INTRODUCTION

The large degree of uncertainty of the national and global economy has brought increasing concern to the state of higher education, specifically, the financial position (Baum & Ma, 2010). Enduring a financial environment that is constantly changing is difficult for organizations such as colleges and universities which are driven by consensus decisions. Alexander et al. (2010) puts into perspective the shifts in higher education funding from states to students during the economic crisis. The reduction in state appropriations for higher education in the United States has become increasingly problematic with the rapid growth in student enrollments occurring nationwide (Baum & Ma, 2010).

This study was conducted to examine the perceptions of legislative members in the State of Tennessee and select chief administrators for institutions of higher education regarding the strategies used to influence levels of funding for post-secondary institutions. Nine universities in Tennessee were targeted for the study: Austin Peay State University, East Tennessee State University, Middle Tennessee State University, Tennessee State University, Tennessee Technical University, University of Memphis, University of Tennessee-Chattanooga, University of Tennessee-Knoxville, and University of Tennessee-Martin. The reason for selecting these universities was for their membership in the Tennessee Board of Regents and University of Tennessee systems. Senators and Members of the House of Representatives in the Tennessee General Assembly were included in the study for their role in state budgeting for higher education.

Therefore, the purpose of the study was to gain a greater understanding among the various constituents as to the needs and restraints facing higher education funding. Bound and Turner (2007) suggested there had been a national decline in higher education and in order for leaders in higher education to respond to the decline, they must...
understand the perceptions of legislators with regard to public higher education funding.

**RELATED LITERATURE**

The last few years have been marked with financial uncertainty and as a result state budgets have experienced large cuts in spending (Baum & Ma, 2010). Often, state appropriations to public higher education are considered discretionary and therefore the first item to be cut from the budget and last to recover (Russell, 2008). State legislators often rationalize higher education as a discretionary item: “colleges and universities can find other sources of income to compensate for reduced state support” (p. 1). In the interest of the stakeholders involved, there is an increasing need to improve communication and relations between leaders of higher education institutions and those in state government. The flow of information in both directions involves more than a simple recognition of need, for there is regular disagreement between the university and legislative members about state controls, appropriations, the nature of information that should be exchanged, and the independence of higher education (Weerts & Ronca, 2006).

Weerts and Ronca (2006) suggested the university-governement relationship as symbiotic, that one depends on the other. Public higher education institutions play an important role in creating an educated citizenry and improving state and local economies, while states bear the primary responsibility of funding postsecondary education (p. 935). Institutions of higher education must communicate with the general public as well as the state legislature in order to dispel skepticism of higher education’s mission (Desrochers, Lenihan, & Wellman, 2010). Immervarhler et al. (2010) discussed why Americans have reservations about the system of higher education. The data revealed people felt universities were more concerned with the bottom line than with the educational experience for students since tuition rates continued to rise.

Desrochers et al. (2010) identified patterns during 1998-2006. Baum and Ma (2010) indicated an increase of 140 percent in tuition rates of public institutions since 1980. Also, the source of support from state funds decreased seven percent (31 percent to 24 percent) and the share of funding coming from tuition and fees increased 13 percent (23 percent to 36 percent). Despite the dips in state support and hikes in student expenses, Desrochers et al. (2010) emphasized state spending remained approximately the same per student (on an inflation basis) throughout this 30 year time frame.

In future years of economic recovery, Boyd (2009) hypothesized higher education institutions would be unlikely to receive any increases in state funding. In the competition for scarce state funds, higher education appropriations must compete with other areas such as healthcare, K-12 education, the criminal justice system, and welfare (Altbach, Berdahl, & Gumport, 1999; Bound & Turner, 2007; Kallison & Cohen, 2010; Locket, 2012; McLendon et al., 2009; Russell, 2008). Boyd (2009) predicted considerable demands from other sources competing for state funding would cause even greater tax increases or cuts in public higher education budgets during an economic crisis and recovery. With this in mind, university leaders have to rely on alternative funding sources since current levels of state funding may not be guaranteed, and in most circumstances, a best case scenario in the future (Bound & Turner, 2007).

**RESEARCH METHODOLOGY**

**Research Questions**

The following research questions guided the study:

1. Is there a significant difference between how participants rank the priority of higher education in the state budget as categorized by their political party affiliation (e.g. Democrat or Republican)?
2. Is there a significant difference between how participants rank the priority of higher education in the state budget as categorized by their professional background (e.g. education, business, or other)?
3. Is there a significant correlation between research participants’ length of service in leadership position and how they rank the priority of higher education in the state budget?
4. Is there a significant difference between how participants rank the priority of higher education in the state budget as categorized by those whose parents have earned a college degree and those who have not earned a college degree?
5. Is there a significant difference between how participants rank the priority of higher education in the state budget as categorized by the tier of residence (e.g. East, Middle, or West Tennessee)?
6. Is there a significant difference between how university administrators and state legislators rank the priority of higher education in the state budget?
7. Is there a significant difference between how participants rank the priority of higher education in the state budget as categorized by their level of educational attainment (e.g. graduate degree versus no graduate degree)?
8. Is there a significant difference between participants’ political party affiliation (e.g. Democrat or Republican) and how they perceive access to higher education?
9. Is there a significant difference in opinion between university administrators and state legislators regarding higher education’s use of reserves during weak economic times?
10. Is there a significant difference between how state legislators and higher education administrators respond to increases in tuition being associated with poor management of higher education costs, not changes in state appropriations?
11. Is there a significant difference between how state legislators and higher education administrators respond to increases in tuition being associated with decreased in state appropriations, not management of higher education leaders?
12. Is there a significant difference in opinion between administrators of higher education and state legislators in Tennessee concerning who should be responsible for paying the cost of higher education?
13. Is there a significant difference between how leaders in Tennessee public higher education and the state legislature perceive the importance of state appropriations for higher education?

**Population**

The population examined in this study was comprised of 33 members of the Tennessee Senate, 99 members of the Tennessee House of Representatives, the Executive Director of the Tennessee Higher Education Commission (THEC), the Chancellor of the Tennessee Board of Regents (TBR), the President of the University of Tennessee System, and 36 Chief Administrators at nine state-supported universities. For the purpose of this study, four administrators from each university were included in the quantitative portion: university president or chancellor, vice president for finance administration, vice president for academic affairs, and the vice president for student affairs.

**Instrumentation**

The survey instrument for this study was designed to assess individual perceptions regarding higher education funding. Two populations exist in this particular study, so it was important for the survey instrument to be free from bias and not appear to support a hidden agenda in order to produce accurate conclusions. A web-based survey was utilized in this study and link to the online questionnaire was emailed to research participants.

**Data Collection**

In order to generate a list of research participants for this study, the researcher gathered the names and contact information using online databases available to the public. Contact information for chief university administrators of Tennessee’s public institutions was found using the respective institution’s website. Members of the Tennessee General Assembly were listed in an online directory in which provided online contact information. Gathering direct contact information enabled the principal investigator to email participants an invitation to participate in the web-based survey assessment. Participants were provided a link to the questionnaire in the body of the email messages sent.

A few days after initial contact with research participants, the Lieutenant Governor Ron Ramsey emailed all the members of the Tennessee General Assembly a letter of support for the study asking for his colleagues’ participation. Dr. Brian Noland, the President of East Tennessee State University, emailed the selected university administrators included in the study. In his email, the Dr. Noland expressed his support of the study and encouraged his colleagues’ participation in the web-based survey.
RESULTS

Research Question 1
An independent samples t-test was conducted to compare the difference between how participants rank the priority of higher education in the state budget as categorized by their political party affiliation (e.g. Democrat, Republican). Participants were asked to rank a set of budgeting priorities in order of importance, with 1 representing the highest of importance and 11 representing the lowest. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the political party was the independent variable.

The independent samples t-test was not significant, r(58) = 0.07, p = 0.34; therefore, the null hypothesis was retained. Notable, although not significant, findings suggested the Republican participants (M = 4.40, SD = 2.27) ranked the priority of higher education slightly lower in importance when considering the state budget than did Democratic participants (M = 4.27, SD = 1.72). This difference in means was 0.15 and the 95% confidence interval for the difference in means was -0.75 to 0.61.

Research Question 2
A one-way ANOVA test was applied for Research Question 2 which sought to determine if any significance could be found between participants’ ranking of the priority of higher education in the state budget as categorized by those whose parents have earned a college degree and those who have not earned a college degree. Participants were asked to rank a set of budgeting priorities in order of importance, with 1 representing the highest of importance and 11 representing the lowest. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the political party was the independent variable.

The test was not significant, r(65) = 0.05, p = 0.65; therefore, the null hypothesis was retained. Although not significant, participants with parents who had earned a college degree (M = 4.60, SD = 2.37) tended to rank the priority of higher education in the state’s budget slightly lower in importance than those whose parents had not earned a college degree (M = 4.40, SD = 2.18). The 95% confidence interval for the difference in means was 1.37 to 0.86.

Research Question 3
For the third research question, the principal investigator sought to determine if a correlation existed between participants’ results in their current leadership role and any relationship to how they ranked higher education’s priority in the state budget. A Pearson correlation coefficient was used to test the hypothesis. The results of the analysis revealed no significant relationship between years of service (M = 8.63, SD = 7.53) and budget ranking (M = 4.52, SD = 2.27) scores. No significant correlation existed (r(67) = 0.11, p = 0.39); therefore, the null hypothesis was retained.

Research Question 4
An independent samples t-test was conducted to compare the difference between how participants rank the priority of higher education in the state budget as categorized by those whose parents have earned a college degree and those who have not earned a college degree. Participants were asked to rank a set of budgeting priorities in order of importance, with 1 representing the highest of importance and 11 representing the lowest. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the political party was the independent variable.

The test was not significant, r(65) = 0.05, p = 0.65; therefore, the null hypothesis was retained. Although not significant, participants with parents who had earned a college degree (M = 4.60, SD = 2.37) tended to rank the priority of higher education in the state’s budget slightly lower in importance than those whose parents had not earned a college degree (M = 4.40, SD = 2.18). The 95% confidence interval for the difference in means was 1.37 to 0.86.

Research Question 5
A one-way ANOVA test was conducted to compare the difference between how participants rank the priority of higher education in the state budget as categorized by their district of residence. Participants were asked to rank a set of budgeting priorities in order of importance, with 1 representing the highest of importance and 11 representing the lowest. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The dependent variable was the ranking of higher education in terms of priority in the state budget. Participants were asked to rank a set of budgeting priorities in order of importance. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the political party was the independent variable.

The ANOVA was not significant, F(2, 64) = 1.39, p = 0.26. Therefore the null hypothesis was retained. As assessed by η2, the strength of the relationship between district of residence and ranking of higher education in the state budget was small (0.01). In other words, only 11% of the variance in ranking of higher education was affected by participants’ district of residence.

Research Question 6
An independent samples t-test was conducted to compare the difference between how university administrators and state legislators rank the priority of higher education in the state budget. Participants were asked to rank a set of budgeting priorities in order of importance. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the independent variable was leadership position.

The test was significant, t(58) = 2.68, p = 0.01. Therefore, the null hypothesis was rejected. Democratic participants (M = 1.50, SD = 0.51) tended to perceive higher education as more important than Republican participants (M = 1.82, SD = 0.39). The 95% confidence interval for the difference in means was -0.85 to 0.08.

Research Question 7
An independent samples t-test was conducted to compare the difference between how state legislators and higher education administrators respond to increases in tuition. Participants were asked to rank a set of budgeting priorities in order of importance. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The dependent variable was the ranking of higher education in terms of priority in the state budget. Participants were asked to rank a set of budgeting priorities in order of importance. Priorities included: Basic Education Program, Capital Projects, Children’s Services, Corrections, Health, Higher Education, Human Services, K-12 Education, Mental Health and Mental Retardation (MHMR) Services, Tennessee Career Program, and Transportation. The budget ranking was the dependent variable and the independent variable was educational attainment level.

The test was significant, t(65) = 2.19, p = 0.04. Therefore, the null hypothesis was rejected. Participants with a graduate degree (M = 5.48, SD = 2.20) tended to rank the priority of higher education significantly lower in the state budget than participants with a graduate degree (M = 3.95, SD = 2.13). The 95% confidence interval for the difference in means was 0.44 to 2.62.
The test was significant, t(65) = 2.95, p < .001. Therefore, the null hypothesis was rejected. Leaders of higher education (M = 3.46, SD = 0.85) tended to disagree significantly more than members of the Tennessee General Assembly (M = 3.18, SD = 1.10) that increasing tuition being associated with decreases in state appropriations, not management of higher education leaders. Leadership position was the independent variable while the dependent variable was decreases in state appropriations. Using a five-point Likert scale, participants selected their agreement with a statement: 1 representing strongly agree, 2 agree, 3 neutral, 4 disagree, and 5 strongly disagree. Therefore, lower numbers represented more agreement. The test was significant, t(65) = 2.95, p < .001. Therefore, the null hypothesis was rejected. Leaders in higher education (M = 1.67, SD = 0.71) marked the issue of state appropriations for higher education of higher importance than those from the Tennessee General Assembly (M = 2.48, SD = 0.85). He 95% confidence interval for the difference in means was 1.22 to 1.84.

Research Question 13

An independent samples t test was conducted to compare the difference between how leaders in Tennessee public higher education and the state legislature perceive the importance of state appropriations for higher education. Leadership position was the independent variable while the dependent variable was importance of state appropriations. Using a five-point Likert scale, participants selected their level of importance state appropriations have as an issue of higher education: 1 representing most important, 2 very important, 3 moderately important, 4 slightly important, and 5 least important. Therefore, lower numbers represented more agreement. The test was significant, t(65) = 3.95, p < .001. Therefore, the null hypothesis was rejected. The leaders in higher education (M = 3.95, SD = 0.71) marked the issue of state appropriations for higher education of higher importance than those from the Tennessee General Assembly (M = 3.05, SD = 1.34.) He 95% confidence interval for the difference in means was 0.92 to 2.09.

SUMMARY OF KEY FINDINGS AND CONCLUSIONS

Eight out of thirteen research questions had statistically significant findings. The data analysis revealed that legislators and higher education administrators in the State of Tennessee perceived funding for higher education different. There were significant differences between the two groups concerning: use of higher education reserves during weak economic times, the explanation for tuition rises, how much costs students should incur for higher education, level importance placed on state appropriations for higher education, and how they perceived the priority of higher education in the state budget. There was a significant difference between one’s political party affiliation and their perception of access to higher education. A significant difference was also found between one’s educational level and ranking of higher education in the state budget.

Although not significant, findings suggested the Democratic party prioritized higher education slightly higher in the state budget than Republican participants. The response rate for the study may have been too low for a significant difference to be evident when testing this research question. However, Democratic participants tended to perceive access to higher education as significantly more of an issue than Republican participants. Participants whose parents who had earned a college degree tended to rank the priority of higher education in the state’s budget slightly, but not significantly, lower in importance than those whose parents had not earned a college degree. However, a significant difference was found between how participants rank the priority of higher education in the state budget as categorized by their level of educational attainment (e.g. graduate degree versus no graduate degree). Participants who have earned a graduate degree tended to prioritize higher education with significantly greater regard in the state budget than the participants with no graduate degree.

A significant difference was found between leadership position (e.g. university administrators and state legislators) and ranking of higher education’s priority in the state budget. Respondents holding a leadership position in higher education in higher education to prioritize higher education with significantly greater regard in the state budget that the participants holding a leadership position in the Tennessee General Assembly. Members of the Tennessee General Assembly tended to agree significantly more than leaders of higher education that Tennessee public colleges and universities should utilize reserves to avoid increases in tuition during weak economic times. Furthermore, leaders of higher education tended to disagree significantly more than members of the Tennessee General Assembly that increases in tuition being associated with poor management of higher education, not changes in state appropriations. Results demonstrated higher education leaders tended to agree significantly more than Tennessee General Assembly that increases in tuition are associated with decreases in state appropriations, not management of higher education leaders. Also, leaders in the Tennessee General Assembly tended to agree significantly more than leaders in the Tennessee General Assembly that the cost of Tennessee higher education should be largely paid for by the students. Finally, leaders in Tennessee public higher education and the state legislature perceived significantly greater importance of state appropriations for higher education than legislators. The future of funding for public higher education relies on the available research as to the needs and restraints. The differences in opinion between leaders in higher education and the state government in this study confirm greater communication must take place in order for higher education reform to be constructive. Although findings from this study only pertain specifically to public higher education in the State of Tennessee and at the time the study was conducted, it is conceivable that the material presented could be utilized by both groups for the future development of public higher education.

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