situation has eased somewhat.

According to the same study, state spending on higher education grew by 3.2% for FY 1995-96. The two-year increase from FY 1993-94 was 8.7%. This is the third straight year appropriations have increased but increases are just slightly higher than inflation and don't provide much funding for growth or new programs (Lively, 1995). While funding has increased during the 90s the increases are still far below the robust increases of the mid to late 80s when two year increases always exceeded 10% and was about 20% for one two-year period (Lively, 1994, October 19).

Table 1 on the next page provides information on the funding of higher education for the past 13 years (Hines, 1987, 1989, 1990, 1991, 1992a, 1992b, 1995; Hines & Pruyne, 1993, 1994).

TABLE 1

SUMMARY OF HIGHER EDUCATION FUNDING FOR PAST 13 YEARS
(IN THOUSANDS OF DOLLARS)

Year	National	1 Year Increase	2 Year Increase	Tennessee	1 Year Increase	2 Year Increase
1984	25,881,564			405,884		
1985	28,409,534	9.77%		495,749	22.14%	
1986	30,671,335	7.96%	18.51%	548,187	10.58%	35.06%
1987	32,212,492	5.02%	13.39%	615,764	12.33%	24.21%
1988	34,042,048	5.68%	10.99%	639,237	3.81%	16.61%
1989	36,216,283	6.39%	12.43%	673,881	5.42%	9.44%
1990	39,337,633	8.62%	15.56%	727,449	7.95%	13.80%
1991	40,887,720	3.94%	12.90%	743,821	2.25%	10.38%
1992	40,100,696	-1.92%	1.94%	679,374	-8.66%	-6.61%
1993	39,483,265	-1.54%	-3.43%	761,543	12.09%	2.38%
1994	40,775,516	3.27%	1.68%	802,957	5.44%	18.19%
1995	42,973,099	5.39%	8.84%	897,704	11.80%	17.88%
1996	44,354,550	3.21%	8.78%	901,253	0.40%	12.24%

As can be seen from the previous table, Tennessee has not been exempt from these changes in funding levels. From FY 1989-90 through FY 1991-92, Tennessee impounded various percentages of the approved state appropriations. At its worst, East Tennessee State University (ETSU) was operating on 84% of the appropriation required as generated by the THEC for formula funding (East Tennessee State University [ETSU], 1995).

As with the rest of the nation, Tennessee has experienced moderate growth in the past few years. Funding has generally improved with ETSU now receiving 95.87% of its formula funding level for FY 1995-96 (ETSU, 1995). However,

as can be seen by Table 2, while dollars for higher education are increasing, the share of the state budget that is devoted to higher education continues to decrease.

TABLE 2

SPENDING ON HIGHER EDUCATION IN TENNESSEE AS A PERCENTAGE
OF TOTAL STATE DOLLARS (IN THOUSANDS OF DOLLARS)

Year	Higher Education Budget	Total State Dollars	Percent of Total Budget
1984	405,884	2,544,075	15.95%
1985	495,749	3,213,352	15.43%
1986	548,187	3,589,868	15.27%
1987	615,764	3,945,251	15.61%
1988	639,237	4,089,071	15.63%
1989	673,881	4,511,686	14.94%
1990	727,449	4,965,047	14.65%
1991	743,821	5,077,848	14.65%
1992	679,374	5,284,981	12.85%
1993	761,543	5,787,555	13.16%
1994	802,957	6,120,623	13.12%
1995	897,704	6,793,280	13.21%
1996	901,253	7,052,861	12.78%

Note: Higher Education Budget from Table 1. Total State Budget Dollars provided by Senate Finance Ways and Means staff.

Higher education's hard times grow out of the ongoing budgetary problems of the states. Declining revenues and the escalating costs of health and human service programs have created a financial vise that squeezes hard on programs with less entitlement (Baliles, 1994). The recession was a watershed for higher education because during its two

harshest years, pressure had continued to grow for states to spend money on entitlement programs and public schools.

Higher education also had to justify spending increases at a time when outside critics had planted doubts in the public's mind about research ethics and faculty workloads (Lively, 1994, October 19; Novak, 1993). As a result, many higher education leaders believed they had been asked to bear too much of the burden of budget shortfalls while legislators and other government officials who face tough financial decisions questioned whether higher education was spending wisely the dollars available to them (Baliles, 1994).

Higher education officials often claim that larger portions of state budgets are going to mandated programs, but public schools are also taking a larger share. According to Lively (1994, January 26), a study by the Center for the Study for Educational Finance at Illinois State University found that spending on K-12 schools had grown more than twice as fast as that on public colleges in most states between 1970 and 1990. Due to the projected growth in public schools, it is anticipated that the schools share of the budget will grow from 32% in FY 1993-94 to 43% in FY 2002-03 leaving little additional funds for higher education. An interesting finding was that the growth was

most likely to outpace colleges in states where lawsuits had been filed alleging inequities in public school finance practices (Lively, 1994, January 26).

Several articles and studies have addressed the reduced funding higher education has faced. Smith (1991) studied the problems and accomplishments of a sample of university presidents. Sixty-two percent rated their institution's funding as inadequate which was the number one problem. Conversely, the second most stated accomplishment was achieving additional funding. Weston & Walker (1988) conducted a 1987 survey of the Educational Committee chairs in all 50 states. Funding was the top ranked category as chairs from 13 states expected general funding to be a priority during the 1988 session. Scoby (1993) summarized information gathered in a 1992 research project partially funded by the National Association of College and University Business Officers (NACUBO). The study showed that 31% of institutions surveyed experienced base budget reductions in FY 1990-91, 45% saw decreases in FY 1991-92 and 17% still expected to have base budget cuts in FY 1992-93. This was consistent with Falk and Miller (1993) who noted that nearly half of all public institutions operated with a smaller budget in FY 1991-92 than in the previous year.

As a result, college and university administrators have been forced to take a close look at their institutional budgets and make tough choices about what goes and what stays (Falk & Miller, 1993). Faced with cutbacks in institutional funding and student assistance, institutions have been forced to find ways to provide quality education in spite of declining resources ("College and University Fiscal", 1993).

Institutions have responded by considering ways to combine administrative departments, dropping weak academic programs, hiring private companies to do jobs that were once performed by employees, making across the board cuts, and acknowledging that they must "redesign", "restructure", or "reengineer" themselves to live within their means (Blumenstyk, 1994; Nicklin, 1994; Scoby, 1993). Colleges are often aiming their knives at personnel because the cost of salaries and benefits usually account for as much as 70% to 80% of the operating budgets (Nicklin, 1994). While often lamented, in California one top education official noted that everyone tended to focus on the wonderful people lost, but often times, deadwood was also lost which was good (Magner, 1994).

The news, however, is not all bad. State economies generally seem to be picking up and most public-college systems received budget increases for FY 1994-95. But despite these increases many institutions are getting a smaller percentage of total state appropriations than they did before the recession (Lively, 1994, July 20). Scoby (1993) found that although business officers reported they were expecting additional state funding, they were pessimistic about maintaining or restoring the previous state funding levels as a percent of total current fund revenue.

It is evident that budget officials must become more familiar with legislative voting processes. Layzell and Lyddon (1990) noted that timing is also critical when budgets are placed in competition with numerous other issues of importance to the states. State support for higher education is directly related to the general condition of the state's economy, state tax capacity, and availability of revenues.

Although the financial situation is easing, the difficult financial problems the states are facing is expected to continue for several more years. Even if state economies increase faster than expected, higher education

cannot expect to return to its former ways of doing business. America is facing changes in its world position and American higher education will be called upon to do the same (SREB, 1994).

State Budgeting Practices

In order to begin to develop an idea as to how administrators may approach the governor and legislators, they must first understand the state budgeting process. State budgeting for higher education is influenced by a variety of environmental factors including the state's previous level of spending for higher education, its economic condition, its demographic situation, and its political culture and actors (Lyddon & Layzell, 1991).

Hollander (1992) noted that in many states higher education appeared to be a discretionary expenditure that state leaders expanded or reduced depending on the state's fiscal circumstances. Governors have judged higher education as more or less important in various years. While no longitudinal data are available, it is interesting to note that in 1991, 41% of the nation's governors named higher education as the state's most serious unmet need because of budget problems (Lyddon & Layzell, 1991).

Further, the prominence and power of individual players are critical to the policy prominence of an idea. For example, in one state the chairman of the higher education subcommittee of appropriations became Speaker of the House, thus gaining prominence and drawing from a base of understanding of a particular budget area to develop his agenda of policies (Lyddon & Layzell, 1991).

Budgets are the most powerful tools influencing educational outcomes. The allocation of public dollars or the internal allocation of funds determines the fundamental issues of higher education policy (Epper, 1994). The most widely used budget building methods are formulas. Incremental, programmatic justification, and categorical funding are additional common methods (Caruthers & Marks, 1994).

According to Caruthers and Marks (1994), there are two basic formats in funding formulas: A dollar rate times a student credit hour or FTE measure, and a student/faculty ratio times a salary rate or set of salary rates. Tennessee uses such a formula for its appropriation request (THEC, 1994b). In Tennessee, 95% of the general budget and 40% of the special purpose budget is determined by a formula method (Caruthers & Marks, 1994; THEC, 1994b).

Some people are beginning to question the wisdom of funding formulas. Albright & Gilleland (1994) noted that most state allocations have had little relationship to state goals. The basic purpose of higher education - student learning - has little relationship to a state's approach to allocating resources. The current input factors, primarily number of students enrolled, average salaries, and costs, have led to institutional squabbling over potential net gains and losses in "sharing the pie". Albright and Gilleland (1994) recommended that an equity model be developed that would link funding policies to state and national needs. Finney (1994) noted that "efforts to address productivity and effectiveness should be as frequent and intensive as pleas for increased state appropriations or tuition hikes" (p. 28).

As a result incentive and categorical approaches have received increasing attention in recent years. Tennessee has been a leader in this area having used a performance based formula since the early 1980s to determine approximately 5.45% of the base budget (Ashworth, 1994; Schmidt, 1996). Many of the states interested in such a plan are in the south and is an outgrowth of the region's

leadership in the education accountability movement (Schmidt, 1996).

While such funding plans are gaining in popularity, there appears to be dissension concerning what portion of the budget should be devoted to such a plan. Ashworth (1994) argued that any plan should start well below the 5.45% used by Tennessee. Ewell (cited in Schmidt, 1996) recommended that no more than 20% of university budgets be tied to performance. Currently in South Carolina a plan is under consideration to tie all appropriations to performance in such areas as achievements of their graduates, administrative efficiency, and the quality of their professors and classrooms (Schmidt, 1996).

Incentive funding efforts to date have affected only a small percentage of higher education institutions. Given declining resources and continuing concern about productivity, states may be forced to go beyond marginal approaches to more systematic changes in financing policies if they are to better align themselves with state priorities (Epper, 1994).

Funding Formula in Tennessee

As noted in the prior section, many states are rethinking their attitudes toward the funding of higher education. The State of Tennessee is not different in this matter.

Tennessee public higher education institutions receive their primary funding through a formula first developed in 1973. Although it had served the higher education community for 20 years, legislators became concerned that the formula was outdated (THEC, 1994a). As a result, the legislature in its 1993 session passed Senate Bill 2820 and House Bill 2760 that directed THEC to undertake a complete review and analysis of the funding formula and consider alternative approaches. This review was to be completed by October 15, 1994.

In response to this directive, THEC formed a working committee composed of staff from the Commission, University of Tennessee, Tennessee Board of Regents, State Comptroller's Office, State Treasurer's Office, and Finance and Administration (THEC, 1994a). On September 28, 1994, THEC announced the adoption of the recommendations of the working committee (THEC, 1994b). The new approved model was

used for generating appropriation requests for higher education institutions for FY 1995-96.

Relationships With the Governor and Legislature

Relations with state and federal governments are one of the most important, complex, and sometimes mystifying aspects of governance at a state-supported institution. Those who run the institution, including the governing board, administration, and to some extent the faculty and students, need to know how the political process works, especially the reality of "electoral popularity" (Schwartz & Poorman, 1992). Guston, Jones, and Branscomb (1996) noted that relations between state legislatures and universities are often strained and must be strengthened.

According to the SREB (1994) there are two problems currently faced by administrators in their legislative relationships. First, state and national leaders do not sufficiently recognize the value of higher education in an uncertain world. Recent budget decisions are proof that higher education's priority is slipping. Second, colleges and universities do not sufficiently recognize the need to make changes that will keep higher education the number one asset of this nation. In a changing world, higher education

is changing too slowly. As one legislator from Tennessee noted, "The most frustrating thing to me is higher education's resistance to change. Everything's changed around us and they've got to change too. It's for their own good. If they don't, legislators just start making drastic demands" (Mercer, 1994, February 2, p. A22).

When lacking a political perspective higher education is vulnerable to the decisions of officials whose actions are governed by constituents' ability to apply pressure on resource decisions (Potter, Chickering, & Scherrens, 1992). Raw power usually cannot be employed to accomplish the university's political ends. Legislators may talk a great game of support for the values and accomplishments of higher education, but they will admit in private that their constituents do not put a high priority on it. In a head-to-head contest with primary and secondary education, colleges and universities will usually lose (Schwartz & Poorman, 1992).

With the discretionary portion of total state budgets continually decreasing because of federal and court ordered mandates as well as state ordered restrictions, legislators are desiring a larger say in where the money is going (Novak, 1993). In addition, gubernatorial interest is also

growing with topics related to higher education increasingly included in inaugural addresses, budget presentations, and efforts to promote their state economies (Garland, 1990). Also there appears to be more involvement in college and university affairs simply because of the growing capacity of the states (Garland, 1990).

Part of the problem is that higher education officials don't define the issues in clear enough ways that give their political leaders much to talk about, leaving them frustrated (Mercer, 1994, February 2). Guston et al. (1996) indicated that legislators and staff members portray academic leaders as out of touch with the demands of the legislative environment. Novak (1993) reported on a recent study by the National Conference of State Legislatures cited the growing frustration of legislators with their lack of oversight of higher education budgets. The study noted that 25 states reported a different level of legislative oversight than that applied to other state agencies. In all cases but one, the oversight was less. This practice, however, is no longer desirable to a growing number of legislators. They are becoming uncomfortable with consolidated budget requests, pass-through and lump sum appropriations to state coordinating agencies, and an

overall perceived lack of fiscal responsibility (Novak, 1993). In the view of state officials, a degree of fiscal regulation is necessary for cost containment and reduction of costly academic competition (Volkwein, 1986).

The literature suggests that certain environmental characteristics tend to promote an atmosphere of regulation, and certain university characteristics tend to protect it. Volkwein (1986) noted that among the political variables, legislative capability is significantly associated with financial regulation suggesting that legislatures that are well-organized and well-staffed are more apt to exert fiscal control. The amount of regulation also depends on the public attitude toward higher education in general and toward the university in particular. Volkwein (1986) further noted that in its environmental interactions, a campus is able to have an impact on the way it is perceived and regulated. A state that is proud of its public university and perceives it to be important is less likely to constrain its management. On the other hand, a record of mismanagement or scandal is likely to increase the degree of regulation.

In summary, the state legislature has the strongest role in creating the financial controls imposed on

universities and an institution's constitutional status and external funding success provide the best immunity.

Financial flexibility is possessed by universities that control the preparation and allocation of their budgets and that are relatively free to manage revenues and expenditures with few external restrictions (Volkwein, 1986).

In a 1982 study, Palaich (1983) studied factors that influenced the decision state legislators made about school finance in Michigan, Missouri, and Washington. Using quantitative techniques, Palaich (1983) found that votes to alter the flow of funds were related to indicators of economic self-interest with striking frequency. Votes on regulatory amendments tended to relate to ideological factors such as political party and median-income models. Finally, when legislation had significant economic consequences, ideology did not determine voting behavior. In summary, no single factor determined the voting behavior across states, or even within states on various aspects of the same issue.

What then should be the relationship of campus administrators with the governor and legislators? Manahan (1975) noted that the legislature's interest in higher education has varied over the years, but there has been a

consistent demonstration of awareness of the importance of higher education. This view has been more recently confirmed by Layzell and Lyddon (1990) who noted that in recent years, governors and legislators have become more deeply involved in higher education issues as the importance of higher education to the states economies has grown. Guston et al. (1996) suggest that universities establish internships using science and engineering students and professionals to work with state legislators.

Keller (1983) suggested that colleges determine what legislators see as goals. Keller (1983) maintained that universities must know what legislators perceive as goals before they can develop their own concise goals that will meet with public approvals and for which they can negotiate when misperceptions occur. Krepel and Grady (1988) noted that institutions must recognize that state legislatures will assume an increasingly important role in determining higher education financing and policy in the future. As a result, institutions will need to become more actively involved in state legislative affairs and that institutions should establish a well-defined plan for state legislative relations. Jaschik (1988, April 27) noted that as higher education is forced to compete in state legislatures for

increasingly scarce resources, it will become more important for appropriate individuals to become involved in the political process. Guston et al. (1996) indicate that academic leaders and scholars must take more responsibility to provide useful scientific and technical information to lawmakers and their staffs to enable them to make better informed decisions.

Despite the importance of good legislative relations, there appears to have been few studies done on its significance. The literature of politics and education tends to be sparse, anecdotal, and related to secondary and elementary education (Krepel & Grady, 1988). A typical example can be found in Palmer's (1992) article on lobbying for music education. She noted that the importance of individual relationships was demonstrated on her first day in the capitol where she found all halls and offices jammed with people, all there to inform the legislators of their needs and how the state should help accomplish them.

Manahan (1975) and Sheehy (1972) noted that the chief executive officers should develop personal contacts with state governmental officials. Manahan further noted that although a friendly formal relationship was encouraged, there must also be a formal and independent professional

quality and understanding between the parties due to their separate missions and responsibilities.

Lyddon & Layzell (1991) noted that governors through their policy agendas had the greatest effect on higher education funding. Universities need to develop a cohesive, forceful constituency for higher education. Even when policy makers understand the problems in higher education, they rarely feel the intense pressure from interest groups normally necessary to translate solutions into policy action. Further, they have discovered that the short term consequences of higher education budget reductions cannot be identified with sufficient precision to create either a political or educational crisis (Hollander, 1992).

A key theme that emerges from the literature is that planning and coordination of state legislative relations is essential (Gove & Carpenter, 1977) and that planning advice offered typically relates to goal identification, organization, and communication (Bernstein, 1985). In order to win support from the legislators, higher education administrators must take active steps to make them aware of their needs. Bringing legislators, their key staff, and career government officials to the campus is a necessary step in this process. The real importance of a good

government relations program is not in some project of the moment, but in the constant presence that can influence public policy and perhaps nip some problems in the bud (Schwartz & Poorman, 1992).

It is also important for higher education administrators to be aware of factors that may impact the votes of legislative members. Ashworth and Vogler (1990) surveyed members of the Virginia senate and Virginia community college presidents to determine their level of agreement with the importance of state funding for 31 potential community college activities. Their research indicated a correlation coefficient of .76 on the rankings of the 31 activities indicating a high degree of congruence on priorities between the two groups.

Root (1983) attempted to identify sources of information about higher education used most frequently and perceived to be the most reliable by legislators in Indiana. A series of 43 information resources was developed through interviews with legislators and institutional legislative liaisons. The study found that legislators preferred not to receive information that was provided through persuasion campaigns, was not targeted to specific issues under debate, or was not personally communicated. Liaisons felt it was

better to give information to legislators before the session, while legislators preferred receiving the information during the session. Legislators ranked committee hearings, communication from constituents, and politically based sources of information higher than all others. Liaisons were more critical of institutional communication efforts than were the legislators.

This information contrasts to the view of Gove and Carpenter (1977) that legislators need facts and logic, not emotion and sentimentality. Long written material will not be read by legislators. Informal social gatherings at which legislators and university administrators can air their concerns are much more useful.

Gilchrist (1989) studied issues that influenced legislators on behalf of higher education issues in the State of New York. He found that 46 organizations were found to be operating in the influence community with concerns spanning a wide variety of interests in higher education.

Central Boards and State Coordinating Agencies

Greer (1979), in a case study of the higher education policy making process in Ohio, emphasized the differing

expectations that create a major political dilemma for the coordination agency. State government officials and legislators tend to see the agency as a state operation designed to monitor and regulate higher education institutions. The institutions, however, believe that the appropriate role is the transmission of their needs to the legislature and providing assistance in gaining resources. Thus, the competing issues of advocacy, mediation, and regulation highlight the complexity of a dynamic process of interaction between political and higher education leaders, orchestrated to a degree by the power afforded the coordinating agency.

The role of central boards and coordinating agencies has changed dramatically in recent years. Berdahl and Gove (1982) reported there were 30 senior public institutions governed by individual governing boards. In 20 states, a single consolidated governing board governed at least all senior institutions. In 27 other states, there was a single campus governing board and/or several multicampus system boards, but in each case all such boards operated under the umbrella jurisdiction of a state-wide board that coordinated but did not govern them. Such coordinating boards range in power from purely advisory to heavily regulatory with the

trend moving from the former to the latter. As of 1989, Wyoming was the only state without such a structure (Garland, 1990).

In recent years, the use of such boards continued to grow as the effort to ensure that education was governed effectively grew. Abrams (1987) noted that state influence in higher education was consolidated and focused in most states in a single agency charged with the statewide coordination or the actual governance of all institutions of public higher education in the state. Weston and Walker (1988) in a 1988 survey of Educational Committee chairs found that 11 individuals identified governance of higher education as a top priority. This was a significant increase from the six individuals that listed it in 1987.

The growth of state coordinating boards and multicampus systems was a result of the "good government" movement and a belief that centralized planning and decision making were needed to manage a rapidly growing student population and the increasing revenue that accompanied it (Novak, 1993). As a result, coordinating and governing boards were more involved in institutional affairs than ever before (Garland, 1990).

The governance and accountability structures built around the higher education enterprise are now being questioned (Mingle, 1994). In some cases, college presidents, trustees, or lawmakers have indicated that statewide boards have taken on too much of a governance role and created an unnecessary layer of bureaucracy between the institution and state. In other instances critics say that the boards do not adequately represent the interests of some institutions, or that lawmakers need to be appointed to boards in a "watchdog" capacity (Mercer, 1994, June 1).

When frustration reaches the breaking point, legislators or governors propose that the governing or coordinating boards be abolished or reorganized with new (and they hope) more responsive appointees and new legislative mandates (Mingle, 1994). As an example, New Jersey governor Christine Whitman proposed eliminating the Board of Higher Education and replacing it with a Commission on Higher Education to be appointed by the governor (Mercer, 1994, June 1).

According to Novak (1993), efforts to reorganize statewide governance is often a sign of wider, underlying dissatisfaction with or perceived instability in higher education. The discontent may be with a particular

institution, a university system, or with their governing board. Often the dissatisfied parties are the governors or legislatures who may have their own regional or institutional loyalties to consider (Novak, 1993). Most of the changes appear to be driven by difficult financial times and the fact there are unmet needs. A change in the governance structure, however, does not guarantee to solve these situations. As one frustrated individual stated, "Somehow, people perceive that all we have to do is change the structure and it will take care of the problem. The reality is, it never does" (Mercer, 1994, June 1, p. A27).

Novak (1993) noted that many individuals argue that governance reorganization has little, if any, effect upon the quality or delivery of educational services. Others maintain that reorganization has indeed led to improved operations, enhanced institutional autonomy, increased educational opportunity, and created an environment where leadership could flourish. Mercer, (1994, June 1) did note, however, that in the absence of strong coordinating boards, there would be political decisions made by either the legislature or out of the governor's office.

While the governor, legislature, and the higher education governing and coordinating boards are important,

the staffs of these entities are just as important. Almost two decades ago, these individuals were the anonymous leaders of higher education. Today, it is even more true as staffs handle technical details, distinguish the important from the trivial, and generally serve as gatekeepers in the budget process (Layzell & Lyddon, 1990). Regardless, higher education officials should keep in mind the comments of Gove and Carpenter (1977) who noted that in states that have governing boards with considerable power, universities must convince them of the value of their positions. In those states that have weaker boards, a larger share of the time should be spent lobbying where the real power lies.

Few studies appear to have studied this facet of institutional governance. Manahan (1975) found that administrators were concerned that coordinating bodies would usurp the autonomy of individual institutions. It was also felt that such a body would just present another level of executive branch control and supervision. He recommended that membership on coordinating boards continue to be by lay members and that these members share their authority and power to govern state universities with the governor and legislature. Manahan (1975) further recommended that the governor appoint such members from heterogeneous sources and

provide the boards with the tools and freedom to support higher education on a constructive basis within the policies, procedures, and framework of the state.

Gove (1986) studied five states in which citizens elect one or more of the boards that govern the public education institutions. There was no clear pattern of political activity or effect that emerged from the five case studies. It appeared that each university system had adjusted to the political situation in its own state. It was noted, however, that direct elections probably make the board more representative of the general public desires than does an appointive system.

Tennessee has not been immune from this movement. The Tennessee Commission on Practical Government (1995) recommended that the current governance system of Tennessee higher education be changed. It was recommended the current structure of two university systems with a coordinating commission be replaced by one board for all universities and one board for the two-year institutions. In addition it was recommended that each school have its own Board of Directors. Dr. Archie Dykes, a former Chancellor in the University of Tennessee system and Practical Government Commission member testified before the Senate on the

anticipated improvements such a change would have on higher education (Senate Education Meeting, 1996, January 24).

Accountability Issues

State lawmakers are taking a renewed interest in accountability in higher education (Hines & Pruyne, 1993). Higher education is under fire for not addressing the qualitative aspects of productivity, cost, and accountability (Albright & Gilleland, 1994). In Tennessee, questions in regard to accountability were issues discussed in 1995 legislative committee meetings (House Finance Ways and Means, 1995; Senate Education Committee, 1995, March 22). Higher education must be forthright in answering any such questions if it is to maintain their credibility and ability to influence the priority of appropriations (Albright & Gilleland, 1994). The importance of keeping legislators informed can be seen by the fact that Bryant Millsaps, Executive Director of the Tennessee Higher Education Commission testified before both the House and Senate Education Committees on what Tennessee Higher Education was doing to enhance accountability (House Education Committee, 1996, February 13, Senate Education Committee, 1996, February 13).

An opposing view was presented by Peters (1994) who argued that accountability only served to further chill the relationship between higher education and the legislature. He stated "By dividing the ends of education into measurable outcomes...accountability attempts to conquer higher education's many complexities, redundancies, and contradictions" (p. 17).

One question this has brought is what must higher education do to become accountable? South Carolina Senator Nikki G. Setzer (quoted in Schmidt, 1996) noted that, "To make higher education more accountable, we must first define what we expect from the system" (p. A23). One major consequence has been to search for elaborate performance indicators to make possible many kinds of comparisons for both intra and inter institutional performance (Oklahoma State Regents, 1993). Accountability rules most often attempt to put an objective measure on achievement (Peters, 1994). Other events that legislators have questioned include faculty productivity, duplication of programs, and growth in administrative costs (Lively, 1992; Ohio Board of Regents, 1992; Oklahoma State Regents, 1993; Senate Education Committee, 1995, March 22).

Although, these questions have risen, there has been little guidance as to what higher education administrators should do to provide the required information. In many instances, the perception appears to be wrong. Several studies have shown that faculty work 50 to 65 hours per week with about half of their time spent on instructional activities (Oklahoma State Regents, 1993; Pratt, 1993). While such studies tend to disprove the idea the faculty are not spending time doing what they are paid to do, the perception still persists.

To combat such perceptions, higher education must "humanize" their funding policies by reporting with accuracy and integrity how funds are used to help students succeed in learning and faculty in teaching (Albright & Gilleland, 1994). The importance of developing management information systems has reasserted itself in higher education as pressures for more efficient resource use and reporting have increased (Schofield, 1991).

Tennessee has taken steps to improve its accountability reporting. Tennessee has been reporting on measurement performance since 1985. The "Bragg marks" were a set of goals instituted in 1985 and received their name because of the input and leadership of Rep. John Bragg (D Murfreesboro)

who was, and still is, the Chairman of the House Finance Ways and Means Committee. The continuing importance of these measurements are shown by the fact that during testimony before the 1996 Senate and House Education Committees, Millsaps spent the majority of his testimony reporting on the results of higher education as they related to the "Bragg marks" (House Education Committee, 1996, February 13; Senate Education Committee, 1996, February 7).

Campus Autonomy Issues

The question as to what extent organization control should be centralized and to what extent local managers should have authority to operate their institutions without external regulation was one of the most important issues to emerge in the 1980s (Garland, 1990). However, this was not a new issue. Volkwein (1986) referenced three reports published during the 1970s that addressed this issue. In 1973, the Carnegie Commission on Higher Education in *Governance of Higher Education* recommended a balance of authority between higher education and the state in four general areas: academic affairs, financial affairs, governance, and innovation. In a similar report, the Sloan Commission on Government and Higher Education urged state

governments to insist on institutional autonomy in academic affairs, personnel matters, and planning decisions. In a 1976 report, the Carnegie Foundation for the Advancement of Teaching identified five major concerns -- two were increasing centralized control of public higher education and the erosion of campus autonomy.

This key issue is continuing into the 90s. Novak (1993) noted that in 1993, more than half of state legislatures debated legislation or held policy discussions concerning the fundamental relationship between state government and higher education. Although discussed every year, 1993 was telling in part because of the mixed messages state governments were giving higher education on autonomy issues. According to Novak (1993), legislatures in as many as 16 states were debating issues related to budget controls and oversight. Eight states were seeking significant relaxation of state reporting requirements by working to pass bills that allow greater institutional autonomy, while another eight states were seeking greater accountability from institutions serving to reduce their autonomy.

There were two primary types of closely related proposals being discussed: one affected the actual governance structure while the second affected budget

controls and state oversight (Novak, 1993). Governance structure will be discussed in the next section while this section is dedicated to a review of state oversight and the effect on campus autonomy.

As the federal government's role in higher education has diminished there has been a general shift of initiative from federal to state governments. All significant questions affecting higher education are being debated within state legislative bodies (Finn, 1990). Fisher (1988) found in a study of four representative states that nearly half of higher education laws have been passed in the last two decades.

Volkwein (1986) noted that taxpayer and legislative demands for accountability and control have conspired to result in an increase in state controls, especially over higher education institutions. In the view of state officials, a degree of fiscal regulation is necessary for cost containment and reduction of costly academic competition. In the view of higher education officials, however, such external control serves only to reduce campus efficiency and adaptability as well as educational effectiveness.

The problem with campus autonomy issues is that the literature does not contain a great deal of analytical data. Most literature on the topic is based on informed opinion rather than on research (Volkwein, 1986). In a 1984 study, Volkwein (1985) found that officials at 63 of 88 public universities believed that moderate or great savings would result from deregulation. The more heavily controlled the university, the more frequently the cost reduction was characterized as "great". Volkwein (1986) further found that the governor had relatively little to do with the academic and financial control practices that evolved in each state. The state legislatures had the strongest role in creating the financial controls imposed on universities and an institution's constitutional status and external funding success provided the best immunity from such controls. Less dependence on state funding appeared to accompany campus autonomy in academic areas.

Dibiasio (1986) described the result of six state reports on higher education issued in recent years. Of the 301 recommendations contained in the report, 26 or 9% were concerned with financial control issues. When combined with the third largest category, governance, the total

recommendations amounted to 51 or 17% of the total recommendations.

In a follow-up to his 1984 study, Volkwein (1989) studied the relationship between campus regulation and achievement in various areas. He found there was little correlation between regulation and effectiveness. Improvements in quality and funding had little to do with the amount of state regulation exerted on public universities in the early 1980s. Volkwein (1989) further found that the greatest improvements in faculty quality occurred in the most heavily regulated states. Further conclusions included the fact that autonomy from state regulations were not statistically significant when compared to measures of quality and effectiveness and that improvements in quality and funding have little to do with the amount of state regulation exerted on public doctoral universities. Among such universities, variations in measures of quality and success were most strongly associated with differences in their levels of state funding and their size, not with their autonomy. These findings were in direct contrast to the feelings expressed by officials in the earlier study (Volkwein, 1989).

In their studies, both Sheehy (1972) and Manahan (1975) found that chief administrators were concerned with excessive controls imposed by the state. Both studies also found that chief administrators indicated there should be formal guarantees of autonomy from the state, but realized that legislative and executive control of appropriations limited any practical significance that might be gained from such guarantees.

In past years, one might have predicted that severe fiscal crises would have produced more centralized control. It can also be speculated that if higher education can sustain the recent and still emerging notions that it can successfully reengineer itself and provide better accountability, it may be better able to seek and affirm the inseparability of institutional autonomy and accountability (Novak, 1993). Universities, however, should keep in mind the views of one legislator who said, "The universities never like to be challenged. They want our money but they want to be autonomous. You can't have both" (Mercer, 1994, February 2, p. A22).

Autonomy issues will continue to be at the forefront as the number and range of laws, regulations, standards, and

policies that govern higher education continues to grow (Garland, 1990).

Involvement in Budget Process

The question of who should be involved in the budget process has received little attention in the literature. The process is important, however, as colleges and universities are facing many changes in the coming years. Higher education leaders must be in a position to address cost containment issues, manage program vitality, provide greater accountability, and provide financial stability in times of shrinking appropriations while maintaining employee morale (Scoby, 1993). Those who run the institution or system--the governing board, administration, and to some extent the faculty and students--need to know how the political process works (Schwartz & Poorman, 1992).

As states face current financial crises, it is important for chief business officers, chief executive officers, and other leaders to stand up to the challenge and make the decision that will serve the long-term interest of their institutions. The short-term grief of such actions will be overshadowed by the long-term rewards as such

leaders will be out front in redefining the paradigms involving the level of state appropriations (Scoby, 1993).

In past years, there appears to have been little involvement by faculty and students in the budget process. Gove & Carpenter (1977), noted that faculty members have been involved in official lobbying activities but in a limited capacity and with mixed results. Although they are sometimes very effective in making presentations related to their own special expertise, faculty members are considered amateurs in areas such as selling the university budget where they may do more harm than good.

Berdahl and Gove (1982) noted that most faculty members probably pay little attention to the technical procedures that are used in formulating higher education policies in the state capitol. They further noted that faculty participation to state governing boards was in one of three forms: Direct membership, system wide senate, or faculty advisory committees. Berdahl and Gove (1982) further found that of 20 consolidated governing boards, only 7 reported a system wide senate or equivalent. Of 27 coordinating boards, only 3 reported having a faculty advisory committee. They recommended there should be formal faculty input into all consolidated governing boards and into all state wide

coordinating boards through the use of faculty advisory committees or system wide senates. In addition, states should tap the specific expertise of faculty members by including them on ad hoc or standing technical committees. To encourage such participation, universities are urged to include such work on faculty work-load evaluations.

Manahan (1975) found that the majority of legislators and chief administrators indicated that faculty should be involved in the budget preparation process but did not indicate they should be involved in the formal presentation of the budget. Legislators, however, were more receptive to faculty participation in the formal presentation than were the chief administrators.

Students role in the process has received less attention. Gove and Carpenter (1977) noted that much of the student activism has shifted to federal and state capitols. At that time, student lobbies were active in 28 states and have had a considerable effect on legislative decision making. In contrast, Manahan (1975) found that both legislators and chief administrators believed that the students should not be involved in formal presentation of the budget.

It appears as states have faced the current financial crises, institutions have sought greater involvement of both faculty and students in greater capacities. In a case study of managing financial cuts in Virginia; Potter, Chickering, and Scherrens (1992) noted that an effective part of the process was having the faculty senates pass resolutions urging the legislature to avoid further cuts and requesting that former funding levels be restored. In addition, student government leaders from around the state appeared before the Senate Finance Committee to plead the case for higher education.

In another study involving the management of cutting \$45 million from the University of Maryland budget, faculty involvement in the budget process was important. The ability of the faculty senate and administration to work together as well as the administration's willingness to share responsibility with the university community was a key to making the best of a bad situation (Falk & Miller, 1993; Miller, 1993).

Regardless, communication is a key issue. Whatever the committee process used, the administration needs to tell the community the trends and projections about the financial condition of the college. The communication process must

lead to a consensus about the financial condition for the planning process to be effective ("Communicating Financial Data", 1993). NACUBO (1996) in a recent study noted that it appears the American public does not know or is misinformed about such items as average tuition rates and efforts to control costs. They suggested that campus officials must help improve the information about college costs.

The importance of an open dialogue between legislators and university administrators is best illustrated by Sederburg (1989). As a former university professor and legislator in the State of Michigan, he has been in the unique position to see both sides of this complicated issue. In this article, he states a series of hypotheses for enterprising faculty and graduate students to test.

1. The language gap between academia and the legislature varies according to the size of the institution (p. 32).
2. Legislative interest in higher education varies in direct relation to the success of major sports teams, especially football (p. 32).
3. The positive rating of a college president in dealing with the legislature is related more to

symbolic victories than to the level of funding achieved (p. 34).

4. Depending on the chance of success, universities will choose one of three budget-request strategies (p. 34).
5. Geography and self-interest are better predictors of financial success than is the quality of rational argument (p.35).
6. The larger and more complex a university is, the more "liberal" will be the academic community, but the more "conservative" will be the institution itself (p. 36).

Although meant in a somewhat frivolous fashion, the above list highlights some of the problems facing higher education administrators in their dealings with state legislators and their perceptions of the higher education community.

Role of the President

Presidents are frequently called upon to be the leader in negotiating budgets with state legislators and trustees as well as securing resources from government and private sources (Smith, 1991). The president is the key figure in communicating financial issues to both university and

external constituents ("Communicating Financial Data", 1993).

The president, however, cannot always be the primary lobbyist due to other duties. Who then should be the lobbyist? It may be someone who may have other responsibilities but whose primary duty is government relations, who can and will drop everything when a government relations problem arises. The person should not have line duties that intrude on political priorities and should have direct and constant contact with the president (Schwartz & Poorman, 1992). As an example, one president relies on two executive officers to monitor and respond to the activities of state agencies and to stay aware of trustees' concerns while simultaneously keeping them informed (Neumann & Benismon, 1990).

As another example, Potter et al., (1992) found in a study of Virginia's higher education management of budget cuts, the Council of Presidents of the state's public colleges and universities discussed ways to penetrate political consciousness of the executive and legislative branches. Concerted action was hard to achieve because each individual was trying to protect his/her institution's own resource share. However, in 1991 among rumors of more cuts,

the presidents united in common action identifying a series of themes to be emphasized: severity of cuts to higher education, the long term consequences of continued reductions, and the contributions strong colleges and universities can make to economic recovery. Each president articulated these themes with legislators from their respective districts, leadership of house and senate budget committees, secretary of education, and other agency heads. They also engaged the director of the state coordinating agency as an advocate to reinforce the themes. While it is impossible to measure the final effect such action had, such cooperation among presidents was unprecedented (Potter et al., 1992).

Hollander (1992) found that the most successful college president, that is, the one who survived the longest, played a reactive rather than a leadership role. In a recent article, *U. S. News and World Report* (1996) noted that new college presidents must cajole, persuade, or sometimes bully entrenched faculties into reluctantly accepting any limited reforms. Hollander (1992), however, noted that the current financial situation will require stronger, more aggressive presidents who are willing to make difficult choices among competing programs and priorities.

Summary

Decision-making relative to funding for higher education is extremely complex. The need for further study may best be summarized by Layzell and Lyddon (1990) who noted:

First it is evident that all participants in the state budget process for higher education would be well served to view the process in the big picture. Understanding why certain things happen in the budget process can greatly improve participant's effectiveness in achieving objectives. Second and simply, state budgeting for higher education is an area ripe for research (p. 3).

It is evident that funding for higher education in Tennessee is at a crossroad. Funding has, at best, been stable for several years. The decreases of the late 1980s and early 1990s have been followed by moderate increases in the last few years. These increases, however, have only replaced the previous cuts imposed and have not allowed institutions to keep pace with inflationary pressures. With mandated improvements in K-12 education, corrections, and health care appearing to be higher priorities than higher education, it is imperative that issues important to the governor and legislators of Tennessee relative to the funding of higher education be identified. It is just as important to identify actions that can be taken by higher education

leaders that will show higher education to be accountable and worthy of continued or increased funding.

Research Questions

As a result of the review of the literature, the following research questions were developed.

1. What do legislators and higher education leaders perceive to be the major issues that must be addressed by higher education administrators to assure their continued support for funding?
2. In the view of legislators and higher education leaders, what information should higher education administrators provide to assure that higher education is being accountable for the funds entrusted to them?
3. Will such information provide a higher level of comfort to legislators and higher education leaders as they make decisions concerning the funding level of higher education?
4. In the view of legislators and higher education leaders, what changes should higher education implement over the next decade to achieve continued funding from legislators?

CHAPTER 3

METHODS AND PROCEDURES

This chapter contains a description of the research design, research participants, and procedures used in the collection and analyzing of data in this study.

Research Design

Qualitative and quantitative research offers two differing methods of inquiry (Denzin & Lincoln, 1994). "Qualitative research is a field of inquiry in its own right. It crosscuts disciplines, fields, and subject matter" (Denzin & Lincoln, 1994, p. 1). The purpose of qualitative research is to seek answers to questions that stress how social experience is created (Denzin & Lincoln, 1994).

Since this study was an attempt to identify issues that are important to legislators and higher education leaders of Tennessee, as well as determining actions that should be taken by higher education leaders to provide useful information to governmental leaders, it was determined that a qualitative approach was best suited for this study.

Research Participants and Data Collection

The research participants for this study included the members of the 99th General Assembly for the State of Tennessee as identified in the legislative directory published by the Tennessee Electric Cooperative Association (1995), and other individuals with interest in Tennessee higher education. In addition, a short interview was held with the governor. The time, however, was very limited and information obtained was not useful for the study.

State legislators control the flow of funds to higher education as well as other state agencies. They must make the crucial decisions on allocation of scarce state resources to competing interests. As a result, it is their perceptions that administrators must understand. Once an understanding is gained of the pressures and concerns that face legislators, administrators can begin to devise strategies and provide information that will allow legislators to make informed decisions concerning their financial support of higher education. The governor, as chief executive officer of the state, must provide the leadership and the original budget from which legislators work. In addition, it was recognized there are other individuals such as the Chancellor of the Tennessee Board of

Regents, the President of the University of Tennessee system, the Executive Director of the Tennessee Higher Education Commission, the Chair of the Tennessee Commission on Practical Government, or others who have an active interest in the issues that affect higher education. There was no attempt to limit the study to participants directly involved in higher education. They only needed to have a position that provided some insight into the issues facing higher education to be considered.

The individuals chosen for interview were determined by a qualitative technique known as purposeful sampling (Denzin & Lincoln, 1994; Patton, 1990). Denzin & Lincoln (1994) suggest that researchers seek out the groups, settings, and individuals where the processes being studied are most likely to occur. Patton (1990) recommended the use of purposeful sampling in an attempt to locate those cases from which the researcher can learn most about the issues of central importance to the purpose of the research.

Miller and Crabtree (1994) indicated that Lincoln & Guba (1985) and Patton (1990) had both written excellent summaries of sampling strategies to guide the qualitative researcher. Lincoln & Guba (1985) recommended that subjects in the study be selected "serially". This allows the

researcher to fully analyze the information collected before the next subject is chosen. This allows the researcher to select succeeding cases that more fully round out the information already collected.

Patton (1990) indicated insights generated from the qualitative inquiry were more a result of the information richness of the cases selected than from any preconceived sample size. As a result, it is not the size of the sample that matters, it is the ability to select those subjects who will provide the best information related to the process being studied.

Several styles of interviewing have been recommended by qualitative researchers (Lincoln & Guba, 1985; McCracken, 1988; Patton, 1990). The most appropriate style for this study was deemed to be the general interview guide as discussed by Patton (1990). The general interview guide allowed the researcher to provide a common set of topics from which data were collected without determining exact wording or sequencing of interview questions.

In order to begin development of a general interview guide and begin the process of purposeful sampling, the researcher talked to selected legislators from Northeast Tennessee and the President of East Tennessee State

University. A review of the proceedings of the 1995 legislative session revealed that higher education and its attendant problems, strengths, and funding was discussed primarily in the Senate Education and House Finance Ways and Means Committees. As a beginning, the researcher interviewed Senator Rusty Crowe (R Johnson City) who serves on the Senate Education Committee and Rep. Bob Patton (R Johnson City) who serves on the House Education Committee. Senator Crowe was selected because of his committee assignment. Rep. Patton was chosen for any viewpoints that might be offered due to his assignment to the House Education Committee. Although higher education was not discussed to a significant degree in this committee, it was felt that the possibility existed for this committee to be more active in the 1996 session. In addition, Rep. Patton's background in higher education would provide helpful insight on the subject of this study. In addition to the above, Dr. Roy Nicks, President of ETSU was interviewed because of the unique insights he offered as a current college president and former Chancellor of the Tennessee Board of Regents.

Separate interviews were held with these individuals using a simple preliminary interview guide (Appendix A). The interview guide contained questions designed to obtain

their perceptions of the current status of funding for higher education as well as actions they felt higher education administrators should take, and information legislators require, to make informed decisions on higher education funding. By talking to these area legislators on an individual basis, the researcher obtained information that was used to develop a general interview guide as discussed by Patton (1990). After reviewing information obtained from these preliminary interviews, it was determined that no changes were needed in forming the general interview guide. A further objective was to develop a preliminary listing of other individuals who, in the opinion of the interviewees, could provide the most relevant information for this study.

Once the general interview guide was developed, the researcher began collecting data through a process that Patton (1990) called "open-ended interviewing". The purpose of such interviewing was to determine the conceptions and perspective of the person being interviewed. The subject of this study is an example for which open-ended interviewing is effective.

Separate interviews were held in the individual's office in Nashville or other required locations. Two to

four interviews were held during each trip. After each individual interview, the researcher reviewed the interview to determine if any changes were required to the general interview guide prior to the next interview. After each group of individual interviews, further analysis was undertaken to determine if further refinements to the general interview guide were needed prior to the next series of interviews. Throughout the process, there were no changes made in the general interview guide. However, in accordance with the principles of open ended interviewing, individual questions differed as necessary in the circumstances.

The diagram on the following page illustrates the sequence of the data collection process.

Phase I

Separate Interviews Held with Individuals Using a
Simple Preliminary Interview Guide

**Phase II**

Developed General Interview Guide and Preliminary
Listing of Potential Interviewees

**Phase III**

Conducted First Set of Separate Interviews

**Phase IV**

Refined General Interview Guide and Listing of
Potential Interviewees

**Phase V**

Continued Phase III and Phase IV Until No
Significant New Information was Obtained

Data Analysis

Data were analyzed by a procedure known as inductive analysis (Lincoln & Guba, 1985; Miller & Crabtree, 1994; Patton, 1990).

Inductive analysis means that the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis. The analyst looks for natural variation in the data (Patton, 1990, p. 390).

Inductive analysis works well when the purpose of the study is exploratory and descriptive (Huberman & Miles, 1994).

The use of inductive analysis allows the researcher to discover differing layers of reality, clearly articulate a relationship with the participants, describe and identify interactions, and acknowledge the values permeating the investigation (Lincoln & Guba, 1985).

Notes taken by the researcher during and following interviews were recorded in a journal. All interviews were tape recorded and transcribed. Using the transcriptions, the researcher began the subprocess of unitization (Lincoln & Guba, 1985). Lincoln & Guba (1985) described units:

as single pieces of information that stand by themselves, that is, that are interpretable in the absence of any additional information. A unit may be a simple sentence or an extended paragraph, but, in either case, the test of its unitary character is that if any portion of the unit were to be removed, the remainder would be seriously compromised or rendered uninterpretable (p. 203).

After the transcriptions were unitized, the process of categorization began (Lincoln & Guba, 1985; Patton, 1990).

Categorization involves sorting units into categories that

appear to have similar characteristics. As categories begin to accumulate significant unit records, the researcher can begin to make propositional statements and to formulate grounded theory (Lincoln & Guba, 1985; Patton, 1990).

Several software programs exist to help the researcher with the unitization and categorization of data. The researcher used the software program *QSR NUD*IST* (1995) to help with this process.

Verification

The emergence of qualitative research as an alternative research method has forced researchers to explore alternative methods to the conventional ideas of validity and reliability (Eisenhart & Howe, 1992). Lincoln and Guba (1985) explored this need in great depth. Eisenhart and Howe (1992) acknowledged the work of Lincoln & Guba as an important step in exploring alternative concepts.

Lincoln and Guba (1985) substituted the term "credibility" for "internal validity", "transferability" for "external validity", "dependability" for "reliability", and "confirmability" for "objectivity".

Lincoln and Guba (1985) recommended five techniques to make it more likely that credible findings are produced. In

order to produce such findings, the researcher should employ at least one of the following methods: Prolonged engagement, persistent observation, or triangulation. Negative case analysis, referential adequacy, member checks, and peer debriefing are the remaining techniques.

According to Lincoln and Guba (1985), prolonged engagement and persistent observation require long term involvement with the subjects of the study. Prolonged engagement "requires that the investigator be involved with a site sufficiently long to detect and take account of distortions that might otherwise creep into the data" (Lincoln & Guba, 1985, p. 302). The purpose of persistent observation "is to identify those characteristics and elements in the situation that are most relevant to the problem or issue being pursued and focusing on them in detail" (Lincoln & Guba, 1985, p. 304). Both of these techniques, while useful, are not salient to this study. Therefore, triangulation was used. Triangulation is an attempt to validate information by using more than one data source. Since each individual interviewed had his/her own ideas regarding the adequacy of funding for higher education, it was felt the use of a multiple interview technique provided an effective method for determining if

similar perceptions of factors that affect funding exist between legislators. In addition, the researcher attempted to relate comments made during the interview to any public records of statements made by the interviewee.

The object of negative case analysis is to "continually refine a hypothesis until it accounts for all known cases without exception" (Lincoln & Guba, 1985, p. 309). Since the purpose of this study was to determine the views of the participants and not to explain any behavior, there was no hypotheses associated with this study. Interviews were held until it was felt that no significant new information was obtained. This resulted in all views being obtained as envisioned through the idea of negative case analysis.

Referential adequacy refers to having some type of recorded material to provide a record others may review to satisfy themselves that any findings or interpretations are meaningful (Lincoln & Guba, 1985). For purposes of this study, referential adequacy was obtained by the tape recording of all interviews. To further ensure referential adequacy, all tape recordings and transcriptions were reviewed by the auditor selected for the study (see last paragraph of this section for a description of auditor duties).

Member checks refer to a process where "data, analytic categories, interpretations, and conclusions are tested with members of those stakeholding groups from whom the data were originally collected" (Lincoln & Guba, 1985, p. 314).

According to Lincoln and Guba (1985), member checking can be both informal and formal and may take the form of providing a summary of the individual's comments to either the person giving the interview for reaction or to another respondent for their comment. They further noted, however, that it may also be necessary to arrange a review session with knowledgeable individuals from the groups involved. Member checks were obtained by providing a written summary of the interview to the participants and asking for any comments or reactions.

According to Lincoln and Guba (1985) peer debriefing can help the researcher to identify any personal bias that may have affected the analysis of the collected data. The peer debriefer can also assume other roles such as challenging the ideas and working hypotheses of the researcher and providing a counselor to whom the researcher can talk comfortably regarding the project. The peer debriefer should be someone familiar with the topic of the study and with the methodology proposed. The debriefer

should also be within the age range of the researcher, not be an authority figure, and have the willingness to record communication with the researcher through the course of the study.

Dr. Rick Osborn agreed to be the peer debriefer for this study. Dr. Osborn has over 17 years of experience in higher education and has an interest in the funding of higher education. He has the knowledge required as he has previously taught qualitative research at ETSU. He is within the same age range and shares a collegial relationship with the researcher. The researcher met with Osborn four times during the course of the study. Notes were maintained and included in the researcher's journal.

Transferability, the term Lincoln and Guba (1985) preferred over external validity, is virtually impossible to establish in a qualitative study. Lincoln and Guba (1985) stated:

For while the conventionalist expects (and is expected) to make relatively precise statements about external validity (expressed, for example, in the form of statistical confidence limits), the naturalist can only set out working hypotheses together with a description of the time and context in which they were found to hold. Whether they hold in some other context, or even in the same context at some other time, is an empirical issue, the resolution of which depends upon the degree of similarity between sending and receiving (or earlier and later) contexts. Thus the naturalist cannot specify the external validity of an inquiry; he or she

can provide only the thick description necessary to enable someone interested in making a transfer to reach a conclusion about whether transfer can be contemplated as a possibility. (p. 316).

As required by the above, thick descriptions were provided as part of the analysis so readers may determine for themselves the possibilities of transferring the results of this study to other possible settings. According to Merriam (1988), "thick description is a term from anthropology and means the complete, literal description of the incident or entity being investigated" (p. 11). In a descriptive study, it is useful in presenting basic information about areas in which little research has been conducted (Merriam, 1988).

In dealing with reliability, Lincoln & Guba (1985) preferred the terms dependability and confirmability. The technique to be used to establish the dependability and confirmability for this study was the inquiry audit. The purpose of the inquiry audit was to determine that the process used for collecting the data was acceptable to the auditor. If the process for collecting data is adequate, the investigation will be dependable. The auditor was also responsible for ensuring that transcriptions were accurate as well as inspecting the data itself and all of the analyses derived from the data for accuracy. It was felt

that the use of these two methods was sufficient to establish the dependability and confirmability of the project. Mr. John Harman, Assistant Auditor in the ETSU Department of Internal Audit, served as the inquiry auditor for this project.

The following information was provided to Harman for his review: taped interviews and transcriptions, researcher's journal, and notes from the unitization and categorization process. Procedures outlined in Appendix B of Lincoln and Guba's *Naturalistic Inquiry* provided the basis for the auditing process (see Appendix B for a copy of the researchers correspondence to the auditor and Appendix C for a copy of the auditor's findings).

CHAPTER 4

RESULTS

Introduction

In this chapter the results of the interviews are presented. Section one consists of a description of the interviewees. Section two includes a discussion of the pertinent findings that emerged from the interviews. It is divided into four sections that address each of the research questions identified in Chapter 2.

Description of Interviewees

Sixteen interviews were conducted for this study. Interviews were held with 10 legislators and 6 higher education leaders selected in accordance with the procedures described in Chapter 3.

The legislative group consisted of five members from the Senate and five members from the House of Representatives. Within this group were the Chairmen of the Education Committee and Finance Ways and Means Committee within each chamber. Within the Senate, three of the interviews were with Democrats and two were with Republicans. Three served on the Finance Ways and Means

Committee while two served on the Education Committee. Three of the members represented cities in which a university was located while two represented smaller communities without such an institution. Of the five interviews within the House of Representatives, four were with Democrats and one was Republican. Two served on the Finance Ways and Means Committee and two served on the Education Committee. One interviewee served on both committees. Three of the House members represented cities in which a university was located. Appendix D provides a detailed listing of all legislative participants.

The term "higher education leader" is a generic term used in this study to categorize all interviewees who were not legislators. To be included, an individual only had to have some relationship with higher education. As an example, the Comptroller of the Treasury was included because he serves as a member of the Tennessee Higher Education Commission. Appendix D provides a complete listing of the higher education leaders who participated in this study.

Findings from the Interviews

This section provides the findings that emerged from the interviews. In the following pages, the research questions posed in Chapter 2 were used to structure the presentation of the findings.

Research Question One

What do legislators and higher education leaders perceive to be the major issues that must be addressed by higher education administrators to assure their continued support for funding?

Patterns were identified when a topic or issue had been discussed by a minimum of three interviewees. Issues discussed by one or two interviewees were identified as General Issues and not categorized separately.

Financial Issues

One of the most critical issues facing higher education is that of financing. This was the only issue to be mentioned by all 16 interviewees and was usually the first issue mentioned. This issue has been broken down into six subcategories: funding issues, accountability issues, capital expenditures, taxes, fees, and general comments.

The funding subcategory is further subdivided into general funding issues and formula funding issues.

Funding Issues

The most frequently discussed issue facing higher education was the funding of higher education. Funding, in some manner, was identified by 14 of the 16 participants. There was one legislator and one higher education leader who did not mention this as an issue in a direct manner. Within this category, interviewees discussed issues regarding the funding formula and the general funding of higher education.

Formula funding issues. Issues related to the current funding formula used in Tennessee were mentioned by 11 of the participants. These comments fell into two main categories: the status of the current formula and perceived inequities in the formula.

A number of the comments from the legislators and higher education leaders related to the current funding formula used in Tennessee to determine the amount of state funding that is given each year to the higher education institutions. The centrality of this issue was perhaps best summed up by the legislator who noted that, "What seems

to have been...discussed the most [is] the issue of funding formula. Whether or not we are fully funded".

Several of the higher education leaders and legislators suggested that the problem was not as much with the funding formula itself, as it was with the fact that it was not being fully funded. As one legislator explained, "I know they put in place a couple of years back a fairly good funding formula. And then, we've gradually tried to, you know, move to that full funding". Several of the interviewees were more direct in their statements that the formula had not been fully funded. For example, one legislator described the situation as follows:

...we're not funding the formula fully...At the best the formula is only going to be funded 95% this year. At best. And you keep coming with five, five, and ten under, you just keep squeezing, and squeezing, and squeezing.

Similarly, another legislator noted that, "Some years ago we were funding 100% of the formula and then we fell back from that. I would like to, as long as we are on formula, I'd like to see us fund it".

Several higher education leaders identified similar concerns with underfunding of the formula. For example, one reported that, "...the bigger concern is what's going to happen on the operating side because, I think, if you look

at the last five years, we've been off formula". Another higher education leader was even more direct when reporting that, "...our formula is presently underfunded to the tune of 33 million dollars".

These results indicate that the underfunding of the current funding formula for higher education was clearly a critical issue facing higher education in Tennessee. Many of the above comments related to the changes in the formula that were instituted for the 1995-96 fiscal year. The general consensus was that the changes in the formula were in the best interest of higher education and, therefore, should be funded at the full level. Although legislators and leaders both agreed that this is the ideal situation, it was tempered by the fact that Tennessee has the lowest tax structure in the United States. As a result, without significant tax reform, Tennessee can not expect to be a national leader in higher education. It will have to be content with producing results that show it in the upper half of institutions, based on various measurements, within the SREB. This was a major concern for both state legislators and higher education leaders.

A number of comments from legislators related to perceived inequities in the current funding formula. It

should be noted, however, that inequity was not mentioned by the higher education leaders. With the implementation of the new funding formula, it was noted that many institutions were receiving more than the formula indicated they should while other institutions were receiving less. One legislator noted that, "They found that there were some schools that were receiving more money per student than other schools". Another legislator reported that:

...all of us are concerned with...the funding formula and the fact that there has been inequities in there in the past...But I do know that some schools have been receiving money that were not quite in kilter with what should have been.

One legislator was more specific when stating a belief that, "Eight institutions of higher learning have more than the formula calls for and 15 of them have less than the formula calls for".

These comments suggest that in addition to a concern with general underfunding of the formula, there were also perceived inequities with some institutions receiving more or less than their share of the funding. All legislators that discussed this issue indicated that the problem would be corrected but it would be phased in over a period of several years to cushion the impact on those institutions

losing funding. This may best be indicated by the legislator who stated:

We're not going to take all the money away from those who are over it and we're not going to fund all of those fully who are under it, but we will probably get it done within two or three years. We'll phase it in.

There was also a concern that the funding formula did not give appropriate weight to performance factors. One legislator summed it up this way:

I do not feel that there is enough weight given in the funding formula to performance...and, more emphasis is given to how many you have going through the nursing program than it is how many graduate and pass the state exam in your nursing program.

In summary, legislators and higher education leaders agreed that underfunding of the formula was a major issue facing higher education. Legislators also described an inequitable system of funding, in which certain institutions were receiving more than their share of the funding and others were not receiving the amount called for in the funding formula. There was some belief among legislators that the formula itself needed to be revised so that it would give more weight to performance factors or outcomes of educational programs.

General funding issues. Many of the comments related to general funding issues. The concern was expressed many

times that money was the biggest problem facing higher education. One legislator summed it up best when he said, "There's just one critical issues, money". Another legislator indicated that, "Well, I think one that will always be there is finances. You're always going to have the critical issues of finances". Similarly another legislator said, "Well, of course funding, I think, is the most crucial thing".

Higher education leaders also mentioned this issue. As one leader said, "...when you look at what you're doing, we need more money. If we don't get an increase in base funding, we [are] all going to have big problems". Another higher education leader indicated that, "I think for our system the bigger challenge we have is finding a resource base that will sustain our growth".

The general comments made by legislators and higher education leaders covered several topics. In one case there was a comment related to the increased review made by legislators. This legislator said:

When I first came here, Dr. Andy Holt came down from UT, came down from the mountain so to speak, and told us how much money they needed and that's how much he got. And then when the legislature got a little more independent, we started asking him questions.

Another legislator indicated a pessimism of whether funding would be increased in the near future. This legislator stated, "I don't think you're going to get any better funding, you're going to get less funding....I'm talking about in real dollars over the years if the tax structure is not changed".

Higher education leaders also discussed many general financial issues. One leader provided an idea of why higher education was feeling a financial crunch. This leader theorized:

...when I first got in this business, higher education was regarded by many as an investment by the state in the development of the state economic development, development of human resources. And some of that has been lost in it is now being perceived more as a benefit to individuals rather than a benefit to the state as a whole.

Another leader summed up the current funding in Tennessee by stating, "Well, based on our own experience in this state, we have flat funding for the current year. We will have flat funding for next year, so, and previous two or three years, we had just slight increases..." Another leader indicated that funding itself did not mean much. The key was having something to which the funding can be compared. As this leader explained, "You know just looking at the funding dollars itself means nothing. You got to relate it

to something in order for the dollars to have any meaning". Finally, one higher education leader may have summed up this whole issue the best when stating, "Legislators generally appropriate what the governor recommends. If the governor in Tennessee doesn't recommend it, we don't get it basically".

While comments were most often related to the problems of funding higher education, some comments tended to be more positive and related to funding in more general terms. One leader indicated, "But one of the things we can't plead I don't think, in all good conscience...can't go to Nashville and plead abject poverty". This leader provided further clarification when stating further, "We haven't had two governors in a row wanting to beat the devil out of us. We haven't had 20% decreases in funding". Finally, one legislator was more blunt in his assessment when he indicated "But, I think higher education has been treated very well by the legislature".

Finally, many of the comments related to the competition that higher education was facing with other state priorities. The difficulty of this situation is found in the following statement from a legislator, "The key is somehow changing priorities within the state government.

That, you know, that sounds simple but it's certainly not easy". Another legislator indicated that:

...it's difficult to reset our priorities. But if higher education or K-12 education had had the growth that Tenn Care has had in the last ten years, it, we would probably have, you know, free two years of college for everybody in Tennessee.

Higher education leaders were also mindful of this competition. One leader stated:

One issue that's there, that we have to wrestle with, that sort of gets at the general issue of financing is where does Tennessee public higher education rank in the priority scheme, dollar priority scheme, at least for operating dollars with decision makers.

Finally another leader indicated that, "There's no question that the large increases that have been provided for Medicaid in state government has negatively impacted other services, not only higher education...".

As can be seen, competition with other state priorities is one of the largest problems that higher education must overcome to receive additional funding. Changes in Medicaid funding, prison concerns, K-12 education issues all are competing for limited state funding. Although most legislators indicated that higher education was deserving of additional funding, the general consensus appeared to be that, at least for the next several years, higher education could only expect minimal increases and might be lucky to

maintain its current status. The most telling comment may have been from one higher education leader who said:

I think number one that we have to position ourselves to be a worthy recipient of new funding when the opportunities come and let me give you a specific example in Tennessee. After one more year, after this budget cycle and one more, the commitment that governor McWherter made and Sundquist has kept to put nearly \$700 million new dollars in K-12 will be completed. Now that, in the second year out, will free up \$130 million of the growth dollars for grabs for somebody. It takes about \$67 million to fully fund our formula. So that's a little bit more than half the dollars that will be freed up. What we've got to do is position ourselves to get a big lion's share of that.

In summary, legislators and higher education leaders identified several general funding issues. Both legislators and leaders agreed that funding was a critical issue. This was indicated by their identification of the need to increase base funding but was tempered by the fact that, as in other states, things could be worse. Both legislators and higher education leaders agreed that the competition higher education was facing with other state priorities would continue to be a critical issue. Higher education must continue to work to position itself to receive increased funding should additional dollars become available.

Accountability Issues

Behind the funding of higher education, the critical issue of accountability was the most frequently discussed issue. This was identified as an issue by six of the participants. It should be noted that this was the one issue that was mentioned by more higher education leaders than legislators, being mentioned by four leaders and two legislators.

Higher education leaders were keenly aware of the problems they faced regarding accountability. As one leader said:

...I think the concern not only external to the enterprise, but within the enterprise with quality and with accountability that we're going through in Tennessee as most every other state in the union is going through is a major issue.

Other higher education leaders indicated they were struggling with how this issue could best be addressed in terms of measurement and publicity. As one leader indicated, "...and kind of a second one I would call it is accountability. How are we able to establish how we are using taxpayer dollars and how do we measure how effective we are in what we do...?" Another higher education leader said, "Now, I think, one thing we've got to do is

demonstrate to the government officials that we've, number one, that we spend our money wisely".

Finally, while it was acknowledged there was a public perception of a lack of accountability, it was felt that this was not the actual case. This may best be summed up by the leader who stated:

This public attitude. And a lot of it's a myth. But if it stays out there long enough, it's not myth. That we're not accountable, we're not productive, we don't care, we're not admitting well qualified students, we're not graduating well qualified students. That one bothers me long range...

Legislators also discussed the accountability issue.

As one said, "...accountability, you've got to have the money and you've got to have the accountability". Another legislator indicated that this was not just a problem facing higher education but was a concern of state government. This legislator noted, "The legislature is, government in general, is being held more and more accountable, at every level".

In summary, higher education leaders and legislators agreed that accountability is a critical issue that must be addressed by higher education administrators. While many of the participants indicated they felt the public perception of a lack of accountability was not the actual case it is an

issue that must be addressed. As long as the perception is allowed to exist, the public and the legislature will continue to be critical of higher education.

Capital Expenditures

Capital expenditures is an issue that was discussed by two legislators and two higher education leaders. While identified as an issue, it differs in it was the only issue discussed in a positive light. Tennessee higher education institutions during the 1996 legislative session received the largest capital expenditure appropriation in its history. This was obviously on the mind of many of the interviewees. As one legislator said, "We had to go a couple, year, year and a half, we've been rather skimpy on capital projects. But we've gotten capital projects this year...". Another legislator was more emphatic by noting, "And, I think this year, we've gone a pretty good way in addressing, or beginning, really beginning the process of addressing some of the new building projects, new capital projects".

Higher education leaders were also enthusiastic as indicated by the one leader who said, "Got a governor that gave us more capital outlay than we've ever got". Another

leader used this issue to combat the perception of a lack of accountability. This leader indicated, "And that's why we have the circumstance now where we've got \$667 million dollars in capital construction, projects in some either planning stages or funding stages and over \$500 million in hand, already funded, ready to go".

The large increase in capital outlay dollars was welcomed by both legislators and higher education leaders. It was seen as an indication that while higher education definitely faces some public scrutiny, it continues to hold a high priority in the state but has not been receiving additional funding due to competing priorities.

Taxes

Four of the participants, three legislators and one higher education leader mentioned taxes as a critical issue. Most of these comments related to the apparent position of Tennessee as the lowest taxed state in the nation which hinders its ability to compete with other states that have better funding. This is best exhibited by the legislator who said, "As long as we are the lowest taxed state in the nation...what has to suffer is education, health care, and the other big ticket items". This was confirmed by one

leader who indicated, "We are the lowest tax state in the nation -- state and local. That means there's no way that Tennessee can presume to be number one in anything".

The effect that this has on the ability to fund higher education was discussed by one legislator who indicated, "...Our state's not rich enough to have, have 10, 8, or 10 heavily funded complete universities".

No one expected any significant improvement in state funding without a restructuring of the tax system. It should be noted, however, that no one indicated support for a change in the tax structure at this time.

Fees

Fees are the last of the major financial issues identified by interviewees. This issue was discussed by two higher education leaders and one legislator. Some comments referred to the percentage of fees as it relates to the total funding of the higher education experience. These participants indicated the percentage of costs being paid by students has been steadily increasing over the past several years from 30% to its current level of approximately 40%. As one legislator said, "Now I have not been happy that they've gone beyond the 30/70 deal of funding. I wanted to

stay at 30. And they're going, trying to get about 35 out of the local". One higher education leader confirmed this but added an explanation for the increase by saying:

It used to be students paid only about 20% of what it cost to go to a higher education institution, we're now up to 40. So the state is putting less and less as a part of the total because some people regard it as a benefit for the individual rather than a benefit of the state or the whole society.

In a related vein, one higher education leader indicated that the concern was one of who should finance higher education. As this leader explained, "Then you get to the issue of the funding itself whether - what degree it should come from tax dollars versus fees of the students and the parents who pay those fees".

The above comments were related to the proportion of fees paid from students. As noted from the comments, the state tends to follow a ratio approach to determine the fee structure. Over the past few years the projected ratio has moved from 70% state and 30% student to 60% state and 40% student. One leader noted that this may not be the best approach to follow:

Higher Education Commission has established there a level of ratio but those ratios can vary and are expected to vary at times when the state doesn't have any new tax money to distribute. That may be the best time to raise fees. And when the state has a tax increase and therefore is having more money to give to higher education, maybe that's the time the fees

shouldn't be raised so much so that it's more or less averaging out; in my judgment is the best way rather than just having a ratio of fees versus appropriation because if you raise appropriation then you're automatically going to have to raise fees to maintain that level of percentage and that may be the worst time to be raising the fees...

The main thrust of this issue in the minds of legislators and higher education leaders appeared to be a concern as to what effect the large increase in fees has had on the ability of current and potential students to afford the higher education experience.

Other General Financial Issues

There were several funding issues that were mentioned by fewer than three of the interviewees. These covered a wide range of subjects.

One higher education leader was concerned with the ability of higher education in Tennessee to be competitive in recruiting faculty and students:

How do we compete in today's market? How do we compete with businesses? How do we compete with other higher education institutions because typically higher education institutions like ours recruit nationally and we look for better people nationally, especially the faculty ranks.

Another leader referred to recent cuts by the federal government in funding for higher education. As a result,

higher education can no longer expect to receive additional funding from federal sources. This leader indicated:

But at the same time you're getting what's happening in Washington with all the downsizing of federal government and the reduction of entitlement programs and what have you. So that any hope of getting any more from the Feds is futile I think.

Finally one legislator brought up the issue of salary equity for faculty members. The legislator noted it was an important issue, but the current state financial situation did not permit the issue to be appropriately addressed.

This legislator noted:

Most of the universities across the state have had salary equity studies done. But they've never been funded. There hasn't been enough money in the past several years to get any, to be able to knock down any of these inequities on salary because rather than give salary increases we've just barely been getting cost of living increases.

As can be seen from the above, the issue of finances appears to be the greatest concern of both legislators and higher education leaders. Financing contains a wide range of issues extending from funding issues to taxes to the percentage of the higher education experience that should be borne by the state as opposed to students. It is important to note that participants indicated it was the state's financial status and competing priorities that were placing a severe financial squeeze on higher education. The

legislators indicated they understood the need to improve the funding of higher education but were pragmatic in their assessment that federal mandates and other outside influences would continue, at least for the next few years, to prevent them from funding higher education at the level they felt was needed.

Administrative Structure and Costs

These two critical issues have been combined due to their close relationship. The administrative structure of higher education as well as the administrative costs were discussed by four of the legislators and two of the higher education leaders.

Much of the concern on administrative cost appeared to center on the current dual system of higher education that is the current structure in Tennessee. This critical issue was mentioned by five of the interviewees. The current structure consists of the University of Tennessee system and Tennessee Board of Regents system being coordinated by the Tennessee Higher Education Commission. Interviewees appeared to have concerns as to whether this system created the most efficient operating system. The importance of this issue may best be summed up by the legislator who stated:

But I think the initial issue I was approached with and the one I see to be the one that most persons or legislators are interested in is the accountability issue and is an issue of structure. I hear a lot of concern about the Higher Education Commission vs. the UT Board of Trustees vs. The Board of Regents and how those three entities are going to continue to interact with each other and I think that's probably the biggest issue that I see facing higher education in Tennessee over the next few years is that how are we going to address that issue?

Another legislator voiced similar concerns by stating:

...There's a lot of discussion being centered around, and has been for the last two or three years, the structure of higher education, the administrative structure of higher education. The administration of higher education at the top. THEC, the Board of Regents, and UT being part of that discussion I guess.

Another legislator went so far as to suggest a solution when stating, "Instead of having three boards, you know, the university system, the University of Tennessee system, the Regents, K-12, that somehow, some of that needs to be merged". One higher education leader voiced a similar point of view when saying:

So as far as the structure of higher education is concerned as to whether we have the best one to best deliver the higher education services, there's always the issue of one board, one board rather than two boards as we now have the University of Tennessee system, Board of Regents system.

Another issue discussed by legislators and higher education leaders involved the administrative costs that the current dual system generated. Most of the comments

referred to the number of administrators. For example one legislator stated, "And I think at some point because of the significant administrative costs that we see in having to oversee all these different university systems and colleges that, I think that's where the issue truly arises".

Similarly another legislator indicated:

...I think the legislature right now is very much aware of the recommendation that came out of that study, the governor's study, that indicates that maybe we need to cut out the higher education, we need to cut something at the administrative level.

One higher education leader admitted that this was a problem when stating, "And that's one the governor is really harping on. We've just got to reduce the number of administrators".

Another issue that was identified by one legislator involved the growth of administrative costs. This legislator reported:

And I think that also you will see higher ed held more accountable for particularly, for its administration expenses. I think there has, there is a feeling, whether it is valid or not I couldn't address at this point, but there's always been a feeling that education in general, and higher education in particular has a tendency to grow administratively more rapidly than in faculty.

Finally one legislator identified as an issue the gap that is perceived to exist between the salaries of top level

and mid level administrators. This legislator reported, "We're always talking salaries and there are those legislators...who believe that salaries at the top are way out of line with salaries at the mid range of management and at the faculty level".

Although the current dual system seemed to be a critical issue, there did not appear to be much support expressed during the interviews for the recommendations contained in the report prepared by the Tennessee Commission on Practical Government (1995). This report recommended that THEC be abolished and the higher education institutions contained in the Board of Regents system be combined with the University of Tennessee system. It was also recommended that the two-year schools in the Board of Regents system be consolidated in a separate system. A final recommendation was that each institution have a local Board of Directors. It was felt that this would make each institution more responsive to the needs of the community it was serving.

Quality Outcomes

The quality of outcomes shown by higher education is another issue that received attention. There is concern that higher education must show results for the funds spent

by the state and students. This was mentioned by three legislators and two leaders as being a critical issue.

The need for higher education to produce students that have the ability to compete in today's marketplace received attention from legislators. For example one legislator stated, "We're in a highly competitive world today and our students in schools of higher learning should be able to go out there and compete and be leaders in the world. And yet, our people are having problems in competing". Another legislator indicated, "But overall, what type of products are institutions producing? Are they producing a product that can keep our country competitive and really, keep our country a leader in industrial and technological development, you know, for the centuries to come?"

Similar to the idea of producing students who can be competitive and who can keep companies competitive was the idea that institutions must produce the type of graduate needed by industry. As one legislator said, "I guess talking in terms of keeping up with our changing roles to meet the needs of consumers, to meet the needs of the marketplace...discussion centers around sometime whether or not we're meeting the needs of industry". One leader agreed with this assessment by stating:

And overall we've got to do a better job at what we do. People are raising questions about the quality of our students. We have got to make sure that the general education core throughout this country provides a real opportunity and there is some rigidity in that that requires the student to perform and that we are turning out folks that can read and write and compute.

Finally, one leader offered a slightly different view of the product that higher education institutions should produce. This legislator noted:

And then I think the last one that I would say is a challenge out there is making sure our graduates, whatever age, are adaptable, that they're ready for the job market. They can become productive and they have the ability to adapt as the years go by.

As can be noted from the above, the issue of quality outcomes was generally presented in the context of being able to show that higher education is producing a graduate that is meeting the needs of the marketplace. In addition, graduates must have a general knowledge that will allow them to adapt to changing conditions that will enable them to help their employers remain competitive and keep the United States in a leadership position for years to come.

As competition continues to increase and companies continue to downsize and make other adjustments to maintain or increase their competitive advantage, the issue of producing a quality student that is adaptable in the workplace will continue to be a critical issue.

Faculty Issues

Although faculty issues have been mentioned prominently in the literature, it was only mentioned by four participants as being a critical issue. It appears to be more of a concern to legislators as three identified it as a critical issue as opposed to only one higher education leader.

The issues identified encompass a broad range of faculty issues. For example one legislator noted:

One of the common things that we heard, and I know, I know the pros and cons of this, is the fact that the college faculty is not in the classroom as much as, as some people think that actually they should be.

Another legislator indicated, "The hours that teachers teach. The time they are required to stay on campus. Involvement more in communities. These areas to me are areas that higher ed is going to be held more and more accountable for every year". Finally a third legislator said:

...but a lot of people who are asking who's doing the teaching on the campuses. I mean, at one time we were known here for faculty being in the classroom and I think we've gotten just enough away from it that there's some question here, but especially at some of the other schools. That's a real big issue with some people. They feel like, and I don't feel that way, but they feel like money is being wasted in terms of research for the Board of Regents schools.

There was one higher education leader who also indicated this was an issue. This leader stated:

I get questions from legislators about faculty not working very hard, and it's always been an issue. The last twenty five years at least we've been doing a load study that we provide to legislators about how much people teach and how many credit hours they produce and what not. But then they say you don't know what you're doing. You just have people not working.

As can be seen, comments regarding faculty issues included a wide range of issues from time spent by faculty in the classroom to time being spent on campus to time spent on research projects. Since legislators appear to at least perceive this as a critical issue, it is an issue that must be addressed by higher education administrators if they are to improve their funding position.

Technology

Technology issues were mentioned by two legislators and two higher education leaders. Both legislators and leaders agreed that higher education must be able to use technology to improve services to students as well as to ensure that students are trained in the latest technological issues.

One leader may have summed it up best by stating:

And then I think a third issue is how we're going to respond to the new opportunities that are available to us as a state technologically. How we plan to improve the technological aspect of higher education, not only in terms of research, but also in terms of teaching and

learning and technology as a tool for teaching and learning as opposed to primarily a tool for research?

Legislators also noted this as an issue. As one legislator put it:

We're in now the information age and technology has brought a lot of that about. My concern is that we want to make sure our students, that higher ed is advancing and putting the technology out there and utilizing it as much as possible for the benefit of those students.

Similarly another legislator stated, "...I guess our own roles in regard to technology. Making sure that on campuses we are moving forward from a technology, and electronic technology perspective like we should".

One higher education leader noted that higher education must not allow itself to be dominated by technology but must learn to use technology to promote the interests of higher education. As this leader explained:

Then I think we've got the whole issue of, another challenge, I think is how do we deal with the technology?...And I think it's big because we need to be wise about what we do. We don't need to be dictated to by technology. We need to determine what we do with technology, not the reverse. But the opportunity is phenomenal.

It seems safe to say that universities will be facing technology issues for years to come. As technological accomplishments continue to take mighty leaps forward, universities will be forced to face the problems of how they

will keep up with the technological needs of students and train them in the latest techniques while facing the realities of stagnant or shrinking budgets. This should ensure that this will remain a critical issue that higher education administrators must continue to face.

Program Duplication

Program duplication is an issue that was mentioned by three of the interviewees; two legislators and one leader. The centrality of this issue may be seen by the legislator who said:

I think, another thing that is of concern with us is that we, of course, Tennessee is a very long state. We do have a lot of universities, colleges, community colleges in the state. We want to see as little duplication of programs as possible.

Another legislator indicated:

They're talking in terms of programs and if we have a program here and there's one in Knoxville, maybe that's a long way off, but on the other hand, depending on the program and how expensive, maybe it's not that far away.

One leader noted this same problem by indicating:

You know, we built all these schools thinking anybody ought to be able to get there with a day's drive of home. That's a luxury. I'm not sure that the taxpayer wants that luxury, can afford the luxury or wants to pay for the luxury, maybe its want to pay for the luxury. But again I think though, in our own institutions including UT, it's not just duplication of courses between UT and East Tennessee State but it's also back to within our own ship, what we're doing.

Higher education leaders and legislators agree that higher education must continue to evaluate itself and make sure that it is not duplicating programs among its institutions. While it was once felt that students should be able to take a program at any institution that was located close to their home, it is now felt that every school cannot be everything to every student. The state can no longer afford to have the same programs available at all institutions. Since most institutions are proud of their programs, this will be a difficult task to accomplish as universities can be very protective of their "turf". The critical nature of this issue and the results that can occur is summed up by the higher education leader who stated:

It is a challenge because we have to: How do you divide up Tennessee's turf if you can reach all parts of the state with interactive video? We had a big debate down in Spring Hill about who in Tennessee was going to do the MBA for Saturn. And while we were debating whose turf it was, Saturn contracted the University of Alabama to do it.

Relationship to K-12 Education

Another critical issue discussed by three legislators involved the relationship of the universities to K-12 education. This issue centered primarily on the issue of funding higher education and K-12. It was noted that these

two are in primary competition with each other and in some years the legislature funds K-12 education while in other years it funds higher education. As one legislator said:

Well, I'd have to say, on the front burner, there's always sort of a tug of war between higher education and K-12 and some years we do well by higher ed and some years by K-12 and then we need to go back to higher ed again.

Another legislator was more blunt by stating, "It's always been apparent to me that you do higher education one year in the budget and do K-12 another".

One legislator did, however, express a concern as to whether higher education would be prepared to accept the better students that K-12 education is expected to produce as a result of the increased funding it has received in recent years. This legislator stated:

But what direction higher ed should go and in particular its role in the K-12 changes. I think a lot of the discussions center around the fact that what we've done for K-12 kicks in, the improvements, the technology, the changes we've made there, which should result in a better high school graduate, a more prepared high school graduate. How that affects higher education, and how we should approach higher education as a result of that.

As noted, this issue was discussed only by legislators. Higher education leaders, when mentioning K-12 education, usually did so in the context of K-12 being one of the state's priorities with which higher education was

competing. While legislators basically indicated the same thing, their comments indicated that legislators tend to "play off" higher education and K-12 education against each other. Higher education administrators should recognize this fact and try to determine a method for turning it to their advantage. Higher education and K-12 education will continue to be in competition for state funding. This should maintain this as a critical issue that higher education administrators must continue to face.

General Issues

Issues that were mentioned by fewer than three of the participants have been combined into this category. The number of issues that fall into this category is relatively small indicating there is a high level of agreement on the current critical issues that face higher education.

Two legislators discussed the issues involved in remedial education. One legislator stated:

One other criticism and then I'll leave this, of higher ed, and I don't think it's totally to blame. I think if there is any blame it goes on K-12 and higher ed. The number of remedial students that we have, especially coming in for the first time freshmen out of the high schools.

Another legislator expressed similar concerns by stating, "I think we've got, we've done a good deal of remedial

education in the State and it always bears scrutiny whether we're doing enough of a good job there to keep on doing like we're doing".

Another legislator mentioned the ability to transfer credits easily within the university system as being an issue. This legislator stated:

One of the other things that I heard discussed from a higher education perspective is our ability to work within our system campus to campus, system to system, I don't know how you define a system, but one campus in the system vs. another, say ETSU working with Northeast or MTSU or Austin Peay in the shifting of credit, ... the ability to transfer credit within the system.

Finally one higher education leader mentioned the ability of higher education administrators to focus on the appropriate role for higher education as being an issue. This leader noted, "Well, I think it's focus. I think higher education has got to get its focus right and figure out that it can't be everything to everybody".

Accountability

Accountability has been mentioned prominently in the literature as being a major issue facing higher education. This was confirmed through the interviews as discussed in the prior section. One of the primary purposes of the interviews was to determine the feelings of legislators and

higher education leaders toward the issue of accountability in higher education. This included both their current level of comfort with higher education accountability as well as trying to determine how they felt the level of accountability could be increased. Inherent in this is the assumption that if the perceived level of accountability can be increased, legislators will be more inclined to provide additional funding to higher education.

Accountability is a concept that seems simple at first but becomes very difficult to understand as it is analyzed. Comments from both legislators and higher education leaders reflected varying degrees of comfort for the idea of accountability in higher education.

Research questions two, three, and four were designed to elicit information related to accountability. Research question two was designed to determine the information legislators and higher education leaders feel should be provided by higher education administrators to assure that higher education is being accountable for the funds entrusted to them. Research question three was designed to determine if legislators will have a higher level of comfort if such information is provided. Finally, research question four was designed to determine what changes higher education

administrators should implement over the next decade to achieve continued funding from legislators. Each of these questions is discussed separately.

Research Question Two

In the view of legislators and higher education leaders, what information should higher education administrators provide to assure that higher education is being accountable for the funds entrusted to them?

While sounding like a simple question, several patterns emerged from the interviews that appear to have a bearing on this question. Each of these is discussed separately.

Measurement and Communication of Educational Outcomes

Measurement of data and communication of the results were important patterns to emerge from the interviews. It became quite clear early in the interview process that the measurement and communication of educational outcomes was a major issue with legislators and was in need of improvement. Subsequent interviews with higher education leaders confirmed the importance of this aspect of accountability. In order to determine the information to be provided, it must first be determined what that information should be.

It must then be appropriately communicated to legislators and the public in a manner that can be understood.

Every participant mentioned the need for improvement in this area. The category has been subdivided as follows: need for specific information, current measurements, possible measurements, audits, other measurement issues, and communication issues.

Need for Specific Information

To begin a discussion of measurement and communication issues, it seems important to discuss the need for specific information. The need for specific information was mentioned by seven of the participants. This issue seems to be of more concern with legislators as it was discussed by five of them as opposed to only two higher education leaders.

Legislators indicated there was a great need to receive specific information. This was needed not only for their own benefit, but also for the public's benefit. If the public does not understand the importance of higher education, they will not support the needs of higher education with their legislators. This is explained by one legislator who said, "...they don't know what they're

getting...There's no scale". Another legislator mentioned, "However, I do hear and see some suggestions in the area of accountability to the legislature. For instance, providing the legislature with some feeling about what we're doing at the higher education level". A third legislator indicated "And I'm not sure we have gotten that in the past. Maybe we haven't asked the right questions". Finally, the need for information may best be summed up by the legislator who indicated:

In K-12 now we're getting reports that indicate to me where to go look for the money. Well, higher ed needs to take a lesson from K-12 and come out with reports that are simple...but we just need things that we can understand, comprehend, see the production from.

Higher education leaders also acknowledged the importance of this issue. They have been hearing the criticism of a lack of information. Leaders did express some frustration, however, as to what might be the best information to provide. In many instances higher education leaders indicated they were providing all the information requested. This was reflected in the comments of one leader who explained, "But we also need to keep looking for measures that are valid, that can be verified and a legislator or a governor or a board member can look at that and say that's really nice". Another leader expressed

similar frustrations when stating, "Now if it's not clear or if it's not the type of information they need, that's one thing...Certainly we can improve".

There appears to be a definite need for higher education administrators to develop the information that will provide legislators with relevant information. Legislators realize they need information but they are unsure as to what information will best suit their needs. They are looking to higher education to take a leadership role in this area. This is a prime opportunity for higher education to take "the bull by the horns" and develop information that will enhance their standing with the legislature.

Current Measurements

There was very little discussion of current measurements in higher education. Only one legislator provided examples of current measurements while three higher education leaders discussed it.

It is interesting to note that all participants that mentioned current measurements did so in terms of the "Bragg" marks. This was a set of goals that was instituted in 1985 and received their name because of the input and

leadership of Rep. John Bragg (D Murfreesboro) who was, and still is, the Chairman of the House Finance Ways and Means Committee. One legislator explained, "We put in some benchmarks back in '85 when Lamar passed his better schools program....They called them the Bragg marks".

Higher education leaders expressed similar comments. One leader stated, "Most of what I've been talking about is an annual report that you all do...the Bragg marks". Another leader was more emphatic by stating that higher education was reporting in a number of categories. This leader explained, "We measure a number of performance indicators throughout the enterprise. We have a national model for performance funding...We have the benchmarks, which used to be the Bragg marks, our Challenge 2000 goals". Finally one higher education leader appears to bring some perception to the problem when stating:

...I think in reality Tennessee higher education is probably more accountable than most higher education in the nation. We were first. We had performance funding. We had the outcomes measurement, the comp test and all that was put in years ago.

It appears from the above comments that higher education leaders were somewhat frustrated by the whole issue. These comments seemed to indicate they believed they

were providing useful information that had been required by legislation. As a result, they were being accountable.

Possible Measurements

As important as measurements appear to be and considering there seems to be a great need, only four legislators and four higher education leaders were able to identify specific types of measurement they believed would be important. This may best exemplify the problem that higher education administrators are facing. Everyone seems to realize there is a need for improved information, but no one seems to know what that information should contain.

A few comments related to the need to measure the output of higher education institutions rather than the inputs. As one higher education leader explained:

I think we need to be factual. We need to measure outputs rather than inputs. The way we've always judged the quality of higher education. What is the appropriation per student? Who cares? You know, that's not going to prove accountability by saying well our appropriation per student is higher than anybody's in the South or Tennessee.

Another leader concurred with this position by stating, "But I think we do need to measure the use of funds versus the vehicle for generating the funds".

Legislators expressed a similar concern for measuring outputs but they were somewhat more specific. Some legislators tended to rely on what would normally be considered more traditional output measurements. As one legislator explained, "Some things that I think would be useful to some legislators are...how many of the students who leave the institution are able to get the job they want". Another legislator provided some further guidance as follows:

If I knew that out of the graduating class of an institution, that there were, 70% of them were placed, it would mean a whole lot. Or how many did they take on, how many did they convert from the developmental or remedial into the main stream would be something.

A third legislator provided even more detail when stating:

...we want to see more emphasis in higher ed on people graduating and upon their performance at graduation and after graduation...I do not feel there is enough weight given in the funding formula to performance....I think an area they can look at is what has been done in K-12 in Tennessee....Before we will even send you your money every fall, you must send us an accounting of how you are going to spend that money....We would love to see something similar to this in higher ed.

One legislator complained that he was being held accountable for decisions being made by higher education. This legislator indicated that a part of the measurement and communication that was needed was related to how funds are being spent. This legislator put it this way:

Well the truth is the funding formula generated a 25-1 teacher-pupil ratio. The fact that when UT got the money on their campus and chose to lump a lot of freshmen classes in order to get some high classes and maybe produce some 10 or 12 student classes in the junior-senior level or graduate level was not a decision the legislature made. That was a decision they made on that campus and yet I'm being held accountable for their decision. Well, that the kind of stuff that, to me, higher ed has got to address.

Some novel approaches were expressed by both legislators and higher education leaders as to possible measurements. One legislator suggested that:

Let the student on the front end tell you what it is they plan to do in the future...And then at some state, maybe at the end of each year or two years certainly, halfway into that program, you do an evaluation on how far they have gotten along toward that...the difficulty is how do you evaluate where someone is going to be thirty years from now. Have they enjoyed their life because of their education?...So, that would tell us we need some kind of longitudinal study and we can't really evaluate what ETSU has done until twenty five or thirty years from now...

One higher education leader voiced a similar possibility by stating "What could be done is to have students...declare their intent and then measure success with that student on the degree to which that intent was fulfilled".

One higher education leader was able to provide a slightly different view. This was probably a result of the feeling expressed by many legislators that they were

receiving more detailed information from K-12 than they were from higher education. This leader stated:

...one of the things I would, I'd want to do is ask each campus to put on one or two sheets of paper how the new money was spent and then we publish it and send it out to the legislature.

In summary, legislators and higher education leaders agree that determining appropriate measurements is an area that must be addressed by higher education administrators. Legislators are looking to higher education to provide them with relevant information. Higher education leaders appear to be taking a position that they are providing the information that is requested of them. This will not suffice as legislators will not appropriate increased funding until administrators improve their reporting of appropriate measures.

Audits

The frustration in determining appropriate measurements may best be summarized by the role of audits in the accountability process. Many of the participants indicated that financial accountability is established through the current system of audits perfumed by the Comptroller of the Treasury, Division of State Audit. As one legislator said, "I think internally we go to great lengths to be

accountable. Internal and external audits". Another legislator was more succinct when stating, "If I had a bunch of constituents saying we want accountability out of higher ed, all I'd say was they're periodically audited by Mr. Snodgrass and here's a copy of the audit".

Higher education leaders also indicated that audits provided a level of accountability. They seemed to express more frustration as to what more was needed in order to be accountable. One leader expressed a level of concern when stating, "...if you want to say fiscal accountable, confound you've got it. We can account for every penny we've got and Bill Snodgrass audits and says y'all are great". Another leader expressed a similar concern. This leader explained, "...the records are public, they're audited, the financial statements are prepared. So what is it about accountability that's not now being met."

In summary legislators and higher education leaders appear to agree that the current system of audits provide a satisfactory level of financial accountability. Higher education administrators, however, should not let themselves be lured into a false sense of security. While some legislators appear to be satisfied, it is apparent that many

legislators are looking for information beyond the numerical data reported in audited financial statements.

Other Measurement Issues

There were many general comments related to measurements that did not relate to any of the above categories. These comments covered many different measurement issues.

Several of the comments related to the difficulty in determining the appropriate measurements and being able to generate the data needed for the required information. One legislator may have said it best when stating, "It's awful easy to keep score on a football team. It's hard to keep score on a graduating class". One higher education leader voiced a similar concern. As this leader explained, "And again, I think that it gets down to the definitions. Defining first of all what is a completer for example."

Another higher education leader looked at the situation in a different manner. This leader felt that the problem existed because higher education has left the determination of measurements to others instead of developing required information themselves. This leader explained it this way:

The problem I think we've had is we've let external agencies determine measurement sticks, and I think we need to turn that around and come up with our own

notions of what we ought to measure and how we ought to articulate it. And that's one of the things that we're going to be giving a high priority to over the next couple of years.

One legislator seemed to agree with this viewpoint when stating, "They're going to have to get creative, innovative, and start coming up with some new ideas".

A few higher education leaders seemed to be somewhat pessimistic of the whole idea of measurements. One leader expressed a concern as to what level this idea could be taken to by saying:

...will get a different answer on what accountability means. I'm afraid that they mean, in a business sense, they want some kind of way to quantify the outcome. Put in so much money and over here on this end we want to find out what that means....I'm not sure you can tie money with learning like that.

Another leader questioned whether the information would really provide what legislators appear to be seeking. As this leader explained:

Now, I think what they ought to be interested in and what I get from legislators is well we've got the quality standards set for K-12 now. We put in that money and we know what we get out. Do you? Do you know what you're getting out?...But do you know today that Sullivan South is doing three times better than it was before we increased their funding 42%? Do you really know that? I don't know. But if they think they do, then Sullivan South has achieved a lot and I admire them.

One legislator seemed to sum up the whole issue of accountability and measurement best when stating, "But then again, the final...the bottom line is the product you're producing. If we're getting a graduate that is proud and capable, then that's the best accountability we've got".

Communication Issues

The importance of communication to legislators was mentioned by nine of the participants and was evenly split among legislators and higher education leaders being mentioned in some form by five legislators and four leaders.

Legislators appeared to be quite concerned about the perceived lack of information. The importance of this issue and frustration legislators are feeling may best be described by the legislator who stated, "We quite frankly don't know what the heck's going on out there in colleges and universities." Another legislator concurred with this feeling by saying, "For instance, providing the legislature with some feeling about what we're doing at the higher education level". A third legislator took a slightly different view. This legislator indicated the information provided was adequate but acknowledged that other

legislators did not feel the same way. This legislator noted, "If he [another legislator] wants something to talk to his constituents about, I suppose it is up to higher ed to figure out what he needs and give it to him".

Higher education leaders also recognized that legislators were concerned with this issue. One leader acknowledged the problem when explaining, "I just know we have to do a better job of relating to the governor, the legislators, our citizen advisory committee about what we do and how well we do it". Another higher education leader voiced similar concerns. As this leader put it, "I do think that we've got to do a better job of communicating to the public policy makers and the staff that support them how well we're doing...".

A few of the legislators referred to information they currently receive from K-12 and the need for higher education to provide the same type of information. K-12 reporting was mentioned by several legislators when talking about higher education measurement and reporting. In many instances the concern was expressed that K-12 provides relevant information that enables legislators to know what is happening in their school system. Legislators do not feel that higher education is providing similar information.

This concern may best be exhibited by the legislator who explained:

...there are many of those people that are approached for increased funding that are simply told this is what it's going to cost to continue to operate this university as opposed to the kind of accountability that we require at the K-12 level which is more results oriented...

One legislator went so far as to indicate it was the feeling of some legislators that information was being manipulated to present information in the best light possible. This legislator stated:

...you can feel as a legislator there are attempts to manipulate whatever the information might be that you're trying to maintain accountability for....I think there's just an innate, built in part of a legislator that's always skeptical or questioning of government.

While reporting of relevant information to legislators is important, it is also important that information is reported to the general public. Legislators indicated they are often responding to the concerns of their constituents when they question the effectiveness of higher education. The centrality of this aspect may best be summarized by the legislator who said, "Well, higher education in a lot of places is a well kept secret...And I think the secret to accountability is publicity". Another legislator voiced a

similar point of view when stating "I would think its mainly a public relations problem".

In summary, communication of results is an area that must be addressed by higher education administrators. Legislators expressed the concern very forthrightly that they were not receiving information that would allow them to defend higher education to their constituents. Similarly, the public was asking questions of their legislators because of the lack of relevant information provided by higher education. It is evident that higher education administrators must address this concern and provide the necessary information to interested parties.

Summary

Research question two was designed to determine the information that higher education administrators should provide to assure that higher education is being accountable for the funds entrusted. Major issues that emerged included the problems associated with determining the appropriate measurements that should be used. Legislators indicated there was a need for more relevant measurements including the possibility of long-term longitudinal studies in an attempt to determine if students felt, after a period of

time, that their education had provided them with the tools needed to succeed in the world.

Legislators and higher education leaders both agreed that higher education was accountable but it was doing a poor job of communicating that accountability to legislators and the general public. A majority of the legislators indicated they felt higher education was doing a good job but emphasized the fact they were not provided information that would enable them to be convinced, and to convince their constituents, that this was the case.

Unfortunately, the problem appears to be no one is really sure what that information should be. In the case of legislators, needed information was most often related to the reporting that is currently required of K-12. Several of the legislators indicated that as a part of the increased funding of K-12 education was an accountability system that allowed legislators to see how the funds were being spent and the results that were obtained from the increased funding. There does not appear to be a similar system for higher education. No one seemed to feel the measures had to be, or even should be the same. Legislators indicated, however, they would have to be provided more information before they would feel comfortable in increasing the funding

to higher education. They indicated it was the responsibility of higher education administrators to determine measurements that would be relevant and communicate those results to the legislature.

Higher education leaders, on the other hand, were somewhat confused on the issue. In some cases, they agreed that a poor job had been done in communicating results to legislators and to the public. They were unsure themselves as to what the best measurements might be. They acknowledged that higher education was different from K-12 education and the nature of higher education made it difficult to obtain measurements that would provide consistent information among all institutions. Other leaders, however, indicated that higher education was already providing every piece of information that could be provided. Systems were in place and legislators only had to place a call to obtain the required information.

Research Question Three

Will such information provide a higher level of comfort to the legislators as they make decisions concerning the funding of higher education?

While research question two was designed to concentrate on the information higher education should be providing, research question three was designed to determine if such information would have an effect on the funding decisions that legislators make regarding higher education. The answer appears to be a resounding maybe.

Legislators seemed to agree that providing relevant information is a first step that must be accomplished to obtain additional funding. This is evidenced by the fact some legislators seem to feel higher education is reluctant to provide information that legislators require to make informed decisions. As a result, legislators sometimes put higher education on the "back burner" because of a lack of sufficient information. One legislator put it this way, "We look for indications from higher ed that they are willing to give us more information, more detailed information. And as they do that, we get more comfortable with their funding".

Another legislator said:

As you want more money, the only way to get it from us is to tell us more what you're doing in more detail what you're doing and make us feel comfortable that you're spending that money like you should.

Higher education leaders indicated an agreement with this legislative view. One leader was very succinct in his

assessment when he stated, "If they don't understand it they won't fund it". Another higher education leader acknowledged the importance of communication by saying:

But I think if we were doing a better job of marketing and communicating what we are doing, I'm assuming that what we are doing is pretty good, then I think there would be less of a negative impact on us financially.

Many legislators couched their response in terms of the current level of reporting for K-12. One legislator explained, "I just think that I can see, and this has just been a process that's occurred in the last five years, but I see how comfortable the legislature has gotten with K-12 funding". Another legislator indicated the level of reporting done by K-12 education as compared to higher education. As this legislator reported:

We can go out and walk through our schools [K-12] and see the money. We see it in computer equipment. We see it in new construction. We see it in smaller class sizes. We see it in new textbooks where there used not to be new textbooks. We see it. We see our money. In higher ed, we can spend additional money and I can walk across campus and I can't see that money.

Higher education leaders also acknowledged the effects that recent changes in K-12 reporting has had on higher education. One leader explained:

And then K-12 comes along...I think the lesson I learned from that was that we wouldn't have gotten \$700 million committed if we hadn't convinced the legislature that number one we were going to spend the money wisely and number two that we were getting an

accountability system in place that would give taxpayers a measurement of how well we're doing in our schools....Now I think what they did, it sharpened the interest of our legislators in accountability in higher education...

There was not a great deal of information that was provided on this question by the legislators and higher education leaders. It seems evident that legislators feel that if they begin receiving information that will allow them to understand and see how higher education spends additional funding allocated to it, they will be able to feel more comfortable in allocating additional funds. Higher education leaders acknowledged this fact and indicated it was incumbent upon higher education to provide more useful information and communicate the results they were obtaining.

Research Question Four

In the view of legislators and higher education leaders, what changes should higher education implement over the next decade to achieve continued funding from legislators?

Research question four was designed to determine any specific actions higher education should be taking over the next 10 years that would convince legislators to continue

the current funding and, hopefully, provide additional new funding to higher education.

Issues that emerged related to responses to research questions two and three. That is, what higher education must do over the next decade is implement responses to those issues that emerged in the preceding sections.

Measurement

Higher education must develop a better method of measuring results. While seemingly an easy task, neither legislators nor higher education leaders were able to define a clear set of measurements that would be appropriate and understandable by legislators and the public.

In the case of legislators, measurements were most often related to the reporting that is currently required of K-12 education. One legislator related the need for measurements in terms of what had occurred in K-12 education. This may best be summed up by the legislator who stated:

We have gone through a process in K-12 where we totally revamped the education system in Tennessee.... Heretofore, we have always placed a lot of money in there and yet we have not held anyone accountable for that. One major demand, and one thing that came out of that...is that an accountability system was built in...Therefore, the focus started looking at higher ed. How can it become more accountable?

Many legislators indicated a need for some type of measurement but they were unsure as to what that measurement should be. One legislator explained:

However, at some point we have to look at some very basic numbers...you get to a level you have to look at some numbers or some statistics or some end results of what you're doing but, you know, I don't know that it's our role to look at the issues of academic freedom about what is taught or what course offerings are at a particular university or not.

Another legislator indicated a level of frustration when stating, "...but I don't know that anyone has come up with the kind of test we really need...".

Higher education leaders also expressed their concern with this issue. They seemed to feel that higher education was accountable but realized they were not able to relate this fact to the appropriate people. As one leader stated:

We just need to be sure that we are gathering relevant data and that we are reporting it and presenting it to those people who have a desire and/or need to know about it in a way that helps them clearly understand where we are and what we're doing.

Another higher education leader expressed the same concern when saying, "And I think what we have to do is try to work with people in Nashville, in Washington to come with some things that do reflect, do reflect the fact that we're accountable".

Finally one higher education leader took a slightly different view by expressing a concern as to how expenditures can be related to a particular measurement. As this leader explained:

What should the measure be? The formula is supposedly a measuring stick. So unless we can relate it to the formula, if there should be other measures, then we're going to have to develop those other measures and relate the actual expenditures to before we can say whether it's being accountable...

In summary it appears that both legislators and higher education leaders are struggling to determine appropriate measurements. They seem to agree that some form of measurement that accurately reflects the current condition of higher education is needed. In addition it must be in a form that can be easily communicated to appropriate individuals.

Communication

Higher education must develop a better method of communicating the results that are obtained to the legislature and public. The importance of this aspect was emphasized by one legislator who indicated, "People do not mind spending money for educational purposes when they see there is a benefit to it. Maybe the benefit is there, but it hasn't been readily communicated". Another legislator

indicated a frustration with the lack of coordination in communication coming from higher education. As this legislator explained:

And up to this point, I've seen some frustrations with some legislators because they may hear from their own individual colleges and universities within their locale and then the university or Board of Regents system may come and say something different and then THEC may come and say, do something different and the individual legislator begins to wonder where does the truth really lie?

Higher education leaders also recognized the importance of developing an effective communication system. One leader explained, "We need to do a better job communicating how well we are being accountable now". Another leader agreed with this assessment and said, "Well, we have to more effectively communicate with those decision makers and the general public about what we're doing and how well we're doing it". A third higher education leader agreed but indicated a problem with determining exactly what is meant by communication. This leader explained it this way:

We need to be able to communicate it well. And I always hate to say that. That sounds like people, faculty say you don't communicate. Well what in the heck is communication? I don't know what it is. But I understand their frustration. I have it all the time.

Two higher education leaders provided slightly differing views. One leader lamented the fact that higher

education is usually emphasizing what problems it is facing in order to try and get new money. This leader hinted that higher education may fare better by accentuating the positive accomplishments rather than the negative. As this leader explained:

I think one of the reasons we have a hard time...is in most of our public statements we're talking about what's wrong with us. The late Alex Haley used to have a phrase "Find that which is good, lift it up, and praise it". We in higher education are lousy at doing that.

Finally one higher education leader dealt with the basic concept of communication as being the trust it generates. No amount of communication will be able to overcome a lack of trust. This leader put it this way:

The first component is we must guard against ourselves against doing things either at the campus level, or the board level or...the coordinating commission level that erodes the element of trust. Communication with political leadership, legislators and/or governors, effective communication is predicted upon their trust of you....Secondly, you communicate in terms that are easy for the person outside of the higher education enterprise to understand....But the other thing that contributes to the trust factor substantially is to be able to demonstrate when questions are raised about the work of higher education that we have anticipated those questions and we are already at work on it.

As has been noted previously, communication appears to be the key to a number of problems faced by higher education. This concept cannot be overstated. Legislators

indicated time and time again that they were not receiving adequate information or information that allowed them to talk knowledgeably of the accomplishments of higher education. Only through an adequate communication program designed by higher education administrators will higher education reestablish itself as a prime recipient of increased funding.

Organization

Two legislators and two higher education leaders mentioned the need to review the organizational structure of higher education. This was an issue discussed by the Tennessee Commission on Practical Government (1995).

One legislator commented on the problems that can occur by having three different organizational bodies present their needs. This legislator said, "Especially when you're trying to combine a Board of Regents system and a UT system and everybody wants something. And then you combine those two and then you've got a list from THEC. But everybody's list is different." One leader expressed a similar comment when stating, "We've got the institutions and we've got the systems, and we've got the Higher Education Commission, all a part of the total higher education operation".

There was one legislator and higher education leader that discussed a different aspect of this issue. One legislator indicated that universities needed to review their own organization in an attempt to improve the communication:

I said you're going to be president of the best kept secret in Tennessee in higher education. I said the first thing I'd do, I'd get me a good PR person...The next thing I'd do is beef up the Development Office.

The higher education leader expressed a different view of the organization issue. This leader was responding to criticism that higher education should be run more like a business. This leader noted, "...I get a little weary sometime people say if you would just run yourself like business look how good you'd be and I keep telling them what happened to General Motors? Or what happened to IBM?"

This was a subject that was very hard to analyze. On one hand legislators acknowledged the work of the Commission on Practical Government (1995) and indicated that the recommendations deserved consideration. On the other hand, legislators did not express any support for actually implementing the recommendation. This may be a result of the political issues involved, but was indeterminable at this time.

Politics

Three legislators mentioned politics in conjunction with what higher education administrators should be doing. This issue concerned the need for higher education administrators to become more involved politically. One legislator made the comment in passing, almost as an aside. This legislator said, "There's always reams of paper. Possibly they could replace some of the paperwork with one-on-one conversations or small committee conversations".

In one case, however, the issue of politics was the main focus of the interview. This legislator indicated that higher education must get involved politically. If higher education administrators expect to receive additional funding they must involve themselves in getting the politicians, who can provide that funding, elected. This legislator was very forthright in this view by saying:

Well, there are a lot of people that wouldn't agree with my viewpoint on this because I am very politically minded. That old trite saying, them that asks, gets. If I was in higher education, I would be at every rally this summer for every Democrat and Republican....Now that's one thing I have to give TEA credit for. There will not be a rally or fish fry or a hot dog supper this summer that they won't have somebody there with a little card that identifies them as a teacher....But I have people say to me, good people, well you know we can't take part. That's a lot of baloney. I mean, if you come down here and talk to us about the budget, if you can come down here and talk to us about what you need, then why can't you attend a fish fry or something

that gets us down here. I guess if I have one criticism, that's it.

Expenditures Spent as Formula Generates

Two legislators and one administrator identified the importance of spending funds as they are generated by the formula as a key to accountability. As one legislator explained:

...in the past higher ed has pretty well had a funding formula and it generated money and then it was sent to the campuses and then the campuses pretty much budgeted all their own budgeting on campus and was not really held accountable to expend the money in the same areas where the money was generated.

Another legislator expressed a similar view by stating, "Many times they want the money first and then maybe the program is put in place, maybe it's delayed but they still have that money to use and they do use it for other things".

One higher education leader provided a more blunt assessment of the situation by arguing that the THEC had been lax in their duties by not ensuring that this was taking place. This leader stated:

One of the major purposes of the Higher Education Commission in reading the statute is the very first paragraph, is to study the use of funds, the expenditure of funds...Theirs has been a role only of determining the equitable distribution, the total funds to recommend to the governor and the legislature. Never a comparison of the formula that arrives at those dollars with the manner in which the institutions spend

the dollars....I think it is a mistake not to have done that.

Higher education administrators will have to address this issue in the future if they are expecting to continue to receive additional funding. Legislators will not be willing to appropriate additional funds if they feel that those funds are not being spent in an appropriate manner.

Faculty Issues

Accountability as it relates to faculty issues was mentioned by five legislators and three higher education leaders. Many of the comments seemed to acknowledge the issue that has been expressed in the literature concerning the amount of time faculty members are in the classroom. Legislators did not mention this as a problem *per se*. They did, however, indicate they knew there was a credibility problem and they were sympathetic to the problems facing higher education in this regard. As one legislator said:

They need to make the right noises to make, make happy the legislators who want to put the professors on the clock which to me is not the way to get excellence in education in higher ed. I think a man, if he's a leader in his field, he's to be expected to do some research, do some writing, and he can't do that and teach X students X hours per week.

Another legislator explained, "I don't believe it is our role to dictate to you what you should teach, or what you

should do in the classroom". Finally, one legislator indicated that faculty members are hard working but were often entrenched and not receptive to change. As this legislator explained:

I think most of the faculty members are very dedicated and they're working very hard. However, some of them are locked in and they are going to have to change their methods of what they are used to in the past.

Higher education leaders also realized this was an issue that must be addressed. Leaders did not directly criticize the efforts of the faculty but acknowledged there was a need to be more effective in communicating what faculty were doing on their campuses. This may best be illustrated by the leader who said:

I've asked all of our academic administrators to know what their faculty do. Now that created a little consternation...I want to know does anybody know what they do. How many hours do they teach? How many hours are they researching? I said if they are researching 100% of the time, that OK. Teach 100% of the time, that's OK. But what are they doing?...That's a legitimate question by Bill Snodgrass, by Don Sundquist...I need to be able to answer it.

Another leader referred to tenure which has also been receiving attention in the literature. This leader appeared to be providing a warning when saying, "I think tenure served its time, but I don't think it's the problem". Finally one higher education leader expressed the

frustration of the difficulty in presenting information that is easily understood by individuals outside of higher education. As this leader explained:

I remember in '75 or '76, we had to do a massive study about the workload of faculty. And they designed what workload was and then we had to answer the question within that framework and it did not adequately explain what faculty members do....We gave them a lot of other mass data but we didn't interpret for them. I don't think we painted a picture of what a faculty member typically does in a given week on a campus.

In summary, faculty issues did not generate a great deal of controversy. A few legislators indicated various problems, which in all cases, have been reported in the literature in recent years. An equal number of legislators indicated they felt faculty were dedicated and did a good job. The few higher education leaders that mentioned the issue indicated they were asking questions so they would be able to answer similar questions being posed by legislators and the public. Regardless, it is an issue that higher education administrators must keep in mind as they deal with legislators. It is important that they be able to provide information related to faculty activity and be willing to respond to criticisms that are often made in this area.

Summary

Accountability is an issue that has been discussed at great lengths in recent times. There have been many instances in which it has been said that higher education must become more "accountable" but there has been little indication as to what higher education must do to become "accountable". This study attempted to provide an answer to this issue through the analysis of the above research questions.

Accountability is a concept that seems simple at first but becomes very difficult to understand as it is analyzed. The following comments were provided by legislators and higher education leaders as they discussed this issue. These comments did not seem to fit in any of the analysis of research questions one to four but would seem to provide an effective summary to this chapter.

Some of the comments were quite positive toward the current level of accountability, although the majority of these came from higher education leaders. There was some indication that higher education is doing what it needs to be doing but just needs to communicate it better. As one legislator said, "I've always felt the accountability is there...most of us feel comfortable that there is

accountability as high, just about as high, or higher than you get on the outside." One higher education leader expressed a similar view when stating, "Well, you know, I think you're right on the term accountability, needing to be accountable. But of course, I think higher education is pretty accountable". Finally one leader put it more bluntly, "So I don't think there is an absence of accountability in higher education".

In some cases, however, the feeling was more negative. It is important to note that all negative comments regarding accountability were made by legislators.

One legislator indicated that, in his opinion, higher education had not been doing what was necessary to be effective in their responsibilities. This legislator said:

There's a feeling that higher ed has been in the ivory tower too long. It's time that they needed to change their focus, and to start refocusing, refocusing on what they should do to better prepare the students going out there....And those universities that are creative in the beginning, to reach out and branch out and put those things out there are the ones that are going to prosper and survive. Those that are not, that remain in the ivory towers are going to have cobwebs growing over their doors.

Another legislator expressed the concern that higher education must face some reality as to the pressures that legislators were facing. As this legislator explained:

But the truth is, what they have to realize as a reality is we're the ones that provide their funding and we're being held accountable to a different level than they are on those campuses. And so they need to respect the kind of accountability that we're being held to and assist us by giving us information. But they tend to want to think that they're aloof to formulas, you know, campuses by nature are more philosophical than they are detailed.

In still other cases, comments indicated both positive and negative components. One legislator noted, "Well, I'm perfectly happy with it....There's a large number of members who are not". Another legislator was responding to the negative press that higher education sometimes generates when stating, "I think overall the institutions are fairly accountable to us. It's just that we would like to not have to get involved in any of the negative issues".

Many of the comments indicated the problems with determining exactly what is meant by the term accountability. This may best exemplify the problems that higher education is facing in this area and exhibits best the concept mentioned previously that everyone agrees on the need for accountability but no one seems to know what it means. As one legislator stated, "When I said we were struggling, that's probably the reason why is because, you know, we feel like we need something and y'all may feel like we need something but nobody seems to know what that

something is." Another legislator indicated, "That's a big problem because you can ask five or ten people and you will get a different answer on what accountability means."

One higher education leader took a different track by indicating what he hoped accountability did not mean. This leader explained:

One, what I think it doesn't mean and I hope it doesn't mean because if it does, you're going to go nuts, I'm going to go nuts and everybody else is going to go nuts, and that is accountability becomes an issue of submitting micro management type data to lord knows who somewhere to analyze....And I think we have to work very, very hard to convince governors and legislative leaders and higher education commission folk in this state and otherwise that's not the way to get accountability.

Finally there were certain comments that referred to general issues involving the role and scope of accountability. One higher education leader indicated the need to quit being defensive and provide the answers to questions that legislators were asking. This leader stated, "I think we in higher education need to quit being defensive about accountability". Another higher education leader took a much more pessimistic view. This leader seemed to feel that it didn't matter what higher education did, it was going to inevitably face a period of scrutiny that it must

endure. This leader may have presented the best summary when stating:

I think its our turn in the barrel. We in higher education, some of us sat back for the last 15 years and said boy look at what they're doing to K-12, just beating them to death. And then by golly, it's our time. And they're going to whoop on us for about six, seven, eight, nine years.

It appears safe to say that accountability is an issue that higher education administrators will be required to face for many years to come.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Introduction

Chapter 4 was a reporting of the findings from the interviews that were held with the participants of this study. This chapter provides the conclusions drawn from the findings presented in Chapter 4. It also contains recommendations that might be taken by higher education leaders to meet the challenges that emerged from the interviews. Finally recommendations for future research opportunities are presented.

Conclusions

Conclusion One

Legislators and higher education leaders identified eight major issues that currently face higher education: financial issues, administrative structure and costs, quality outcomes, faculty issues, technology, program duplication, relationship to K-12 education, and other general issues.

Most of the issues that emerged from the interviews have been discussed in recent literature. The financial

challenges currently facing higher education has been well documented and continue to be a concern. Faculty issues and program duplication are also issues that have received considerable attention in recent years. The issue of administrative structure and costs is another issue that has received much attention, although Tennessee is somewhat unique with its current dual system of administration.

There were some issues that had not been anticipated. Issues related to technology has not received the amount of exposure in the literature as some of the other issues. It is, however, an issue on the minds of legislators and higher education leaders alike. The relationship of higher education funding to K-12 education funding is another issue that does not seem to have received as much discussion in the literature.

Higher education leaders must take these issues and begin to formulate methods of addressing them with legislators. Once addressed, the results must be adequately communicated to all involved parties. It is only through a cooperative effort of higher education leaders, legislators, and their staffs that higher education will be able to plead its case in a convincing manner. Until legislators, and more importantly the public, have a complete understanding

of the pressures that higher education is facing, it appears they will be unwilling to appropriate the additional funds that higher education leaders feel is necessary to accomplish the responsibilities that have been entrusted to them.

Conclusion Two

A major focus of the study was an attempt to determine information that might be provided to legislators to ensure that higher education is being accountable for its funds. Unfortunately, no one seems to have an answer to this question.

Legislators and higher education leaders both agreed that higher education was accountable but it was doing a poor job of communicating that accountability to legislators and the general public. A majority of the legislators indicated that higher education was doing a good job but emphasized the fact they were not provided information that would enable them to be convinced, and to convince their constituents, that this was the case.

The issue of measurement of educational results appears to be the most critical issue that must be addressed by higher education leaders. Legislators indicated a definite

need for the improvement in such measurements. They indicated, however, that higher education leaders should take the lead in developing the measurements that would most appropriately reflect educational outcomes. Higher education leaders, on the other hand, indicated they realized there was a need to improve measurements but they were waiting for legislators to provide an indication of possible measurements they would like to see. Neither group was able to provide any significant information related to potential measurements although there was some support among legislators for long-term longitudinal studies.

It is obvious that this is an issue that will have to be addressed before higher education can expect to receive substantial amounts of new funding. There will have to be an understanding among higher education leaders, legislators, and their staffs as to the relevant measurements that will ensure that higher education is being accountable. It is incumbent on higher education leaders to take the initiative in working with legislators and their staffs to develop the appropriate measurements.

Higher education must also do a much better job of communicating those results to the legislators and public once they have been developed. They must not be defensive

about the job they are doing but accentuate the positive accomplishments of higher education. They must also be available to answer questions as they arise from legislators and their staffs.

Conclusion Three

There is little doubt that as higher education leaders present more relevant information, legislators will become more comfortable with the funding of higher education. As the legislators become more comfortable, there is an increased likelihood that additional funding will follow. While there is some possibility that increased reporting could result in information that would indicate that funding to higher education should decrease, this does not appear to be case. This is evidenced by the recent increases in funding for K-12 education in the state. Although it is likely that much of the increased funding for K-12 education was a response to court orders, it was obvious from the interviews that legislators had become very comfortable with the accountability system that had been built into the K-12 funding legislation. As a result, there has been little questioning as the funding continues to increase each year in accordance with the funding plan.

As the funding plan is completed, higher education will be in an excellent position to increase its own funding if it is willing to provide a relevant system of accountability. As indicated in Conclusion Two, it is incumbent upon higher education to work with legislators and their staffs to develop the measurements that will lead to such an accountability system. Without such a system, higher education may expect some increased funding but not to the extent that it might be if an acceptable accountability system can be established.

A big caveat in this is the amount of funds that may be available for allocation decisions in the future. As federal mandates continue to shift federal spending to the states, it can be expected that less new funding will be available. The important thing to remember, however, is that while higher education must continue to compete for funding with other state priorities, it must not lose sight of the accountability issue. Without an appropriately developed accountability system as discussed previously, that incorporates necessary communication, not only can higher education not expect to receive increased funding, it could very well continue to lose relative funding share as

it relates to other state programs as has occurred over the last several years.

Conclusion Four

As discussed in Conclusions Two and Three, the biggest challenge facing higher education is to develop and institute an appropriate accountability system that is properly communicated. This accountability system must address those issues that have been identified by legislators and higher education leaders to be important to face in the future. Measurements that provide accurate information related to educational results, program duplication, identified faculty issues such as amount of time spent in the classroom, etc. are all a part of the system of accountability that must be developed.

It is often said that we are living in the information age. It appears, however, that higher education has been inefficient in informing legislators and the public of the results that have been achieved and continue to be achieved by higher education. While many of the leaders indicated that sufficient information has been provided, it is the perception of a majority of legislators interviewed that they are not receiving the information needed to make

informed funding decisions. If that is the perception, it is a perception that must be addressed by higher education regardless of its veracity.

Recommendations

Based on the findings of this study, it is recommended that:

1. A committee consisting of appropriate representatives from higher education, central state government, and legislative staff similar to that formed to study changes in the funding formula be established to study the issue of accountability and determine appropriate measurements that will provide relevant information to all interested parties.
2. Those in higher education must make a concerted effort to improve communication with legislators and their staffs. This should include ongoing communication during the legislative session as well as providing information throughout the year. In addition, higher education leaders must be more involved in the legislative process and be available at all times to answer questions posed by legislators and their staff and do so in a non-defensive manner. They must also

take a more proactive, positive approach with legislators. It may well be that instead of asking for funds to address current shortcomings in higher education, leaders could obtain better funding by discussing its positive points and providing information relative to how increased funding would accentuate those positives. This is an issue that should be considered as the committee (Recommendation One) develops appropriate measurements for an accountability system. As an example, many traditional measurements such as graduation rates may no longer provide an accurate picture as institutions change their focus to training of displaced workers and other educational opportunities. Therefore, it may be more appropriate to institute a longitudinal study of the perception of graduates toward their higher education experience as opposed to focusing on a low graduation rate. Another example might be to accentuate the positives that institutions are accomplishing through increased use of technology. This would provide a positive basis for arguing for increased funding rather than focusing on the number of faculty that do not have

computers. These are some basic examples of items that should be considered.

3. The benefits of higher education must be communicated in a more positive manner to the public. Like all entities, higher education often receives press only when a problem occurs. The positives in higher education are often neglected or relegated to back pages of local newspapers. While a difficult task, it is imperative that higher education improve its image with the public as a worthy recipient of public funding. An example is the cost of higher education. State institutions of higher education still provide the most cost-effective higher education experience. Unfortunately this is often lost in the large figures quoted that are usually obtained from the most costly private institutions.

Recommendations for Further Research

The findings of this study provide impetus for additional research in four areas. The first area in which additional research is warranted is determining if the issues identified and possible solutions apply across all states. The results of this study were obtained from

interviews held with state legislators and higher education leaders in Tennessee. While the findings appear to be consistent with issues identified in the literature, there were areas of inconsistency. As an example, performance funding and faculty issues have been mentioned prominently in the literature as areas of concern for higher education. While both of these issues were mentioned by some of the participants, neither was mentioned by a majority of the participants as being a critical issue. Whether this means that the issue is overstated in the literature or is a function of actions taken in Tennessee is deserving of further study.

Second, a considerable opportunity exists for studying the measurements or indicators that would be appropriate to use in a higher education accountability system. While both legislators and leaders tend to agree that relevant indicators are needed, each group could identify only a very few indicators that might be appropriate. There were strong indications that legislators are looking to higher education leaders to develop the measurements while leaders are looking to the legislators to provide them guidance as to the type of measurements they would like to see. It appears that many of the traditional measures of success may need to

be rethought. An example of this is a story related by a higher education leader regarding Mike the septic tank repairman. Mike is a real individual whom the leader met when he came to work on a septic tank. Mike attended a Tennessee higher education institution for one year before determining that it was not for him. He then attended a technical institute for one year learning the basics of construction and construction measurements, however, he did not graduate. He then started his own septic tank business. Mike is now married to a successful university graduate who is a newsperson for the local television station. He currently owns approximately \$500,000 of equipment and is netting \$50,000 to \$60,000 per year from his business. While much of his success can be traced to the training he received from higher education institutions, by traditional measures he is a failure because he did not graduate. It appears that new measurements should be developed that can address issues such as this in order for higher education to appropriately measure its successes.

A third research possibility is related to the above opportunity. There is a need to study the current reporting system in K-12 education and that in higher education. Since the legislators participating in this study indicated

a significant positive comfort level with the current K-12 accountability system, there is a great opportunity to determine what K-12 education is doing right and how it might be related to an accountability system for higher education.

Finally, a significant research opportunity exists in the area of determining the most effective governing system for public higher education institutions. It is obvious as a result of this study there is considerable concern among legislators as to whether the current dual system of higher education with its coordinating commission is the most cost-effective administrative structure. In Chapter 2, information was presented regarding the governance of higher education. However, it was based on information from the 1980s. As concern with administrative costs continues to increase, it seems likely that states will attempt to determine if alternative governing systems exist that provides a better administrative structure at less cost. This could include a study of states that may have changed administrative structures and an analysis of the results obtained from the change. Any study of state governing systems coupled with the efficiency and results of the

system would provide useful information to states as they
continue to struggle with this issue.

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APPENDICES

APPENDIX A
PRELIMINARY INTERVIEW GUIDE

PRELIMINARY INTERVIEW GUIDE

1. In your opinion, what are the most crucial issues facing higher education leaders today? How do you feel these issues affect your decisions concerning the funding of higher education?
2. There have been many instances in which it has been said that higher education must become more accountable. In your opinion, what actions should be taken by higher education leaders to ensure that higher education is accountable?
3. What information would you like higher education to provide that you are not receiving now? How would this information help you to make funding decisions concerning higher education?
4. Which individuals do you feel would be the best for me to interview to obtain further information on this subject? What is the most important information you feel they can provide?

APPENDIX B
AUDIT AGREEMENT

MEMORANDUM

TO: John Harman
FROM: David Collins
SUBJECT: Auditing Procedures for Research Project
DATE: September 30, 1996

Thank you for agreeing to serve as the auditor for my dissertation project. I hope this activity will provide you with a valuable learning experience as you begin your doctoral studies at East Tennessee State University.

As we have discussed, this is an important component in the establishment of trustworthiness for this project. You have already reviewed the audio tapes and transcriptions for accuracy. I am forwarding to you with this memorandum my personal journal which contains field notes, peer debriefing notes, and personal notes on the progress of my dissertation. I am also enclosing Chapters 4 and 5 of the dissertation.

After you establish familiarity with the above components, I feel you should address the following points. These have been adapted from Appendix B of Guba and Lincoln's *Naturalistic Inquiry* (1985).

1. Can the audibility of the data be confirmed? Is the data complete, comprehensive and useful? Can appropriate linkages be established?
2. Can confirmability be established? Are findings grounded in collected data? Is there any evidence of researcher bias in the findings?
3. Can dependability be established? Was the concept of purposeful sampling followed?
4. Can the credibility of the project be established? Does evidence of triangulation and peer debriefing exist along with the referential adequacy?

Again, thank you for agreeing to help me with this project. Please do not hesitate to contact me with any questions you may have regarding this process.

APPENDIX C
AUDIT FINDINGS

**East Tennessee State University**

Department of Internal Audit • Box 70566 • Johnson City, Tennessee 37614-0566 • (423) 439-5356 • Fax: (423) 439-6191

October 7, 1996

Mr. David D. Collins
Office of the Comptroller
East Tennessee State University
Johnson City, TN 37614

Subject : Dissertation Audit Report

Mr. Collins:

I am pleased to provide you with this auditor's letter of attestation to be included in your doctoral dissertation. The audit was performed using the criteria set forth in your memorandum dated September 30, 1996. Auditing procedures were based on a modification of Halpern's (1983) procedures for auditing naturalistic studies contained in Appendix B of Guba and Lincoln's Naturalistic Inquiry (1985). The findings of the audit process are disclosed below:

1. The organization and assistance provided by you, the researcher, facilitated the performance of the audit, allowing it to proceed purposefully and with a minimum of confusion. The scope of the data appeared to be complete and comprehensive. Data were useful and relevant, while linkages were recognizable and easily traced.
2. Procedural information was gathered both from our audit discussions and the review of your field and debriefing notes. No evidence of researcher bias was detected. A sampling of findings was drawn and successfully traced back to the raw data. Audit discussions, interview notes, and document entries support your consideration and awareness of the possibility of alternative findings. Your findings are based on the data gathered and are, hereby, confirmed.
3. Sampling procedures, establishment and modification of working hypotheses, and the flow of methodological decisions were identifiable, purposeful and relevant for a naturalistic study. The process of inquiry was sufficiently appropriate and thorough, therefore, firmly establishing the dependability of the study.
4. In view of the high level of sustained attention maintained in the study, the use of data triangulation, maintenance of a reflective journal, organized document notes and entries, systematic peer debriefing activity and the integration of audit plans into the overall research design, credibility of the study is, hereby, confirmed.

Dissertation Audit Report
Mr. David D. Collins
October 7, 1996
Page 2

Congratulations on the completion of your research. My observations and results of audit procedures provide the basis for my conclusion that you have consistently adhered to and maintained the highest standards of professional ethics and practice in your study. I am confident your contribution to the body of research on higher education funding will be well received in the field.

Respectfully yours;

A handwritten signature in black ink, appearing to read 'J. Harman', written over a horizontal line.

John A. Harman, MBA, CPA
Internal Auditor
East Tennessee State University

APPENDIX D
STUDY PARTICIPANTS

Study Participants

Legislators

<u>Name</u>	<u>Representing</u>	<u>Committee</u>
Sen. Rusty Crowe	R Johnson City	Education
Sen. Andy Womack	D Murfreesboro	Chair, Education
Sen. Doug Henry	D Nashville	Chair, Finance
Sen. Anna Belle O'Brien	D Crossville	Finance
Sen. Randy McNally	R Oak Ridge	Finance
Rep. Bob Patton	R Johnson City	Education
Rep. John Bragg	D Murfreesboro	Chair, Finance
Rep. Gene Davidson	D Springfield	Chair, Education*
Rep. Shelby Rhinehart	D Spencer	Finance
Rep. Kim McMillan	D Clarksville	Education

*Rep. Davidson also serves on the Finance Committee

Higher Education Leaders

<u>Name</u>	<u>Position</u>
Dr. Roy Nicks	President, East Tennessee State Univ.
Dr. Charles Smith	Chancellor, Tennessee Board of Regents
Dr. Bryant Millsaps	Executive Director, Tennessee Higher Education Commission
Mr. Bill Snodgrass	Comptroller of the Treasury
Dr. Joe Johnson	President, Univ. of Tennessee System
Mr. Bill Sansom	Member of University of Tennessee Board of Trustees

APPENDIX E
INFORMED CONSENT FORM

East Tennessee State University
College of Education
Department of Educational Leadership and Policy Analysis

INFORMED CONSENT FORM

PRINCIPAL INVESTIGATOR: David D. Collins

TITLE OF PROJECT: Funding of Higher Education in Tennessee: A Qualitative Study of the Perceptions of the governor and State Legislators

The purpose of this study is to identify issues that are considered important to you in making decisions that affect the funding of higher education. A further objective is to identify actions that you feel need to be taken by higher education leaders to ensure that higher education is accountable and worthy of continued or increased funding. Your participation will consist of an in depth interview related to the above objectives.

Expected inconveniences and/or risks are minimal. The interview will take approximately one to one and one half hours of your time. You may refuse to answer any question that makes you feel uncomfortable. Participating in this study is strictly voluntary, and you may quit at any time. This study is not an experiment; no variables are being manipulated. All information which you provide will be kept strictly confidential.

If you have any further questions about this study you may call David Collins at (423) 929-4212 or (423) 928-1480 or Russ West at (423) 929-4252 who will try to answer additional questions that you might have.

Although your rights and privacy will be maintained, the Secretary of the Department of Health and Human Services and the ETSU Institutional Review Board do have free access to any information obtained in this study should it become necessary and should you freely and voluntarily choose to participate. You may withdraw at any time without prejudice.

East Tennessee State University does not provide compensation for medical treatment other than emergency first aid, for any injury which may occur as a result of your participation as a subject in this study. Claims arising against ETSU or any of its agents or employees may be submitted to the Tennessee Claims Commission for disposition to the extent allowable as provided under TCA Section 9-8-307. Further information concerning this may be obtained from the Chairman of the Institutional Review Board at (423) 929-6134.

The nature, demands, risks, and benefits of the project have been explained to me as well as is known and available. I understand what my participation involves. Furthermore, I understand that I am free to ask questions and withdraw from the project at any time, without penalty. I have read and fully understand the consent form. I sign it freely and voluntarily. A signed copy has been given to me.

Signature of Volunteer

Date

Signature of Investigator

Date

VITA

DAVID D. COLLINS

Personal Data: Date of Birth: June 28, 1954
Place of Birth: High Point, North Carolina
Marital Status: Married, two children

Education: Western Carolina University, Cullowhee, North Carolina; Accounting, B.S.B.A, 1975
Western Carolina University, Cullowhee, North Carolina; Business Administration, M.B.A., 1980
East Tennessee State University, Johnson City, Tennessee; Educational Leadership, Ed.D., 1996

Professional Experience: Accountant, Western Carolina University, Cullowhee, North Carolina, 1975-1978
Assistant State Auditor, Division of State Audit, Asheville, North Carolina, 1978-1982
Director of Internal Audit, East Tennessee State University, Johnson City, Tennessee, 1982-1984
Assistant Comptroller, East Tennessee State University, Johnson City, Tennessee, 1984-1988
University Comptroller, East Tennessee State University, Johnson City, Tennessee, 1988-89
Assistant Vice President for Business and Finance, East Tennessee State University, Johnson City, Tennessee, 1989-1995
Associate Vice President for Business and Finance, East Tennessee State University, Johnson City, Tennessee, 1995-present

Honors and

Awards:

Certified Public Accountant, North Carolina,
Tennessee
Phi Kappa Phi Honor Society
Alpha Phi Sigma Honor Society
Member of American Institute of Certified
Public Accountants
Graduated Magna Cum Laude - Western Carolina
University

Panels and

Workshops:

To Be or Not to Be? On-Line Requisitioning,
What a Question! (Workshop), Information
Associates International Users Conference,
Financial Accounting Systems/Financial
Resources System (FAS/FRS), Philadelphia,
Pennsylvania; Collins, David D. and Kathy
Kelley, November 8, 1994

GASB Accounting Issues (Panel), Information
Associates International Users Conference,
Financial Accounting Systems/Financial
Resources System (FAS/FRS), San Diego,
California, November 9, 1993

Using FBM070 and FBM075 for Year-End
Financial Reporting for Statewide Systems
(Workshop), Information Associates
International Users Conference, Financial
Accounting Systems/Financial Resources System
(FAS/FRS), Indianapolis, Indiana, November 6,
1990

Integration of Financial Reporting Using
FBM070 and FBM075 (Workshop), Information
Associates International Users Conference,
Financial Accounting Systems/Financial
Resources System (FAS/FRS), Salt Lake City,
Utah; Collins, David D. And Richard A.
Manahan, October 9, 1989

Multi-Campus Reporting Using AM070 and FBM070
(Workshop), Information Associates
International Users Conference, Financial
Accounting Systems/Financial Resources System

(FAS/FRS), Atlanta, Georgia; Collins, David D., Clay Harkleroad, and Gladies Herron, November 10, 1987

Ask the Experts - Accounting (Panel), Information Associates International Users Conference, Financial Accounting Systems/Financial Resources System (FAS/FRS), Atlanta, Georgia, November 9, 1987

Position Control - Accounting Transactions (Workshop), Information Associates International Users Conference, Financial Accounting Systems/Financial Resources System (FAS/FRS), Scottsdale, Arizona; Collins, David D., Richard A. Manahan, and Ginger J. Hawk, October 22, 1986