

# Grapevine

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## TIMELY DATA CIRCULATED WHILE CURRENT

Reports on state tax legislation; state appropriations for universities, colleges and community colleges; legislation affecting education beyond the high school.

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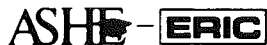
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The Executive Summary of a new book authored by Edward R. Hines, soon to be published as Higher Education Report #4 (1988) by ASHE-ERIC, deals with the relationships between state government and higher education. Further information about the Higher Education Report series may be found below.

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While per capita (based on total state population) and personal income (as a measure of a state's wealth) provide an indication of a state's effort, the rankings of the states on these criteria must be placed within a broader context.



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**HIGHER EDUCATION AND STATE GOVERNMENT:  
RENEWED PARTNERSHIP, COOPERATION OR COMPETITION?**

By Edward R. Hines

Executive Summary

The 1980s and remaining years of the 20th Century have been characterized as a period when states will be major initiators of policies for higher education. This Higher Education Report is intended for administrators, faculty and student leaders in higher education; for state lawmakers and staff who work with higher education; and for others desiring information about current policy issues and relationships between state government and higher education. The underlying conceptual issue throughout the Report is the issue of accountability and autonomy. This issue and, more broadly, the relationships between state government and higher education are explored, using a set of current policy issues including economic development, assessment, and deregulation. In the analysis, a continuum is presented going from a condition of full accountability with maximum state control to complete autonomy with minimum state control. In higher education, the most common pattern has been a state-aided approach typified by states encouraging institutions to develop programs and services.

How deeply involved in higher education are governors? Economic development and assessment provide clear evidence of the extent to which state lawmakers, especially governors, have become deeply involved in higher education. "Within most states, the governor has now become the most important single person in higher education" (Kerr, 1985). This Report explores gubernatorial involvement in higher education, analyzes governors' formal powers and how these powers affect higher education, and illustrates how structurally weak governors have made significant accomplishments in education.

What is the extent of higher education lobbying at the state level? Higher education lobbying has increased at both state and federal levels. Examples of aggressive state-level higher education lobbying are analyzed showing how campuses and higher education systems increased their presence in state capitals, including a successful "grassroots" lobbying effort in Texas to increase support of higher education. The "downside" of lobbying is discussed with illustrations of conflict of interests and alignments with political action committees.

What is the effect of the reform movement in higher education? This Report shows how current reform differs from previous efforts because of the involvement of strong external actors such as governors and legislators. In a number of analyses of reform, both quality/excellence and the linking of education with economic development emerge as key issues along with finance, governance and clarification of institutional missions. Governors are the catalysts in higher education reform; and they, along with legislative leaders, appointed blue-ribbon commissions and ad hoc groups to study governance restructuring and other issues. Case studies of commissions in Maryland, Rhode Island and Michigan are analyzed.

How effective are blue-ribbon commissions? Discontent with higher education systems resulted in blue-ribbon commissions and ad hoc study groups in a majority of the states in the 1980s. Commissions often focused on the governance structure at the state level. States, assuming that structural change will lead to changes in other areas, may be disappointed to find their problems unresolved. Structure is a means, not an end. States' experiences with governance restructuring have led to several observations. There needs to be a clear vision for higher education in the state as well as an understanding of the obstacles to achieving that vision. Organizational structure is a means to other policy goals. The entire higher education policy process needs to be examined. There is no perfect or preferred model of structure and organization (McGuinness, 1986).

How important is incentive financing to colleges and universities? New developments in state higher education finance have created important mechanisms to get "new money" to campuses. These innovations include strategies promoting economic development, excellence, and increased productivity. One strategy uses incentive financing to link appropriations levels to measurable outcomes, exemplified by the Tennessee Performance Funding Project. Another strategy includes states' using "set aside" funds to reward exemplary institutional practices.

Why is economic development such a critical policy issue? Governors are interested in higher education because of its demonstrated link to economic development. States are providing financial support to higher education in areas such as training, technological development, and collaboration with business and industry. There are, however, concerns about the effectiveness of economic development. One issue is how to measure effectiveness. Another is with job creation as a measure of effectiveness. Still another issue is the influence of economic development on the longer-term relationship between government and higher education. The Ben Franklin Partnership in Pennsylvania provides a compelling illustration of a successful government-higher education relationship in economic development: over 19,500 persons have been retrained in technology application; 439 new technology-based firms have been established; 390 companies have expanded; over 10,600 manufacturing jobs have been created or retrained; \$100 million has been invested by the state; and \$350 million has been invested by the private sector (Leventhal, 1988).

What is the government/higher education relationship in assessment? Assessment is a policy issue of major interest to state lawmakers. In the Governors' 1991 Report on Education, one task force focused on quality and studied ways to demonstrate learning improvement, student outcomes, and program effectiveness. The Education Commission of the States, comprised of governmental and educational leaders nationwide, sponsored a number of efforts focused on assessment in higher education. An ECS survey found that by 1987 two-thirds of the states had initiated assessment activities with some states engaged in a monitoring role while campuses provided leadership in assessment. Other states took a more active role in promoting and facilitating assessment initiatives. A third group of states actively designed and implemented assessment programs. Decisions to move ahead with assessment, however, must be debated and resolved on each individual campus.

How important is state higher education leadership? Traditionally, higher education has been decentralized and self-governing, and most critical decisions affecting colleges and universities have been made on campuses. Today, however, state-level decisions for higher education are critical. Governors and legislators are more involved in higher education than ever before. The state higher education agency is in a key position to provide leadership on pressing policy issues to campus chief executive officers as well as to state lawmakers. State higher education executive officers must function effectively in both the political and higher education policy arenas. Governing boards must speak for higher education and serve as buffers against political pressure.

To what extent is authority being decentralized from states to individual campuses? Examples of states' decisions to deregulate higher education and to restore flexibility to campus management include decisions in Colorado, Connecticut, Kentucky, Maryland, New Jersey, and New York, among other states. In this Report, research is reviewed which concluded that regulation is caused by political factors while quality is the result of state investment (Volkwein, 1989). The accountability-autonomy debate is discussed as it relates to the extent to which centralization of authority and political decisions have been increasingly intrusive in higher education in the 1980s. Intrusion is viewed as having bureaucratic, political and ideological aspects (Newman, 1987a).

**RANKS ON PER CAPITA AND PER \$1,000 OF PERSONAL INCOME  
AS A MEASURE OF STATE EFFORT**

The table on page 2217 shows state rankings on appropriations per capita and per \$1,000 of personal income for FY1989. For over a dozen years, these two measures had been published annually in The Chronicle of Higher Education, along with the state appropriations data furnished to the Chronicle by Grapevine. However, beginning in 1987, the Chronicle chose not to publish these measures because they tend to be misleading if they are improperly interpreted. They are presented here in response to numerous requests for this information and as a service to Grapevine readers.

Inferences about total state effort for higher education should not be made based solely on these two comparative measures. More measures are needed, such as trends in budget share for higher education, and comparative measures need to include more revenue sources than only state tax appropriations. There are other significant revenue sources used in higher education funding, including local tax appropriations and student tuition. There are 37 states where local taxes support public community colleges. Student tuition is an important source of revenue for both private and public colleges and universities. In some states, non-tax sources of revenue are utilized in supporting higher education. These other non-tax sources might include funds from a state lottery, grants, transfer payments, and sales and services. All sources of revenue need to be included in any complete analysis of state support for higher education.

State tax funds, however, comprise the largest revenue source in the public sector and are a substantial source of revenue in the private sector in selected states. Historically, measures used for comparative purposes have focused on state tax appropriations per person in the state (per capita) and per \$1,000 personal income as a measure of wealth. These comparative measures begin to provide an early view of the effort made by states in supporting higher education. When additional data, especially local tax appropriations and student tuition, are available at a later point in the fiscal year, they need to be included in a comprehensive view of state higher education support.

Two studies, in particular, use multiple revenue sources. Readers are advised to obtain these sources when they become available. They are the National Comparisons of Financial Support for Higher Education, prepared by Jackie Johnson of the Higher Education Coordinating Board, 908 East Fifth Avenue, Olympia, WA 98504, and State Profiles: Financing Public Higher Education, 1978-1988, prepared by Kent Halstead of Research Associations of Washington, 2605 Klingle Road, N.W., Washington DC 20008 (202) 966-3326.

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**RANKINGS OF THE STATES ON APPROPRIATIONS OF STATE TAX FUNDS  
FOR OPERATING EXPENSES OF HIGHER EDUCATION,  
PER CAPITA AND PER \$1,000 PERSONAL INCOME, FISCAL YEAR 1988-89**

States	FY1988-89 Appropriations (\$1,000)	Per Capita (\$)	Rank	Per \$1,000 Personal Income	
				Rank	Income (\$)
(1)	(2)	(3)	(4)	(5)	(6)
Alabama	763,000	186.87	6	15.65	5
Alaska	164,733	313.78	1	17.21	2
Arizona	544,560	160.83	16	11.23	16
Arkansas	286,399	119.93	44	10.42	22
California	5,011,510	181.16	7	10.17	24
Colorado	475,181	144.17	28	9.25	35
Connecticut	467,385	145.56	25	6.84	49
Delaware	107,516	166.95	14	10.00	27
Florida	1,474,345	122.63	40	7.87	41
Georgia	812,299	130.55	37	9.13	36
Hawaii	274,233	253.22	2	16.15	3
Idaho	144,987	145.28	21	12.24	12
Illinois	1,399,444	120.83	42	7.35	44
Indiana	755,614	136.61	33	9.82	28
Iowa	478,991	169.02	12	11.87	14
Kansas	382,326	154.41	20	10.21	23
Kentucky	518,361	139.08	30	11.53	15
Louisiana	483,034	108.28	46	9.44	34
Maine	162,432	136.84	32	9.81	29
Maryland	695,261	153.31	22	8.46	39
Massachusetts	868,426	148.32	23	7.75	42
Michigan	1,338,033	145.44	26	9.45	32
Minnesota	861,462	202.89	5	12.74	11
Mississippi	425,751	162.19	15	15.76	4
Missouri	550,609	107.90	47	7.35	45
Montana	105,277	130.13	38	10.54	20
Nebraska	253,431	158.99	17	11.10	17
Nevada	121,249	120.41	43	7.36	43
New Hampshire	72,454	68.55	50	3.91	50
New Jersey	1,129,452	147.22	24	7.23	46
New Mexico	268,800	179.20	8	15.09	7
New York	3,110,021	174.48	11	9.69	30
North Carolina	1,329,606	207.33	4	15.57	6
North Dakota	118,072	175.70	9	13.51	10
Ohio	1,320,460	122.45	41	8.38	40
Oklahoma	415,191	126.89	39	10.11	26
Oregon	361,189	132.60	36	9.44	33
Pennsylvania	1,268,759	106.30	48	6.98	47
Rhode Island	138,802	140.77	29	9.05	37
South Carolina	576,598	168.35	12	14.02	8
South Dakota	77,369	109.12	45	8.70	38
Tennessee	673,881	138.80	31	10.78	18
Texas	2,245,958	133.78	34	9.65	31
Utah	259,615	154.53	19	13.60	9
Vermont	53,855	98.28	49	6.87	48
Virginia	1,033,096	174.98	10	10.59	19
Washington	719,437	158.54	18	10.16	25
West Virginia	252,618	133.17	35	12.08	13
Wisconsin	738,670	153.67	21	10.42	21
Wyoming	114,753	234.19	3	18.43	1
United States	36,204,505	149.13		9.60	

\*State appropriations divided by the U.S. Census Bureau's civilian population estimates for 1987.

\*\*State appropriations divided by personal income as reported by the U.S. Commerce Department, 1987.

How critical are concerns about minorities? Concerns about minorities present higher education with a great challenge and encompass a number of specific policy issues such as admitting minority students, increasing retention, improving graduation rate, and hiring more minority administrators, faculty, and staff. The state higher education executive officers (SHEEOs) have made initial steps in this direction. SHEEOs work closely with state lawmakers, such as governors, as well as with campus officials. While state leaders can serve as catalysts in identifying specific problems and mobilizing action toward goals, individual campuses must become involved in implementing solutions which will improve conditions and increase opportunities for minorities.

What should be the role of state government in higher education? It is not possible to formulate an ideal role for government which prescribes consistent action and carries across all policy issues. In some issues, a "state agency" role for government may be appropriate. In other instances, a state agency role would be too intrusive and would be rejected by higher education leaders. The relationship between government and higher education has changed markedly in recent years. The role of government has evolved from providing financial support for a basic level of educational services to serving as a partner with higher education in the resolution of key policy issues. State government leaders are integrally involved in higher education, and governors, especially, are playing key roles in economic development and outcomes assessment. Lawmakers' roles range from near total involvement in a full state agency approach to virtually no involvement in a *laissez faire* approach.

What limits exist on state government action in higher education? Government cannot be expected to define and to carry out an appropriate role in all areas, because there are occasions when government will be intrusive. It is during such times that higher education, in particular the state higher education agency, must be insightful enough to discern the problem and be courageous enough to call for corrective action. Neither partner, however, can define the relationship unilaterally. State high education executive officers and their staffs serve in a difficult "buffer" role of simultaneously coexisting in two related but different worlds. Points of intersection occur at annual hearings before budget examiners and legislative fiscal committees on issues of substance, including the role of higher education in economic development and the role of government in assessing learning outcomes and institutional productivity. Some may claim that higher education has no role in economic development, and the state has no role in assessment. Such views harken back to a time when government and higher education functioned in separate worlds. Now the worlds are interrelated, and they intersect more often than not. Higher education must define the limits of its autonomy and must call for redress when government becomes intrusive. When that occurs, government and higher education will be able to maintain a dynamic partnership.

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