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State Funding Decision-Making for Higher Education Institutions During Capital Campaigns

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by

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Abstract

Public higher education has experienced a decline in state funding in real dollars. This has created financial challenges for many students and their families, as well as institutions. Tax revenue has decreased as a result of the economic recession, causing state leaders to reprioritize their fiscal responsibilities. Higher education has been viewed as a discretionary expense in competition with other state programs, so funding can, and often, does vary. Colleges and universities use alternative financial resources, most notably private fundraising, to meet their goals. The study was conducted to identify college leaders' perceptions of state funding during their institution's mega-capital campaign and determine the influence of mega-capital campaign involvement on state funding for their institution. Using a mixed-methods approach to collect and analyze data, the study found that there was no statistically significant difference between state funding and mega-capital campaigns, including no statistically significant differences between institutions who were hosting a mega-capital campaign and matched peer institutions that were not hosting mega-capital campaigns. College leaders also suggested that state funding for their university was not influenced by their institution's capital campaign status. Kingdon's (2011) Three Streams theoretical framework was used as a lens to analyze the policy implications for the study. This analysis indicated that substantial fiscal policy changes could be developed for public higher education. Further research on the impact of funding on higher education was recommended, as well as an exploration of state legislative funding decision-making processes.

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Dedication

I dedicate this dissertation to my family.

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Chapter I

Introduction

The state government's role in higher education policymaking has been an increasingly challenging issue for institutional leaders, policymakers, and state legislators (Newman, Couturier, & Scurry, 2010). State efforts aimed at program viability, funding for duplicate programs, distance education, and even institutional campus locations are all policy-related issues that institutions and state policymakers must negotiate. Historically, the way that institutions and state-legislators collaborated was through allocating public funding for higher education, as institutions searched for the resources needed to continue their mission, expand, and achieve aspiring goals (Hossler, 2004). As institutions have come to rely increasingly on their own efforts to secure funding many have engaged aggressively in fundraising by hosting ambitious fundraising efforts called capital campaigns. This study explored the nexus between state funding and capital campaigns.

Context of the Problem

Higher education is often the largest discretionary item on states' budgets, and thus, higher education tends to experience increases during periods of a strong economy and decrease during weaker ones (Zusman, 2005). Because of the private benefits an individual may receive from going to college, politicians realizing that universities can garner funds elsewhere and fiscal pressure to focus on other funding priorities, the necessities of government subsidies for higher education have received much criticism (Dar, 2012; Kane, Orszag, & Apostolov, 2005; McLendon, Hearn, & Mokher, 2009; Vedder, 2007). Lederman (2012), reported on the findings from the annual Grapevine study, an aggregation of annual data sponsored by Illinois State University's Center for the Study of Education Policy, in 2011-2012, 41 states made reductions in their higher education budgets and a third of those states made cuts that amounted to over 10% of their respective budgets. Additionally, 29 states allocated less money to their higher education budgets in 2011-2012 than they did in 2006-2007. Fiscal years 1999, 2000, and 2001 were the only years when state appropriations for higher education exceeded the collective growth rate of state general funds (Zumeta, 2004). Managing these types of funding challenges requires understanding between legislatures and college administrators. The administrative and policymaking decisions that both groups make affect thousands of students every year, demonstrating the importance of responsible public policymaking in higher education.

The Grapevine (2013) reported a 7.5% decrease in financial support for higher education, and among larger states like Texas and California, a 6.5% funding decrease. Understanding that higher education has a clear role in today's economy, states and institutions cannot be passive and allow concerns to go unaddressed (Zumeta, 2004). Economic downturns likely have negative effects on public higher education, as public higher education is typically part of a state's discretionary fund, and other state programs can become a funding priority for legislators. A better understanding of the perspectives and behavior of legislators and higher education stakeholders aids institutional leaders in making more strategic and sound fiscal and budgetary decisions for their institutions. Also, it gives leaders in higher education more insight on how to develop more cohesive institution-state relationships.

Because of economic, political, and policy-oriented circumstances, state institutions have been forced to depend on other revenue sources, especially fundraising. Zumeta (2004) noted that by identifying additional private funds from donors, higher education institutions can attempt to privatize more of their revenue. Fundraising has become a priority for public institutions (Hossler, 2004), and capital campaigns are a major component of university fundraising. Gearhart (2006) defined capital campaigns as fundraising initiatives that are comprehensive efforts that include all gifts given to support an institution during a certain period of time. Capital campaigns are public projects that usually begin with a quiet phase, a period where the university is typically raising half of its goal before publicly announcing that it will host a campaign. According to *The Chronicle of Higher Education*, as of 2010 there were 36 institutions that were conducting billion dollar capital campaigns (Fuller, 2010, paragraph 6).

Universities have increased their involvement in fundraising because in many cases they do not receive the necessary financial resources from their respective states due to operational budget and capital expenditure shortfalls (Satterwhite, 2004). Ironically, as institutions are successful with their fundraising efforts and increase those efforts, it is plausible that states are less likely to appropriate funds that universities need, forcing institutions to depend on alternative funding sources such as extensive capital campaigns, tuition and fee increases, or a variety of alternative revenue streams (Cheslock & Gianneschi, 2008). Cheslock and Gianneschi (2008) also identified a negative correlation between donor motivation and state appropriations. This all combines to demonstrate the need for additional research on fundraising in higher education (Satterwhite, 2004).

Statement of the Purpose

The purpose for conducting the study was to examine state funding for public higher education relative to capital campaign fundraising. By examining five universities in the United States, the researcher attempted to determine if there were any differences in state funding when institutions were or were not conducting a capital campaign. There are a number of issues in higher education that institutions and states have to work together to address including tuition policy, capital building costs, and state-based aid for students. Institutions have missions and goals, one of them being to serve the residents of their state. Those that advocate for public funding have contended that public investment in education is a logical effort because of the overall economic benefit for the state (Trammel, 2004). The results of exploring state funding while universities are conducting campaigns provides stakeholders with a better understanding of the interaction of fiscal decision making for public colleges and universities.

Much of the current literature has suggested that state funding is problematic especially during economic downturns (Kane, Orszag, & Gunter, 2003), and as a result, other government entities receive priority (Kane, Orszag, & Gunter, 2003). Doing so causes public higher education institutions to depend on alternative revenue sources, especially major fundraising initiatives such as capital campaigns. This study helped provide much needed information on how institutional relationships are viewed with state legislators and state funding before, during, and after a university capital campaign.

Statement of Research Questions

1. What were the longitudinal trends of state support for public higher education when capital fundraising campaigns are in progress?
2. How did development and government relations leaders in higher education perceive the impact of private fundraising on state funding?
3. How did higher education institutional leaders perceive funding decision criteria for their institutions by state level policymakers?
4. To what extent was there an association between capital campaign involvement and state funding allocations for selected research universities?
5. What were the potential policy implications of study findings on state level higher education funding?

Definitions

State-Support: Support for higher education is the responsibility of the state because governors and legislatures are responsible for the budgetary process and operations. State funding is directly related to the condition of a state's economy, tax capacity, and revenue that is available (Lazyell & Lyddon, 1990).

Capital Campaigns: A series of fundraising activities that span a number of years and involve outreach to raise money outside of the scope of an annual operating budget for a non-profit organization (Walker, 2012). A fundraising effort that is intensive and set to raise a certain amount in a limited period of time with purposes such as building and renovating new facilities and increasing an organization's endowment (Pierpont, n.d).

State Appropriations: The means by which legislatures direct funds to and are received by entities of a state government, with the exceptions of grants, contracts, and capital appropriations (Harris, 2011). State Appropriations fund multiple areas in higher education including health programs, student financial aid programs, and coordinating boards (Yowell, 2012).

State Allocations: Amount of appropriations funded which derives from state revenue that is mostly collected from taxes. A portion of these funds typically go in a state's general operating fund with the purpose of supporting expenses for state higher education (State Higher Education Officer, 2013).

Land-Grant Universities: Institutions of higher learning that are designated by their state to receive the benefits that the Morrill Act of 1862 and 1890 provide. These types of colleges and universities exist in every state and the District of Columbia; some states have multiple institutions. The original purpose of land-grant institutions was to train individuals in the military tactics, agriculture, mechanical arts, and classic studies, all with the purpose of providing working-class people with liberal and practical education (aplu.org, 2013).

Assumptions of the Study

For the purposes of this study, the following assumptions were accepted:

1. The study accepted the assumption that state funding decisions are influenced by multiple factors, including fundraising activities of an institution, and the appearance of an institution to have the ability to operate effectively with possibly less state money.
2. That chief development and government relations officers gave generally honest responses about their perceptions of legislative state funding for higher education during capital campaigns. The study did recognize though, that some responses could contain or use language that held a political presentation of content.
3. The study accepted the assumption that the data collection techniques and responses resulted in honest and accurate feedback from participants.
4. The study recognized the unique economic time in which data were collected, but accepted the assumption that by explaining multiple years, a representative profile of interaction between state and institution can be identified.
5. The study recognized that state legislatures play a major role in funding for higher education, and the decision making process is complex and not limited to a single variable.
6. The study accepted the assumption that capital campaigns have subtle influences on legislative decisions in appropriations, and are alternative sources of revenue, and therefore considered when exercising state funding decisions.

Limitations of the Study

1. The study did not address funding for regional or comprehensive universities, or for community colleges, thus the impact and effect of their need for funding on state land-grant institutions are not explored.
2. The study did not consider any year before the three-year mark prior to the public announcement of a capital campaign, so any factors outside of those chronological parameters were not addressed.
3. The time period of the data collected was during years of an economic recession in the United States. The study only gave limited consideration to how the recession affected capital campaign goals and state funding decisions during this time, therefore the recession was not considered when collecting and analyzing data.
4. The study explored the perceptions of college administrators and did not attempt to collect data from state legislators.

Significance of the Study

State legislators play a major role in how public higher education is funded. Their decisions are important to college leaders because their funding decisions impact institutional fiscal plans and the mission and goals of their institution. Public higher education is typically part of a discretionary budget, and funding decisions are influenced by such needs as Medicaid, K-12 education, and prison systems.

For college leaders, these circumstances present a challenge for their institution. State appropriations and tuition and fees comprise the largest portion of an institution's budget (Ehrenberg, 2002), and institutions depend on these funds to improve campus facilities, pay faculty and staff, and compete on a local, regional, and national level. In the case of budget shortfalls, institutions tend to increase tuition and fees (Collins, Leitzel, Morgan, & Stalcup, 1994). Increasing tuition and fees influence student and parent enrollment decisions and can lead to decreases in college attendance, creating an added financial challenge for colleges and universities, and long-term economic problems for states. Therefore, college and universities are forced to create and find alternative ways to generate revenue.

A popular way for colleges and universities to produce revenue and financial growth is by conducting fundraising activities (Miller, 1991). Fundraising efforts help make up for state funding reductions, and contribute to the prevention of significant tuition increases. Institutions conduct larger and more extensive fundraising initiatives known as capital campaigns in order to create opportunities for institutional prosperity, longevity, and competitiveness. Capital campaigns are effective in growing institutional endowments, upgrading campus facilities, creating scholarships for students, competitively recruiting and compensating talented faculty, creating new research efforts, and adding value to the community that surrounds the institution (Gearhart, 1995).

Yet, if institutions are successful in conducting campaigns, this success might influence legislative funding decisions. The study explored and documented this potential problem, and is subsequently important to institutional leaders as well as state policymakers as they seek to build an effective educational infrastructure in their states.

Theoretical Framework

Regardless of the policy area, individuals that are in government leadership have to decide on what they will give attention to, and the stage of the public policymaking process to constructing those decisions is referred to as agenda-setting (Ripley, 1995; McCool, 2000). This study was rooted in Kingdon’s (2011) Three Streams theoretical framework for agenda-setting in order to gain an in-depth perspective as to the extent university capital campaigns influence funding decisions by state legislators for state flagship institutions. Researchers have explained multiple concerns in higher education policy by using agenda-setting in order to better understand why different policy issues get addressed, why others do not, or why some policy issues take precedence over others. Much literature exists about agenda-setting as it relates to higher education policy (McLendon, 2003), which helped provide a theoretical understanding of how the study is structured.

Factors such as economic conditions and the business cycle influence the agenda-setting process (Humphreys; 2000; Kane & Orszag, 2003). As such, it is plausible that when universities host a capital campaign, they are not funded at the same level as when there is no university capital campaign in progress. Influenced by the agenda-setting process, the research questions in the study were framed with this consideration. Because of the nature of agenda-setting and the policy formation process, past research and frameworks could be used to determine if state funding for higher education was lower during capital campaigns periods, and if hosting a capital campaign was a significant motivator and consideration for legislative funding decisions.

Kingdon’s Three Streams Theoretical Framework

Kingdon’s (2011) exploration of the agenda-setting process provides insight on how legislative priorities are determined, and is proposed through three separate streams: problem, political, and policy. Kingdon (2011) asserted that individuals who want to see their concerns addressed on the agenda bring issues to the attention of policymakers, which he referred to as the *problem stream*. In most cases, indicators serve as relevant symbols to demonstrate there is a problem and are susceptible to various interpretations. Kingdon (2011) said, “Problems come to the attention of governmental decisions makers not through some sort of political or perceptual slight of hand...” (p.90), and goes on to say “but because some or more less systematic indicator simply shows that there is a problem out there” (p. 90). There were multiple indicators identified in the study including, the continuingly rising cost of higher education, state recovery from the recession as well as reprioritization of their fiscal responsibilities, and the growing relevancy of billion dollar capital campaigns as standard practice amongst state flagship universities.

Examining the political and policy elements of his work, Kingdon (2011) made the assertion that problems are presented by *policy entrepreneurs*, individuals who advocate and push for issues to make it on the agenda, to *political actors*, those who determine what issues make it to the agenda. The time-frame in which these efforts of persuasion occur are often referred to as a *policy window*, which is part of the policy stream. Some agenda items remain and some do not; depending on if a government has successfully addressed them. In the *political stream*, it is suggested by Kingdon (2011) that there is more bargaining for an issue to be placed on the agenda instead of persuasion. Policy entrepreneurs or other political actors want to solidify their issue on the public agenda, using unconventional and collaborative efforts if necessary.

According to Kingdon (2011) there are governmental agendas, which include issues that government officials are paying close attention to but do not necessarily have a solution for them. This is different from decision agendas, in which authoritative decisions are made and have an increased position in the problem, political, and policy streams, and are subject to political receptions, all which converge into one. Also, there are specialized agendas for various subjects such as healthcare or transportation.

Kingdon’s theoretical framework provides clarity on how state funding concerns make it to the governmental agenda, and the specific process that takes place in order for it to be considered and decided on by legislatures. Mainly, identifying a problem and general consensus between policymakers and political actors on the problem inherently influences the level of attention that it will likely receive.

The debate and negotiation over fiscal support is where the relationship between state legislatures and administrators can become cooperative or strained. The relationship is political and delicate. State legislatures and policymakers need universities to play a key role as source of economic empowerment for their state, while universities need state legislatures to commit to their advancement and success, which is typically through funding and policymaking. In the circumstances of government action, everything does not develop and conclude as planned. The presented framework provides some clarity in understanding how legislatures prioritize their decisions, but does not guarantee that the process flows smoothly every time, as some agenda issues are circumstantial and some are a bargaining element for other issues. In all, the framework provides additional transparency to how legislators prioritize issues on the governmental agenda, and the process they may exercise when considering funding for public higher education.

Chapter II

Review of Related Literature

Funding for Higher Education

State Funding

State funding plays a substantial role in public higher education. Public higher education institutions are a responsibility of the state and, therefore, states must fund these agencies. However, funding responsibilities are challenging for many states because of budget shortfalls and the need to fulfill other fiscal responsibilities. This section discusses state funding including economic, political, and social factors that contribute to issues involving state funding.

Edirisooriya (2003) developed a new funding formula for public higher education in order to promote stability. As funding issues in higher education have worsened, colleges and universities have struggled in meeting these financial expectations. Edirisooriya suggested that current funding formulas ignore the notion that regardless of enrollment decreases and less projected state-revenue, no single variable cost could be adjusted accordingly. Edirisooriya's funding formula promoted long-tern stability for higher education and it could create a reserve fund for states as a disposable rate decreases. The reserve fund could be used solely for funding higher education institutions and eventually it could create financial alternatives for state governments.

Weerts and Ronca (2006) identified the factors that explained variations in state funding support for public research institutions. The study contrasted states and institutions emphasizing state support for providing institutions with appropriations during the late 1990's. Weerts and Ronca attempted to identify strong predictors of state support for higher education institutions, states that differentiate in state support for public higher education in order to investigate motives for state appropriations, and understand the variation in institutional practice amongst institutions that receive state appropriations. Using data from multiple variables including economic, political, and governance frameworks, the researchers found that state culture as well as politics plays key roles in predicting state appropriations; the analysis showed that healthcare and k-12 schools were major variables in the prediction of higher education funding, and that governors and state legislatures have a domineering influence on state support for public research one universities.

McLendon, Hearn, and Mokher (2009) examined the constraints of states to provide appropriations for postsecondary institutions. The authors' review of the literature indicated several variables were considered in the appropriation process: demographic, economic, and structural conditions. Specifically, the conditions described were unemployment levels, enrollment trends, population size, and the extent of the states' private higher-education resources. Substantial state contributions to Medicaid and state's penal systems influenced higher education institutional funding. They found a negative correlation between a state's general fund expenditures and what higher education received. As state spending increased, spending on higher education did not increase at the same rate. Due to the availability of funds, McClendon, et al. found that Republican governors and Republican states tended to set lower appropriations for higher education, and that because unemployment was tied to low state funding, advocates for increased funding support should emphasize that the quality of a higher education system is linked to reductions in funding and growth in enrollment.

Tandberg (2010) examined the influence of state political interest groups on state funding for higher education. Tandberg used his national 2009 fiscal policy framework, which attempted to explain state funding in higher education by identifying typical economic and demographic factors, and cross-section times series analysis to analyze the relationship of those factors over a 19-year period. The study showed that politics matter in determining state funding for higher education. Specifically, interest groups play an influential role in decision making for state expenditures for higher education. Interest groups demonstrated the overall power of political influence they have on the state appropriation processes when they were included in decision-making. Tandberg asserted that higher education institutions should consider the use of lobbying in the state appropriation process.

Delaney (2011) studied relationships between state higher education appropriations and federal academic earmarks. Congress provides earmarks, or direct allocations, to college and universities typically, or provides specialized services so that they may conduct special research projects. Using a dataset that ranged from 1990 to 2006, Delaney found that from 1990 to 2006 states received an $11 million increase in federal earmarks. Delaney found no substitution effect for state appropriations and federal academic earmarks.

Bhatt, Rork, and Walker (2011) studied state higher education appropriation patterns. They examined whether state appropriations change significantly during an economic recession vs. expansion. Findings indicated that earmarked revenue increases contributed to decreases in a portion of higher education funding that derives from states' general funds. Specifically, they asserted that per "$1,000 increase in real earmark revenue per enrolled student is predicted to decrease the general fund share of higher education funding by approximately five percentage points" (p. 3). Bhatt et al. mentioned that appropriations have increased over the past years and that because of this increase, earmark revenue made up a considerable amount of funding for higher education and at the same time, general funding for higher education has declined.

They noted that ultimately, the study results did not identify contrasting relationships between earmarks and general fund allocation between that of recession and expansions.

Lederman (2012) discussed the lack of state resources for postsecondary institution. According to the Grapevine, an aggregation of annual data sponsored by Illinois State University's Center for the Study of Education Policy, in 2011-2012, Lederman cited that 41 states decreased funding for institutions during the fiscal year. Many states are making concerted efforts to increase the number of people who acquire degrees and certifications, and so the decrease in state funding for higher education has become increasingly problematic. For example, California reduced state funding by $1.5 billion, an equivalent to 11.8 % for 2011-2012.

Kelderman (2012) wrote about state funding for the 2012 fiscal year. Using reports from the Grapevine Project and the State Higher Education Executives Officers to support his claim, Kelderman reported that a decline in state funding amounted to 7.6% compared to the 2011 fiscal year. The decline in funding was due to a couple of factors: the state's loss of $40 billion in stimulus funding and a sluggish economic growth. Kelderman reported that California and New Hampshire play major roles in the data reported. California's higher education institutions experienced a 13% decrease in funding. And with the largest decrease across the country, New Hampshire decreased funding for their higher education institutions by over 41%. Many institutions that received fewer appropriations increased their tuition to make up for gaps in revenue. Kelderman made the case that many people look to higher education as a way to increase their personal economic status and by dropping funds for higher education many states impart the burden of paying for college on students.

Kiley (2013) described the current state funding based on data from the Grapevine Report, a study that was sponsored by the Study of Education Policy at Illinois State University and the State Higher Education Executive Officers. During economic recessions, funding for higher education institutions typically decreases but afterward, appropriations and revenue stabilize and institutions receive slight increases. For 2011-2012, states demonstrated minor increases in spending for higher education; yet, the overall state appropriation trend for 2012-2013 was 0.4% below but a noticeable contrast of 7.5% for 2011-2012.

Federal Funding

Historically, the federal government has contributed to fiscal preservation of higher education through efforts such as student financial aid and providing monies to states. The role has been secondary and indirect, though the government encourages obtaining postsecondary education in order to strengthen the workforce, economy, and research and development. This section will discuss the role of the federal government in funding higher education more in-depth, including recent efforts in Congress to address issues that impact many students.

Bettinger (2004) found that Pell Grants had a recognizable effect on how students persisted in college. Using cross-sectional variation to measure the relationship between persistence and Pell Grants and data from the Ohio Board of Regents, he asserted that Pell Grants reduce drop-out rates. The implications from his study suggest that need-based aid from state and federal entities are relevant and that they influence whether students remain in school on a year to year basis. He also found that enrollment and degree completion were affected by need-based aid.

Burdman (2005) discussed college debt and shifted some blame from rising tuition to the student financial aid system. She asserted that students who are primarily limited to loans in order to pay for their education are less likely to attend and complete college. Because student loans have such a heavy presence in financial-aid packages and influence student perceptions about debt, loan programs are hindered from achieving the goal of creating equal opportunity for students on every income level. For example, approximately 26% of low-income students do not apply for financial aid even though they would be eligible for Pell Grants. Also, 12% of students who are classified as dependent, full-time, and with a family income level less than $20,000, receive no student aid. In general, Burdman asserted that confusion about financial-aid occurs when students first begin the FAFSA process. Strategic approaches for loan aversion include providing educational materials that explain loans to students and parents could possibly alleviate anxiety about borrowing.

Curs, Singell, and Waddell (2007) examined the effects of changes to the Federal Pell Grant program on college and university revenue, and low-income students. Using the Integrated Post-Secondary Education Data System (IPEDS), they selected data from 1982 to 2002 that included Pell-related data from the U.S. Department of Education. In order for a student to receive federal aid, they must fill out the Federal Application for Federal Student Aid (FAFSA). This measure gives financial aid administrators the information that they need to decide on the amount of aid a student will receive. Curs, et al. analyzed three ways the federal government could demonstrate generosity towards the Pell Grant program. The first was by offering a student the maximum amount of an award. The second could be to control the number of students eligible to receive Pell awards based on family income. And third, was to determine the amount of federal appropriations that will go to the Pell Grant program. They found that these three forms of influence on the program significantly affected institutional revenue from the Pell Grant. They also found that those influences affected institutions, based on selectivity, differently. Finally, the manner in which the federal government determines to operate the Pell Grant program possibly impacts low-income or needy students regardless of institution type and the total amount of federal dollars or revenue that they bring into the institution.

Dynarski and Scott-Clayton (2008) noted that the complexity of the federal student aid process is more costly than perceived, and the complexity of the system may discourage student and parents from applying. The Pell Grant and the Stafford Loan programs provide the majority of federal aid for students. Dynarski and Scott-Clayton mentioned that students are typically sensitive to the costs of college when deciding on where to attend. There is little evidence that support the notion that federal aid is effective for increasing college enrollment numbers. Dynarski and Scott-Clayton recognized that the complexity of applying for federal financial aid possibly undermines the efficiency of awarding aid that is supposed to be afforded to those who would not normally go to college or have the opportunity to do so. By their estimates, Dynarski and Scott-Clayton believed that the FAFSA process costs around $4 billion, and $2 billion for college and university staff salaries to administer aid based on the federal formula. They suggested that the federal tax return would serve this purpose just as adequately.

Longnecker (2009) described the federal government's role in funding higher education, noting that it is secondary to the states, but is important as the government provides student aid programs. The benefits the federal government finds in investing in higher education include: students access, applied research for national interest, and support of areas where there is federal interest. Though states have individual mixed funding models, the federal government financially supports 75% of student aid. Over the past 50 years the government's role and support for higher education steadily increased. Specifically, the government spends $50 billion on student loans and $10 billion on student grants, and additionally, another $7 billion is spent on tax credits for students and $1 billion for federal work study. Another portion of the federal higher education budget is appropriated for applied research with the government providing research universities $15 billion for research purposes. Most of this research funding is done through agencies such as the Institute of Medicine, the Department of Energy, the National Science Foundation, and the Department of Defense.

In recent years there have been plans to increase federal spending on education as a whole, with higher education receiving increases in appropriations due to the 2010 stimulus plan passed by Congress. Field (2010) reported on the federal stimulus plan in which $16.1 billion was provided to Medicaid assistance. Though it was not a direct funding mechanism for college and universities, the appropriated federal aid provided states the opportunity to reallocate their budget monies for colleges and universities.

Basken, Field, and Kelderman (2011) cited President Obama’s proposal to retain the maximum value of Federal Pell Grants during the 2012 fiscal year budget. The Pell Grant was at its highest levels and the President suggested expansion of the Perkins Loan program. Lastly, the president suggested additional funding for university research that would be above inflation. The administration’s budget suggestions mirrored attempts to use federal money as a bargaining tool for more financial support from entities, especially states. There was a concern about cutting Pell Grants during a time when 35 states expected substantial revenue shortfalls. Many colleges and universities depended on federal stimulus to help make up for larger budget cuts, some benefiting in full from the federal funding, and others were still left with shortfalls to address.

According to Stratford (2012), there were mixed opinions among congress concerning the overhaul of the federal student-loan program. Remodeling the program by legislators would require a change in the manner interest rates are set as well as restructuring the loan repayment process. The legislation proposed that borrowers have capped monthly payments at 15% of their discretionary income and all money would be automatically withdrawn until the repayment was fulfilled.

According to a report from the National Association of Student Financial Aid Administrators (NASFAA, 2012), appropriations for Federal Pell Grants were $41.5 billion for the fiscal year 2012, an increase from $34.8 billion in fiscal year 2011. The increase in Pell Grants demonstrated how the federal government has attempted to play an increased role in funding higher education even though tuition and fees have outpaced inflation. The report showed that tuition and fees grew 8.3% at four-year public institutions while the inflation rate was to 3.2% for 2011. As for other major federal grant programs like the Federal Supplemental Educational Opportunity Grants (FSEOG) and the Federal Work-Study (FWS), $734.6 million and $976.7 million have been appropriated to each grant program respectively for fiscal year 2012. Federal Student Aid programs encompass loan opportunities for students as well. Federal Perkins Loans have not received federal appropriations since fiscal year 2006. Directed subsidized Stafford loans had a loan volume of $39.7 billion, $46.1 billion for direct unsubsidized Stafford loans, and direct PLUS loans had a volume of $17.1 billion, all for the fiscal year 2011.

Self-Generated Revenue

As reviewed, state and federal funding play crucial roles in the financial stability of college and universities. Yet, when there are budget shortfalls, and funding that is provided does not parallel inflation, institutions have to rely on their own efforts to address financial deficits. Through self-generated funding, college and universities are able to apply the attributes of their respective institution to producing income from within the university. Self-generated revenue is important to consider because it play a considerable role in institutions' budgets and bottom-lines.

In 1997, Gilmer noted that "privatization is an emerging topic of great significance" (p. 4) and that college and universities are attempting to acquire more autonomy from state government. He highlighted physical property, allocation, financing, management, regulation, and production as six areas that can be overseen by government via proprietorship or supervision, or by the private sector. In order to specify the use of the term privatization in higher education institutions, Gilmer used a typology based on aspects of production and finance that included public production with public finance (e.g., government production of goods and services financed through taxes); public production with private finance in higher education (i.e., tuition and student fees). The third area is private production with government financing (e.g., outsourcing, deregulation, franchises, subsidies and grants, etc.); and, private production, which the government ceases to offer a particular type of service and sell its holding to the private entities.

Bartem and Manning (2001) identified outsourcing as a substantial form of revenue for higher education institutions. They admit to that typical auxiliary services such as bookstores, food services, and facility management have been outsourced by most campuses, as they require little to no capital and few risks for college and universities. This is mainly because businesses have the latitude to be creative and produce the best services to their customers, and constrained by allocated budgets and funds with specific directions attached with them. Bartem and Manning make the point that the college and university business officer is the leader in these endeavors and the knowledge of industry as well as institutional mission capabilities are critical for successful outsourcing strategy and decision-making. The logic behind outsourcing is "If someone else can do the job better (and less expensively) than you can, let them do it" (p. 47). Outsourcing auxiliaries provides institutions the opportunity to test new products and services, discover competitive pricing alternatives, and improve their own capabilities, and use someone's capital while not losing focus of the mission and priorities of the campus.

VanHorn-Grassmeyer and Stoner (2001) reviewed literature that described institutional decisions to outsource and found that most decisions are made for one of three reasons: institutions can improve their customer service because they would typically not be able to improve services without eliminating current services; using external sources to create a decrease in cost because the services come more enhanced at a lesser cost and are more efficient than what the institution could offer; and institutions see an increase in revenue because they develop a new revenue stream.

Gupta, Hearth, and Mikouiza (2005) measured institutional satisfaction levels of outsourcing initiatives at college and universities and the degree of their use. Using a questionnaire, they surveyed 138 senior-level administrators from Maryland, North Carolina, and Virginia higher education institutions. The questions were based on what factors were imperative for making privatization decisions, and focused on administrative levels of satisfaction for institutional services. The authors' research indicated that motivations behind outsourcing included "cost savings, and budgetary constraints, improvement of quality of services and staffing, lack of capability, safety concerns or liability of service, command from governing bodies, and pressure from peer institutions" (p. 407). However, two important points Gupta et al. made were that using surveys only to measure institutional satisfaction levels of outsourcing can lead to false information and that their study provided insight for designing and implementing studies on satisfaction about institutional outsourcing.

Eckel (2007) examined the relationship between state governments and public colleges and universities, specifically the funding relationship between the two. In his research he made an important note of the movement towards privatization in higher education. He found privatization to be the result of the relationship between state government and their public colleges and universities. Specifically, emerging conversations have developed between the entities about autonomy and accountability in which heavily market-influenced funding policies (i.e. privatization) serve as a central focus.

In an effort to off-set smaller state tax revenue and create opportunities for additional revenue, public universities in states such as Colorado, Massachusetts, and Virginia have reached agreements with their respective state governments to receive less public aid in exchange to operate more freely (Kelderman, 2009). Kelderman mentioned that trends in privatization have been a popular topic since the 1990's, and as state aid has decreased, colleges and universities have attempted to increase self-generated revenue to make up for funding shortfalls. Reasons for shortfalls have been linked to prison growth and healthcare demands which are also funded through state general funds. Financially, state support for higher education has increased, but not proportionally in state budgets. Additionally, other revenue sources like federal research grants, private gifts, and tuition have surpassed state aid for some institutions. In 2009, state funding shortfalls amounted to $350-billion, so public colleges and universities have been forced to invest more time and resources into privatization efforts.

According to Sherwood and Pittman (2009), college and universities have put more financial pressure on auxiliary units to produce revenue support. Additionally, the U.S. Department of Education has emphasized the necessary support of auxiliary units in regards to student learning. Though the responsibility lies heavily with academic units in the institution, there has been a push for non-academic units to be involved in the student learning process. Sherwood and Pittman contended that the nature of auxiliary services have changed since the 1990’s, and economic concerns and advocates from national accrediting bodies such as the Council for the Advancement of Standards in Higher Education (CAS) have influenced the efforts of institutional and governmental leadership. In the future, auxiliary services units may be faced with four issues: public funding concerns, pressured involvement in student learning activities, increased oversight of outsourcing, and developing and implementing tactical partnerships with businesses and intentional marketing strategies to foster revenue streams for the their respective institutions.

Johnson (2011) studied self-generated auxiliaries in higher education and examined 460 public institutions in three Carnegie classifications, NCAA Division/Subdivisions, Major and Mid-Major Conference grouping, and athletic financial classification. The time frame of the years observed were from 2004-2006, in which Johnson scanned the responses of institutions from IPEDS. Among his findings, Johnson noted that auxiliary enterprises were unstable at times, that institutions that used their athletics as an auxiliary service made less revenue and had less expense ratios than institutions that used their athletics in a student services capacity, and self-sufficiency of auxiliary enterprises did not significantly differ across Carnegie Classifications. Also, Johnson found that there was a significant difference between NCAA Divisions and Subdivisions auxiliary enterprise revenue and expenses ratios with the exception for 2007. Finally, Major Conferences demonstrated higher levels of income and expense ratios that Mid-Major Conference implicating that the former had revenue continuity. This draws Johnson to assert that athletic financial classification does influence financial self-sufficiency of auxiliaries.

Tuition has been the most heavily relied source of revenue outside of state aid; public institutions that wish to flourish will be faced with a balancing act of earning self-generated revenue and at the same time avoiding diminishing the quality of education for students. Privatization is beneficial for some institutions, but they unlikely to grow large endowments or replace the big portions of state aid.

Tuition Revenue

Opposite of state funding, tuition and fees represents a large portion of institutional revenue. Pricing the education offered at an institution is challenging for colleges and universities because there are numerous factors to consider when doing so. This section discusses why tuition is vital to the college and university budgets, and how their increases are tied to many other factors in the higher education market.

Davis (2003), from the Lumina Foundation, produced a policy brief that described the consequential results of higher education institutions providing tuition discounts. A student receives a tuition discount when institutional funded grants are used to assist the student with paying college costs. As outline in the forward of Davis's research, Robert Dickerson, highlighted three concerns about tuition discounting: tuition discounts inadvertently reduces opportunity for access and accountability for students, obstacles for institutional funding include redirecting funds from student services and instructional units in order to enable tuition discounts, in return negatively affect student retention and attainments efforts; and some institutions may be close to fiscal disaster because tuition discounting practices. Davis concluded that tuition discounting could possibly cause financial failures at colleges and universities if they continue to lose revenue using the practice.

Cheslock and Gianneschi (2008) discussed replacing state appropriations with various other revenue sources, including tuition. Depending on the institution's student demand, wealth of alumni, research infrastructure, public colleges and universities could generate alternative resources if those areas are particularly strong. As state appropriations decrease, financial resources could increase. Regardless of appropriation decline, state appropriations still serve public institutions as a major source for revenue.

Martin (2004) developed a tuition policy model to address the typical and problematic discounting policy that many institutions use. The model suggested that institutions should avoid creating marginal price costs in order to balance scholarship funding with unfunded discounts rates. According to Martin, institutions attempt to maximize the former and minimize the later. Marginal price costs states "when the institution has excess capacity, it should continue to discount tuition and admit students as long as the marginal revenue from doing so exceeds the marginal cost of that student" (p. 183). However, marginal price cost is a pricing rule that creates tuition revenue obstacles for institutions, and therefore, the pricing model that Martin presented was based on the average tuition price. The average cost pricing rule asserts "The institution runs a surplus/balanced budget/deficit as the actual discount rate is less than/equal to/greater than the optimal discount rate" (p.181). Because of the pricing rule model, Martin suggested that institutional competition, based on tuition discounts, have forced some institutions to merge or even close. As Martin suggested the "the social costs attributable to errors in tuition discount extend beyond the institutions responsible" (p. 188). Furthermore, "Aggressive discounting can cause a spiral of defensive discounting among peer institutions" (p. 188).

Shin and Milton (2007) examined how students respond to tuition increases based on their major. They created an enrollment model that analyzed tuition elasticity for different disciplines. Using descriptive statistics, Shin and Milton found that on average, full-time enrollment increased from 8,086 to 8,468 at public colleges. As for the six academic disciplines chosen for the study, they increased as well during the same time period. Coinciding with the growth in enrollment, tuition increased from $3,915 to $4,849. Despite increases in tuition, college enrollment continued to grow, possibly linked to changes in financial aid, instructional costs, or dormitory space. Another consideration was that because of state budget cuts, many states combine “high tuition policy with a high financial aid policy in order to bring in more money while maintaining student access to higher education” (p. 77).

Baum, Bell, and Sturtevant (2010) published a policy brief identified the close relationship between tuition for higher education increases when state appropriations decrease. Their findings suggested that tuition for students at public research institutions increased 39% from 1998 to 2005. According to Baum, et al., the increases in tuition corresponded with state appropriation decreases, which were both 12%. Difficult economic situations for states and reduction in higher education budgets serve as explanations for why tuition increases have occurred; students have had to make-up for where states have not been able to contribute.

Curs and Singell (2010) examined how tuition and financial aid affected students that enrolled at the University of Oregon by looking at need and ability. They also discussed tuition revenue strategies and policies, attempting to determine the average enrollment-price elasticity between in-state and out-of state students. Curs and Singell developed a college choice framework to measure applicant responses to institutional tuition aid and policies. The results of the study showed that Oregonians who paid less tuition had a more diverse selection of public and private colleges to choose from across Oregon and did not necessarily look to comparable, in terms of price, state flagship universities. As for out-of-state students, the cost of tuition was more than double that of in-state students. Curs and Signell affirmed that tuition and aid differences, according residency, plays a vital role in tuition elasticity.

Hillman (2012) explored to what degree public colleges' and universities' expenditures generated additional revenue through institutionally-funded financial aid. Hillman's framework was in microeconomic theory to support his empirical model. Hillman (2012) wrote that "Under this framework, colleges and universities are expected to maximize their utility by allocating resources according to each institution's unique social and academic missions" (p. 279). Using a strategic approach of allocating financial aid, institutions have the ability to improve their academic reputations through the recruitment of students that scored high on the SAT. Hillman presented multiple figures that outlined the economic relationships between financial aid, tuition, and enrollment, suggesting "the extent that colleges seek to maximize reputation and prestige, they will likely design tuition discounting strategies that allocate aid in relation to students' SAT scores, residency status, racial/ethnic diversity, or socioeconomic status" (p. 270). Using the public four-year institutions as the main unit of analysis, the results of the study showed that public colleges and universities have the ability to leverage unfunded discounts in order to allocate net tuition revenue. However, after the marginal rate surpasses 13% then institutions experience a reduction in benefits of investing in institutional aid.

Martin and Gillen (2011) suggested that slow rates of improvement for college affordability are linked to the cost of higher education and are not consistent with the main types of financial aid available to students. Instead, once college and universities determine students' potential estimated family contributions (EFC), then the cost of higher education increases. Included in their argument, the authors assume students meet the requirements to be accepted to the school of their choice but students' primary concern is the cost of college and if they have the finances to cover the cost.

State Financing for Higher Education

Public agendas for higher education are a central theme in many states. Mostly due to funding issues but also changes in policy and practice. Government structure plays a role in determining to what extent public higher education is funded, as studies have shown a variation of results that indicate that coordinating and higher education governing boards have major roles in deciding how appropriations will be disbursed and for what purposes.

Lowry (2001) examined institutional settings where financial decisions are made and the selection methods of public trustee governing boards. He argued that institutional governance structure was relevant because of the likelihood of various actors to influence university prices and spending behavior. Lowry analyzed tuition and fee revenue and spending on units such as academics affairs, student affairs, and facilities management at 407 campuses in 47 states. Lowry found that public universities in states with governmental structure that are prone to political control and universities where trustees are appointed by nonacademic individuals tend to charge much lower prices than institutions in states that have a regulated decentralized system and trustees that are appointed by academic officers. He also noted that there was a difference in revenue, which were in areas that benefited predominately faculty and staff but students to a lesser extent. Lowry's result showed that prices and spending behavior of public universities differed based on governmental structure and the way trustees were selected.

McLendon (2003) examined the impact of decentralization in states and what can be learned about the process and politics of higher education governance reform. The examination highlighted how decentralization may offer new ideas for campus-state reform. The study attempted to develop theory on public policymaking for higher education at the state level by analyzing and suggesting a framework for higher education agenda-setting. In order to do so, McLendon explained agenda-setting through the lens of three competing theoretical models: Rational-Comprehensive, Incremental, and Revised Garbage Can. with the attempt to bring clarity to the governmental process rather than explain current trends. Rational-Comprehensive model is a systematic and linear process for decision-making; Incremental theory suggests that governmental decision-making happens in small steps due based on previous decisions as a base; and revised garbage can model occurs when an opportunity for problems, ideas, and politics conjoin in order to seize specific opportunities to promote issues.

McLendon (2003) found three key considerations. The first is that decentralization of higher education is similar to the garbage can model. Second, he found that the higher education decentralization emerged on the state agenda for reasons unrelated to conflictual positions on autonomy and control, and that agenda-setting for higher education was centered on an irrational series of ability to identify the problem and solve it. McLendon mentioned that unlike the assertion of incremental theory on policy formation, higher education moved quickly through the policy stream to become a key topic on state government agendas. Policy actors played a noticeably vital role the decentralization agenda-setting process.

Nicholson-Crotty and Meir (2003) observed the governance structure of higher education boards to determine if their structure helped or hindered political actors to shield higher education policy decisions from politics. The centralized nature of higher education boards contributed to autonomy and access for the political environment. Nicholson-Crotty and Meir studied the structures of higher education boards in order to better understand how their interaction with politics affected policy decisions for state higher education. Through an eight year analysis examining 47 states that have higher education boards that are consolidated or coordinating in function, they found that the structure of higher education significantly affects political involvement and influence on policy. Also, because of structure, higher education has been affected differently in states that have coordinating boards than states that have consolidated boards.

Knott and Payne (2004) examined the way structures of higher education boards affect university management, particularly the allocation of resources. In their study, Knott and Payne analyzed data from 1987 to 1998 of higher education management and performance. They asserted that “governance structures affect tuition and state appropriations because these are variables that state policymakers have direct control over” (p. 17). They found that productivity and resources were allocated at a higher rate for universities that had a coordinating board compared to universities with higher education boards that had a decentralized role.

Davies (2006) wrote a report on the development of public agendas for higher education and identified the importance each state placed on having a well educated population. Davies suggested that broadening the public agenda for higher education is important because of social and economic implications, such as improving the workforce, personal earnings, and attracting business and industry. Davies noted that public agendas will vary by state, but the some necessities are the same across all: stronger minority participation rates in higher education, higher levels of involvement in P-12 education reform, improvement of adult literacy rates, and more effective adult education programs. In order to address the educational needs of state residents, states can create statewide agendas that outline the responsibilities of higher education. Davies argued that to be successful in doing so, strategic collaboration between state and education leaders is imperative.

Gildersleeve, Kuntz, Pasque, and Carducci (2010) discussed the reconstruction of the public higher education agenda. They examined the main dialogues about public agenda-setting in higher education and introduced and analyzed conservative modernization, a framework that “signifies a hegemonic bloc of social forces that collude to effect conservative changes in education” (p. 88). Using critical discourse analysis (CDA), suggested that language is important in reconstructing the public agenda for higher education because the context of policies is critical to producing a progressive agenda. They also suggested that real action must correspond with agenda-setting, process, purpose, and implementation.

Burke and Modarresi (2000) explored performance funding for public higher education and stakeholder perspectives on whether performance funding should be used. They asserted that performance funding linked “tightly state allocations to prescribed levels of campus achievement on designated indicators” (p. 434). Those indicators included costs, enrollment, and institutionally inflated increases. They used survey responses collected from the senior leadership of coordinating boards of higher education systems in Tennessee and Missouri, which they referred to as stable groups, and compared those results with responses from states that dropped performance funding, including Arkansas, Minnesota, Kentucky, and Colorado. The latter four states were referred to as unstable groups. They found that responses from surveys indicated that stable groups recognized the difficulty of performance funding but believed that the structure of their programs helped address issues regarding performance funding. Meanwhile, unstable groups had more input from stakeholders like politicians, business leaders, and community representatives, and three of the four states that made up the unstable group had significant input from their higher education coordinating boards, and their governors and legislators mandated performance funding before it was dropped. Stable group coordinating boards voluntarily participated in performance funding.

Polatajko (2011) compared states that participated in performance based funding to states that did not participate in such initiatives. Analyzing data on graduation and retention rates from the IPEDS, he found that the type of funding method did not significantly predict the initial status or annual rate of change of graduation and retention rates.

Miao (2012) examined six states that demonstrated excellent approaches to performance-based funding for higher education (Ohio, Pennsylvania, Indiana, Tennessee, Washington, and Louisiana) he included these states because their practices depicted excellence in system design and the implementation process. Miao suggested the following practices for effective use of performance based-funding: actively involve key stakeholders in funding model design, ensure appropriations amounts were sufficient for performance to create incentives, recognize differences in institutional characteristics to efficiently develop an appropriate formula, and integrate all metrics and provisions to the overall state formula. Also, state leaders should consider using a number of indicators to highlight progress, and incorporate preventive measures to keep them from losing certain levels of funding.

Sanford and Hunter (2011) examined the effects of performance-based funding on retention and graduation rates in Tennessee. Notably, Tennessee has been a leader accountability methods and initiatives and established it performance-funding model in the late 1970's. They analyzed Tennessee's performance-funding policies on retention rates as well as six-year graduates, and changes in policy over a 15 year span of 1995-2009. They found that both rates had no connection with performance funding, and changes that occurred in performance measures during the span. Sanford and Hunter also asserted that current funding levels and using performance funding programs, possibly are useless in incentivizing changes that state leaders would like in institutional outcomes.

Shulock (2011) noted that there are concerns in the higher education community regarding performance based funding. She suggested that offering incentives for closing racial and ethnic gaps in order to improve equity. Another concern Shulock mention is simply offering performance funding opportunities during a time of poor funding for college and universities. In her brief, Shulock suggested that scarce resources be used to target student success and provide institutions flexibility to use funds in a way that they determine can produce desirable outcomes. Another concern she mentioned was the lack of predictability associated with performance-based funding, especially because colleges need certainty to plan for their fiscal needs.

Competition

Because of limitations in funding from state government, higher education institutions are forced to compete with a variety of public entities for funding. Institutions compete against other government programs such as Medicaid and K-12 education and are vulnerable to the business cycle that most state governments have. Competition against other government entities usually comes in the form of seeking additional appropriations, but as higher education is typically funded through a state's discretionary fund, they are in a challenging position to garner appropriate funding. As a result, they either directly or indirectly compete for funding.

Humphreys (2000) noted that higher education is affected by business cycles in several key ways. He studied the correlation between state appropriations and explicit measures in the business cycle in order to develop in-depth insight of government funding of higher education. Analyzing state appropriations from 1969 to1994, Humphreys found that higher education appropriations were susceptible to variations in the business cycle. Business cycles affect higher education per student, and increases proportions of appropriations. Appropriations for higher education have been discretionary, and in many cases, are at the disposal of state legislators and governors. During years of economic downturn, higher education has experienced fiscal stress. Humphreys suggested that political stakeholders and policymakers consider a certain level of budgetary protection for higher education.

Medicaid funding played a role in funding decisions for higher education (Kane, Orszag, & Gunter, 2003), as states must fund Medicaid with resources that must also be used to fund higher education. As a result, many institutions have raised tuition prices (Kane, et al., 2003). Kane, et al. examined the connections between state funding for higher education, Medicaid, and the business cycle. Medicaid is a shared responsibility of the state and federal government with the federal government usually contributing 50% to 83% of expenses.

The authors defined the business cycle as state requirements to balance their budgets, with the exception of Vermont. A typical practice is for states to borrow against future revenue; however this is not all ways the case. During periods of economic downturn, states may reduce expenditures, like higher education, in order to fiscally support other items like Medicaid. Kane et al. asserted that there were limitations enforced by political actors on increasing tuition, and that because Medicaid expenses were expected to increase political and fiscal pressures, that properly appropriating higher education to meet university demands would continue to be a problem for states.

Higher education policies are affected by external factors (Bailey, Rom, & Taylor, 2004). Bailey et al. studied the impact of competition on higher education, and examined the relationship between public and private colleges and universities and competition. The authors found that states that spent less on higher education in one fiscal year typically spent more the next, and that neighboring state higher education systems that spent less, tended to spend more the following year. They also found that state funding is diminished by competition, and that public institutions in return, normally raise tuition prices. Though they focused efforts on tuition rates, private colleges and universities tended to respond to competition by slowing down increases in cost of tuition.

Liu and Weinberg (2004) noted that nonprofit organizations face scrutiny from the private sector in terms of whether they are unfair competition for businesses. The controversy stems from complaints that non-profit organizations, and the nature of their role and status, are able to function with certain regulatory advantages that businesses do not have. For example, non-profit organizations are not liable to pay corporate taxes, some sale taxes, and basically most local and property taxes. The authors attempted to study the significance of regulatory advantages for non-profit organizations and whether those advantages affected the competitive market that private enterprises share. Also, they examined ways business can prevent competitive disadvantages in the market. For their analysis, they used a duopoly model of price competition. They found that objective functions of non-profits are different from those of for-profits, and, that regulatory benefits non-profit organizations receive put businesses in an unfavorable position in the market.

Martinson (2010) asserted that public universities participate in business activities that are at times, considered unfair by private enterprises because they believe universities have advantages of being non-profit entities. His study focused on the attitudes and behaviors of senior-level business officers in public universities related to the notion of public universities, competition, and private enterprise. Martinson used a mixed-methods approach for his study, and interviewed business officers from 48 land-grant institutions. Martinson attempted to identify possibly unfair competitive entrepreneurial efforts that public universities make, in order to highlight the problem. By analyzing attitudes and perceptions from chief business officers about unfair competition, he found that perceptions and attitudes of chief business officers varied. For example, chief business officer from the northeast region of the United States referred to their competitive efforts against private entities as subtle. Respondents from the west identified their efforts were motivated by the desire to meet the service needs of the community, noting that private enterprises opened their business with little consideration to current characteristics of the market. Altogether, Martinson found that attitudes and behaviors about unfairness between private enterprises and public universities varied across regions, and complaints about unfairness were more predominant in the South.

Student and Non-Student Related Alternative Revenue

College and universities acquire additional finances from alternative revenue sources, ranging from research and development initiatives to student user fees. Lack of state-funding plays a substantial role in institutional decisions to seek other sources of revenue. The higher education market has experienced changes in how fiscal needs are met, so institutions have become more creative in their approach to maintaining financial stability.

One way colleges and universities generate revenue is by owning equity in spin-off companies (Bray & Lee, 2000). In their study, the authors compared revenue received from equity sales to revenue that universities made from traditional licenses. The authors noted that universities accept equity because of the flexibility it offers the school, ownership in the company in the case that technology is replaced, and terms of time efficiency it is better to generate revenue compared to traditional licensing. They found that the value of equity was significantly higher than the traditional licensing value. Universities maximize their financial returns as a result of their intellectual property; specifically, when they have a strong licensing program and take equity in start-up companies.

Farrell (2005) reported on alternative revenue receives from research and technology. She identified several universities, both public and private, that have received significant money from their research output and agreements reached with government and private industry. For example, Ohio University received a return on investment of 13% for their involvement in research on a pharmaceutical drug marketed by the Pfizer Company. The research and investment represented 90% of the school's royalty income. In 2007, the related patents produced $6 million in revenue for the institution, and $3.3 million in 2006. Another example is the University of California that has a 40-year old technology transfer program with from five patents generating $48 million in licensing revenue.

Lach and Schankerman (2008) researched the effects of economic incentives on invention and revenue generation for universities. They collected data from Annual Licensing Surveys and a National Survey of Graduate Faculty. Their framework suggested that because universities provided higher royalty shares to faculty, that their attention toward commercially-oriented research would be greater than other faculty responsibilities. Also, higher shares incentivized higher research productivity among faculty, and the authors found that universities that provided higher royalty shares to their faculty generated more inventions and higher licensing income for the institution.

Di Meglio (2008) reported on revenue challenges that colleges and universities face and the extent of their efforts to supplement tuition income. For example, Lassell College used the location of a retirement community to generate additional revenue. The college provided the 230 member community an opportunity to engage in lifelong learning education, which helped the college financially. Grants, moneymaking-graduate courses, real estate, and patents serve as alternative revenue sources for institutions, and is competition driven. In order to garner new money, institutions are offering new graduate programs in disciplines such as management and health care.

Pelletier (2012) discussed college and university use of alternative revenue methods in relation to decreases in state appropriations. He noted that some institutions have invested in academic online programs to generate revenue, while one institution has purchased a conference resort. Other examples include Richard Stockton College of New Jersey purchased a $20 million golf resort. The golf resort is near the school's campus and as a new revenue stream, it is anticipated part of the profit will contribute towards the college's budget. Another is the University of Wisconsin-Oshkosh's partnership with two hotel investors to buy the City Center Hotel and market the Oshkosh convention center, located near the hotel. These efforts are, in part, purposed to generate additional revenue, but also to serve the community and provide practical work experience for students. Ohio State reached a deal that will lease its parking operations for 50 years; generating revenue of roughly $483 million. Overall, the author suggested that public institutions broaden their approaches to produce alternative revenue.

Payne (2001) examined impacts and effects of government funding research and development on private donations. Her research revealed that there may be a spillover effect from research funding to private donations. She found that there was a positive correlation between public and private donations for research universities and negative correlation for non-research universities. For research universities increasing federal research funding $1 in turn increased private donation 65 cents. However, non-research universities experienced 9 cent (master’s institutions) and 45 cent (liberal arts colleges) decrease for every dollar federally funded for research.

Fundraising in Higher Education

Recent Trends

Fundraising initiatives have been a longstanding way for universities to accomplish their mission and goals. The serve as a vital alternative source of revenue, and institutional leadership and vision is imperative for college and universities to find the type of financial success they need to meet a variety of demands. This section identifies current trends in higher education, and research that supports its importance in not only colleges and universities but also the non-profit sector as a whole.

Gaylor (2004) examined the relationship between the chief executive officer (CEO) and the chief development officer (CDO) in non-profit organizations. For two reasons there was a need for a strong and productive relationship between these leaders. The first was that an unhealthy partnership has a negative impact on the organization’s human resource capacity. For optimum success, people need to realize the service delivery potential of their organization and if the leadership team is not cohesive, it could contribute to less commitment from the rest of organization in achieving fundraising goals. Another reason was that poor relationships between the CEO and CDO impair the funding environment for most donors regardless if it is an individual or foundation. The author noted that because of this, a burden on the capacity for organizational building is created. He suggested that a path to a successful relationship between the CEO and CDO is through open communication, appreciating the investment needed to generate the highest of donated income, and spending considerable time on resource development.

Sturgis (2006) noted that the president and development officer roles have changed as it relates to fundraising leadership. He surveyed presidents and chief advancement officers at 132 private institutions and responses demonstrated that presidents were not as effective in their leadership abilities in fundraising efforts. However, Presidents were more optimistic about their fundraising leadership abilities. In all, the study asserted presidents' and chief advancement officers' perspectives on team leadership within the fundraising environment.

Masterson (2010) reported that a total of 1,052 higher education institutions raised approximately $31.6 billion in 2008. The year of 2008 was the fifth straight for increases with 6.2% more than 2007. However, based on interviews she conducted with key senior level administrators and historical data from periods of recession and poor stock-market performance, it was predicted 2009 and 2010 would not be strong years for fundraising. The implications behind the notion were that contributions from donors were declining both in number and size as well as renegotiate their multiyear pledges. But for the 2008, increases from philanthropic sources were consistent in the majority of key areas. For example, foundations contributed $9.1 billion, seeing a 7.1 % increase. Alumni and non-alumni individuals gave 5.2% and 8.3% more respectively.

Goering, Connor, Nagelhout and Steinberg (2011) examined the effects persuasion techniques in direct-mail solicitation have on donors. The authors combined descriptive models and fundraising language to conduct their research. They also utilized three persuasion practices, rhetorical, visual, and linguistic for the study's theoretical framework. Rhetorical variables encompassed three persuasive appeals that are rational, credibility, or affective. Visual variables included items such as bulleted lists, and linguistic variables were described as readability and complex expositions. The researchers issued five fictional direct-emails to participants, and asking for donations of a hypothetical $100 which could be given to one charity or split, they found that letters that had rhetorical based credibility appeals and were very readable led to the highest donations.

Hodson (2010) discussed the importance in the role of college and university presidents' and deans' initiatives to cultivate and solicit major gifts. The president’s primary fundraising responsibility has to successfully create and communicate a vision to the institutions that spawns financial support. The vision should be strategic and the priorities should be explained to constituents with thoughtful conversation so that fundraising goals can be developed and achieved. The dean sets academics priorities for the academic college that should be relative to the overall strategic and fundraising plan. In order to prevent negligence of everyday tasks, the dean typically should facilitate partnerships with faculty to foster internal support while executing fundraising activities.

The author mentioned that academic deans are very involved in identifying prospective donors. One reason for this is their more frequent interaction with students, which gives them the ability to better identify alumni that would be willing to give toward fundraising goals. The author concluded that the roles of presidents and academic deans may differ from institution to institution as internal and external constituents look to them for capable leadership in fundraising.

Roller (2012) recounted that in December of 2011 Stanford University concluded the largest capital campaign by any institution of higher education, a total of 6.2 billion. The article detailed the number of campus buildings, scholarships, endowed faculty appointments, and graduate fellowships the capital campaign would support. The campaign began in 2006 in which the original goal was to raise $4 billion. Comparably, Yale University concluded a 3.886 billion campaign in June of 2011. The campaign lasted five years. Columbia hosted a capital campaign with an increased goal from $ billion to $5 billion by 2013 as Cornell set a goal just a little shorter at $4.75 billion by 2015. On the west coast, the University of Southern California announced a seven year capital campaign effort that would raise $6 billion, $1 billion which they have already raised during their quiet phase.

Stanford's capital campaign, also known as The Stanford Challenge lured many high-profile donors including Silicon Valley entrepreneurs and former executives from companies like General Electric, Cisco Systems, and Microsoft. The President of Stanford acknowledged that the capital campaign created institutional collaboration among faculty and staff as well allowed Stanford to better address global issues.

Walker (2012) examined the role of the chief advancement officer and his or her impact on fundraising efforts at an institution. Walker surveyed chief advancement officers that were members of the Council for Advancement and Support for Education and led advancement units at four-year public institutions. He found that having a communicative relationship with the institution president, partnering with deans to achieve fundraising goals, institutional advancement office with a positive reputation, education level beyond the bachelor's degree, managerial experience, and supportive staff contributed to the accomplishments of the chief advancement officers surveyed.

Capital Campaign Research

Capital campaigns are specialized approaches to fundraising. They are large and major initiatives to grow and expand a college or university. The abundance of literature suggests there are multiple avenues to approach campaigns. In general, there is no one method approach to fostering and developing a successful capital campaign. The literature showed that capital campaigns not only have obvious financial and marketing components but psychological and economic aspects that drive their success. Leadership was a common theme in the literature. This section provided a description of capital campaigns including aspects of leadership, involvement, and current trends in campaigns.

List and Reiley (2002) designed a study to compare two fundraising theories in a capital fundraising campaign to understand if seed money positively affected giving. The first theory, by Andreoni (1998), asserted that when seed money comes available donations increase. On the other hand, Bagnoli and Lipman (1989) suggested that when a refund policy is included in the campaign, donor activity increases. For their study, List and Reiley divided 3,000 households into six groups, 500 per group. They assigned each group of 500 households to a different experiment and the residents were asked to make donations over a month's time to a new center for environmental policy analysis at the University of Central Florida. Using descriptive statistics, List and Reiley collected 183 donor checks all dated within a two and half week period. The results of the study showed that as seed money increased more, people gave more and the gifts were larger. Also, small gifts decreased as seed levels increased. A refund policy included in the campaign increased donor-giving, but to a lesser extent and did have an effect on the mean gift size across all six experiments.

Castain (2003) examined the capital campaign at the University of Northern Iowa. Aspects of development and implementation were considered as a substantial part of the capital campaign, and the case study detailed key challenges that occurred during campaigns cycles. Using a previous study from the University of Virginia as an impetus for the design, Castain found that leadership, organization, planning, and implementation were major categories to consider when facilitating a capital campaign. Castain also found that strategic plans, needs assessments, case statements, feasibility studies, establishment of campaign priorities, and organization capacity building were all components that were crucial in the development of a capital campaign. The role of the president was identified as critical to the success of the Northern Iowa campaign and provided the president an opportunity to promote the image of the university and contribute to the development of the organizational culture and university.

Hasseltine (2003) analyzed the University of Virginia's Centennial Campaign. The university's 1920-1921 capital campaign was its first and raised over $1 million in three months. The purpose of his review was to provide an historical perspective on fundraising in higher education using a documentary analysis; he highlighted multiple themes within capital campaigns. He noted that capital campaigns require strategy, and that goal setting is crucial for achieving institutional capital campaign goals. Lessons learned from Virginia and in exploring other campaigns over time, led to noting that institutions should revisit campaign objectives, making sure they are completed; not only for the status and reputation of the institution but also to maintain constituent support.

Satterwhite (2004) studied the roles and responsibilities of college presidents during the fundraising process and compared his findings of the study to other literature. Presidents and chief development officers from Texas universities that were conducting capital campaigns for less than $100 million were the focus of his study. He found a number of themes: strategic planning, coordination of outside stakeholders, teambuilding, coordination of stakeholders within the institution, development of quality operative teams, fundraising direction, and the allocation of resources that were appropriate to perpetuating successful fundraising goals.

Kihlstedt (2009) noted that the capital campaigns have emerged as a key way to generate revenue for non-profit organizations. He defined capital campaigns as a method of developing an organization's assets, raising a substantial amount of money within a certain period of time, with the intention to service the community. The author recognized capital campaigns as one of the most important ways to raise money for non-profit organizations, and as such, there are variations of capital campaigns. First, there are campaigns focused on improving the physical building of a campus, often referred to as brick and mortar campaigns.

The goal of these campaigns is getting money to enhance or build new physical structure for the campus. Second, special project campaigns are intended to raise funds for specific items, and are typically smaller in nature and highly focused on one specific need. Third, endowment campaigns are conducted with the purpose of establishing or developing an endowment that can provide long term funding for the institution. Finally, there are comprehensive campaigns that combine elements of multiple types of campaigns and also enhance the status of the institution.

Lysakowski (2005) discussed the impact of volunteers on capital campaign success. Volunteers help campaign staffs strategize how to approach donors, host donors, recruit additional volunteers, and take a leadership role in important levels of the capital campaign. Volunteers not only give their time but also make financial contributions. Volunteers are in many cases the best people to ask donors for contributions to the campaign. As motivators, volunteers bring excitement to the campaign, and are effective in encouraging others to bring and commit their resources to the campaign. Therefore, recruiting individuals that are leaders in the community can be a smart and strategic decision. The author suggested that maintaining relationships with volunteers is important for future fundraising initiatives. Lysakowski inferred that presidents have a responsibility for the fundraising process even though they had competent chief development officers. The feeling of responsibility was reported to be greater in presidents at smaller institutions because of limitations in infrastructure and presidential influence on campaign goals.

In a case study centered on Harvard University's $2.6 billion capital campaign, Farrell (2005) analyzed the non-financial elements that influenced university capital campaigns. The purpose of the study was to determine the relevant non-financial components of capital campaigns. Grouped in four primary themes, the Farrell found that objectives that were not financial served as vital parts of the campaign. The themes were described as differences among leadership about the intentionality of non-financial objectives and the essentialness of senior leadership involvement in both financial and non-financial efforts. The implication from the findings was that implementation of fundraising goals and thoughtful work by the administration contributed to the successful planning and execution of the capital campaign.

Hicks (2006) examined the use of teams of professionals and their functions in conducting capital campaigns. For his study, he interviewed professionals at case study institutions, and included the presidents, vice presidents for development and advancement, and other fundraising professionals along with trustees to collect data. He conducted a total of 21 interviews across four similar universities, concluding that little effort was made to control for the performance of teams and their collective behavior.

Nehls (2008) conducted a study of chief development officers to better understand the transition of college presidents during active capital campaigns. Nine chief development officers were interviewed. The author established that there are five strategies to consider when new presidents assume office during a capital campaign: chief development officer involvement in selecting a new president, constituency communication, briefing the college president, immediate involvement of the new president in the capital campaign, and prioritizing fundraising plans. Using Schlossberg's transition theory, four research questions highlighting situation, self, supports, and strategies were developed. Each situation at all universities included in the study was different. The presidential transition was not positive for the capital campaign for the majority of institutions but a few of the institutions had some results in common such as length of campaigns, accomplishment of goals, and transitions that that took place after a campaign quiet phase. Finally, it was determined that capital campaigns can be successful even when in the midst of changes of leadership. Having a skilled chief development officer and a campaign that is resilient in structure can make for a smoother transition. Useful management tools that were highlighted were communication skills and focus during simultaneous transition of presidents and capital campaigns.

Lindahl (2008) surveyed 195 donors to determine if the there was a more efficient way to organize capital campaigns. The study monitored respondents to determine the chances of their giving towards campaigns at a particular time. The study showed that as capital campaigns got closer to concluding, donors were more likely to give. Based on his findings, Lindahl suggested structuring capital campaigns into three phases. The first phase should be purposed for leadership, and second for a growth phase. The study suggested that fundraising professionals should remain patient and wait for a minimum of 40% of the goal before proceeding to the growth phase. Both the leadership and growth phases correlated with the traditional quiet and public phases in capital campaigns. The third proposed phase is the goal line phase of the campaign. The goal line phase of capital campaigns occurs in the final months of the campaign. During this time, donors tend to give in greater numbers than at any other time during a capital campaign. The findings of the study supported this notion. Lindahl also found that giving decreased substantially once campaign goals were reached.

Weinstein (2009) noted capital campaigns have large financial goals and fund development occurs over multiple years, and he emphasized donor leadership as an important part of the capital campaign process. He identified numerous prerequisites for capital campaigns such as supporter confidence in the organization, acceptance of the reasons for support, donor capability to support the campaign at the needed giving levels, strong volunteer leadership, and appropriate environment and timing. Weinstein explained the capital campaign process, mentioning that campaigns require a statement that explains how the campaign fits in the long-term plans of the institution. Also, he described the Standards of Investments as a preliminary gift pyramid. In many campaigns, the top ten donors will be the most instrumental because they typically fund the majority of the institution's goal, and therefore, institutions can find themselves in vulnerable situations if they announce their campaign goals prematurely. Since leadership giving is so important to the success of the campaign, person-to-person contact is the primary strategy used by development staff.

Hammond (2012) attempted to describe why individuals committed their time and effort to a capital campaign as a volunteer, and what influenced their decisions to participate. To collect data, he interviewed 12 capital campaign stakeholders, and identified four thematic categories of responses to describe a rationale for involvement: heritage philanthropic narratives, association, harmonics, and loyalty. The heritage philanthropic narratives theme was used to describe capital campaign volunteers' notions of their historical role and engagement in the environment of philanthropy. Association was defined as a series of beliefs and attitudes that were deemed important to volunteers related to identifying and drawing support from others with similar interests. Harmonics represented the ability of capital campaign volunteers to work together toward a joint goal, where individual talents complement each other, and how leaders provided the direction needed to assure collaboration among campaign workers. Finally, loyalty as a theme was described as an individual's commitment to both the idea of the institution and how they support and commit to each other.

Nehl (2012) examined the change in leadership during capital campaigns at 10 college and universities. She described capital campaigns as the time period in which significant efforts to foster and develop the financial assets of an institution are made. She used a case study to research presidential transition during campaigns. She found that presidential transitions influenced capital campaigns in a negative way such as delaying the campaign process, confusing donors, or generating negative publicity or campus morale. The author suggested it is possible to maintain momentum during a capital campaign, which could be attributed to informal leaders like development staff and board of trustees, and formal leaders such as the chief development officer.

Chapter Summary

This chapter reviewed literature on the multiple forms of funding for higher education and the role of fundraising and capital campaigns in higher education. Based on the literature, the various ways to fund higher education are all connected, and encompasses a larger canvas of cost sharing. Fundraising and capital campaigns require building relationships between the institution and donors, and are increasingly the focus for institutional leaders.

Chapter III

Research Methodology

Public higher education institutions compete consistently for state funding, and often have to find ways to replace budget shortfalls that are a result of state funding decisions. Although institutions focus on tuition and institutional aid to remain competitive, state institutions depend on a plethora of types of funding and revenues, including substantial fundraising initiatives such as capital campaigns. In order to develop an in-depth understanding of the relationship between state funding for higher education and university capital campaigns, both qualitative and quantitative methods, also known as mixed-methods, were used. This chapter provides a more vivid picture of the relationship between state funding decisions during periods of capital campaigns. An explanation of the approach and a chapter summary are provided.

Research Design

Mixed methods studies employ both quantitative and qualitative approaches to the research methodology of a single or multi-phase study (Guion, Diehl, & McDonald, 2011; Clark & Creswell, 2008). Another term used to describe this approach is between-strategies mixed-methods data collection because it involves using more than one data collection strategy (Teddlie & Tashakkori, 2009). The convergence of multiple-methods in a single study is referred to as methodological triangulation (Teddlie & Tashakkori, 2009). Though convergence is a part of the triangulation process, there is another factor to consider about methodological triangulation. Using a mixed methods approach increased interpretability, meaningfulness, and scope of the results of the study because of each technique's strengths (Clark & Creswell, 2008). Specifically, a parallel mixed design will be used to collect data. A parallel mixed design involves using qualitative and quantitative methods simultaneously or within a lapsed time frame (Teddlie & Tashakkori, 2009).

Qualitative methods comprised part of the research design. Qualitative research influences how researchers design their study, identify their research problem, and develop research questions to address the problem (Creswell, 2013). Open-ended qualitative interviews are a technique used within qualitative methods. They were used in the study. Interviews are a powerful form of collecting data because of the one-on-one interaction between a researcher and a participant, specifically, giving researchers the chance to probe deeper and gain better insight on vague answers (Teddlie & Tashakkori, 2009). Furthermore, open-ended qualitative interviews generate much information and create the opportunity for a researcher to refine and reconsider the issues surrounding the study (Teddlie & Tashakkori, 2009). In qualitative research, the researcher continuously focuses of the perspective of the participant in regards to the problem being addressed instead of self-afflicted findings and outside literature (Creswell, 2013). Clark and Creswell (2008) suggest that it is important to use both qualitative and quantitative methods in research design when sampling participants.

The research design also included quantitative methods in order to analyze statistical data to further contribute to the validity of the study. Quantitative methods are techniques used to gather and analyze numerical information in a research study (Teddlie & Tashakkori, 2009). Quantitative methods were important to the research design of the study because they were used to determine state funding and land-grant universities campaign data. The study's research design implemented mixed-methods in order to generate reliability and legitimation. This ultimately was accomplished by collecting both qualitative and quantitative data simultaneously.

Population and Sample

According to Fuller (2010) at the *Chronicle of Higher Education*, there were nearly 40 $1 billion capital campaigns currently in progress or recently concluded in the U.S. (Appendix B). From this population, five public higher education institutions were selected to be the sample in the study (Appendix C). All institutions were land-grant universities so that they had a similar role, mission, and relationship with their state governments.

The five land-grant institutions in capital campaigns were chosen based on the following criteria:

1. Must currently have been conducting or recently concluded a capital campaign
2. Must have begun a capital campaign in the last 7 years
3. Must have had a capital campaign goal of at least $1 Billion
4. Must have been classified as a member of the Association of Public and Land-Grant Universities (APLU).
5. Must have had only one (1) designation according to the APLU. APLU institutions have a certain number of designations that are representative of the type of institution that they are, (i.e. HBCU, HSI) including being the state designated land-grant institution. In this case, an institution with this type of designation receives a one (1) and no other numerical designation.

Using data from the Council of Aid to Education (CAE), a New York non-profit organization (cae.org, 2012, paragraph 2), the researcher collected capital campaign data in order to compare them to state funding during the campaign periods. The data were capital campaign dollar amounts raised each fiscal year by the sample institution as reported by CAE.

The CAE was chosen because it has a mission of establishing “advance corporate support of education and conducting [to conduct] policy research on higher education” and “improving quality and access in higher education” (cae.org, 2012, paragraph 1). To crosscheck the accuracy of the number of capital campaigns, a list of institutions based on the same criteria from the CAE was compared.

Similarly, the researcher collected state allocation data from the Grapevine at Illinois State University. Grapevine is an annual survey and report that compiles data of state tax support for higher education, general fund appropriations for universities and numerous other higher education bodies (Palmer, 2013, paragraph 1). “Each year’s Grapevine survey has asked states for tax appropriations data for the new fiscal year and for revisions (if any) to data reported in previous years” (Palmer, 2013, paragraph 1). The researcher collected state general fund appropriations for the sample institutions as reported by the Grapevine.

Participants: Institutions

State flagship universities with similar institutional characteristics served as participant institutions. The institutions must have met the requirements aforementioned. The selected universities included:

Indiana University-Bloomington

Indiana University-Bloomington is the state flagship university for Indiana. The institution is located in Bloomington and has a student enrollment of 42,133 as of Fall 2012 (iu.edu, 2013). Indiana-Bloomington’s endowment is $807,627,336 (U.S. News and World Report, 2013). For fiscal year 2012, Indiana University-Bloomington’s research funding totaled to over $500 million. State funding for the university increased 2.5% to almost $185 million. Indiana University completed its capital campaign in 2010 (iufoundation.iu.edu, 2013).

The Pennsylvania State University

Pennsylvania State University is located in University Park and is recognized as Pennsylvania's state flagship institution. The student enrollment is 45,783. For the 2011-2012 fiscal year, Penn State's research funds totaled $ 794,846,000. The university's endowment is over $1.8 billion system-wide. State funding for Penn State was $214 million for the fiscal year 2012-2013. In 2011, the university raised over $352 million for their capital campaign (psu.edu, 2013).

University of Tennessee, Knoxville

The University of Tennessee at Knoxville is the state flagship school for Tennessee with a student enrollment of 27,018. For the 2012 fiscal year, the schools research expenditures totaled $151.28 million dollars. Since 2009, state funding for the university has decreased 23%. The capital campaign closed in December of 2011, 18-months ahead of time, raising $1.3 billion (utk.edu, 2013).

University of Utah, Salt Lake City

The University of Utah is located in Salt Lake City and serves as the state flagship institution for the state. The University of Utah has a student enrollment of 32,388. The schools endowment stands at $668,683,000 as of 2011. University of Utah's research funding totaled to $410,563,908 at the end of the 2011fiscal year. The school received over $30 million in state funding for the 2012 fiscal year (utah.edu, 2013). As of the fiscal year 2012, the university raised $1.28 billion for their capital campaign (giving.utah.edu, 2013).

University of California, Berkley

The University of California, Berkeley is one of two state flagship institutions for California. The institution has an endowment of $3.03 billion, and as of 2011, a total student population of 36,142. Also, at the conclusion of fiscal year 2012, UC-Berkeley research funding amassed to $714.2 million. The school's budget consists of over $450 million from state funding (berkeley.edu, 2013). As of the end of the fiscal year 2012, nearly $2.6 billion of Berkeley's $3 billion had been reached (campaign.berkeley.edu, 2013).

A match comparison between institutions that were participating in capital campaigns and institutions that were not participating in a capital campaign was conducted (See Table 1). Five additional institutions were chosen to compare to the initial sample institutions. Each institution that was not conducting a capital campaign met the following criteria:

1. Had a status of a state designated public institution according the Association of Public Land-Grant Universities.
2. Could not be currently conducting a capital campaign.
3. Had similar characteristics of the sample institution to which they were compared.

North Carolina State University (University of Tennessee-Knoxville)

North Carolina State University (NCSU) is a public research university located in Raleigh. Student enrollment at NCSU is 34,340. The university's research expenditures amount to $404 million as 2012. NCSU received $446,082,225 in state funding for the fiscal year of 2012. With an endowment of $769 million, NCSU has a total budget of $1.35 billion (ncsu.edu, 2013).

University of Iowa (University of Utah, Salt Lake City)

The University of Iowa (UI) is located in Iowa City and serves 31,498 students. As of fiscal year 2012- 2013, UI has research expenditures that total $424 million and received $216,410,000 in state funding. The University of Iowa and Foundation endowment is nearly $1 billion (uiowa.edu, 2013).

University of Wisconsin (University of California-Berkley)

The University of Wisconsin (UW) is located in the city of Madison. The university has an enrollment of 42,820 students (wisc.edu, 2013). The university's research expenditures amass to $858,505,396. For 2012, the university system wide received $1,045,200,572 in state appropriations. UW's endowment totals nearly $1.8 billion (supportuw.org, 2013).

Michigan State University (Indiana University-Bloomington)

Michigan State University (MSU) is located in East Lansing. Enrollment for the university is 48,906. External funding was $477 million for the 2012-2013 fiscal year. State funding for the campus is $249.5 million for 2013-2014 and MSU's endowment amounted to over $1.7 billion (msu.edu, 2013).

The Ohio State University (Pennsylvania State University-University Park)

Ohio State University (OSU) is located in Columbus. OSU's student body is 56,867. For the fiscal year 2012, OSU's research expenditures were $934,000,000. The university received $484 million in state funding for the same fiscal year. OSU's university and foundation endowment was $2.366 billion as of fiscal year 2012 (osu.edu, 2013).

Table 1. Match Comparison Institutions

Institution	Matched Institution
Indiana University	Michigan State University
Pennsylvania State University	Ohio State University
University of Tennessee	North Carolina State University
University of Utah	University of Iowa
University of California-Berkeley	University of Wisconsin

Participants: Administrators

The participants in the study were ten senior-level administrators, two from each institution that recently concluded or were currently conducting capital campaigns, which were the non-match comparison institutions. One administrator was the senior development officer for the institution, and the other was the senior government relations officer for the institution. Each participant was identified by each institutional website.

In qualitative research, the researcher continuously focuses on the perspective of the participant in regards to the problem being addressed instead of "opinionated" findings and outside literature (Creswell, 2013). These two types of administrators offered insight about the subject of this study. Institutional advancement professionals are responsible for raising money, communicating with different constituencies outside of the university, and connecting alumni with their alma mater (Kozobarich, 2002). On the other hand, government relations professionals play a vital role in the governmental policymaking process (Burkum, 2009). Also, policymaking extends to the state-level (Burkum, 2009).

Lastly, the administrators were able to offer in-depth insight about their institutions as it relates to the nature of the study. For these reasons, the researcher could utilize the participants in the study because their positions "suggest multiple perspectives on a topic and diverse views" (Creswell, 2013, p. 47). Each institution examined in the study was considered a participant. Other information for the institution was examined and used to validate thematic findings. Such data included news articles, campaign literature, case statements, etc.

Data Collection and Instrumentation

Creswell (2013) suggested that researchers refine interview questions and procedures by conducting a pilot test. The researcher developed interview questions based on the literature review. Before interviewing participants, the researcher conducted a pilot test with several UA staff members focusing on question clarity, and revised the questions as appropriate based on their feedback. Typically, decisions on pilot testing are based on location, access, and convenience (Creswell, 2013). Like the actual interviews for the study, staff were asked the same questions that were intended for study participants. The researcher monitored responses from the participants in the pilot test including communication issues, motivation of participants to respond, and anything else that suggested a need to revise the interview process.

After they were identified, participants were sent an email invitation to participate (see Appendix D). Because the administrators of the institutions from the sample were geographically dispersed, each administrator was interviewed separately by telephone. Administrators were asked five questions regarding the information on which the study is based, and the interview protocol has been provided in Appendix F. The questions were developed by the researcher based on the job descriptions listed in Appendix G and Appendix H, as well as literature that described responsibilities of the administrators.

The interviews were not limited to the time set by the researcher in order to increase the maximum opportunity to collect as much information from the administrator as possible. All field notes were recorded by pen and immediately transcribed to a computer following the interview. The researcher collected field notes through research journaling. Research journaling involves a researcher writing notes about the interview, participant, and the answers that are provided by the participant. It also provides the opportunity for researchers to reevaluate the participant's role as well as the focus of the research study (Marshall & Rossman, 2010).

In order to accomplish the quantitative goals of the study, the researcher collected state funding amounts from the Grapevine survey and each university's website. The researcher formulated the state appropriation data into percentages for each year prior to the public announcement (three years total) of the capital campaign, and three years after the public announcement of the capital campaign.

Data Analysis

Analysis of Research Questions

1. What were the longitudinal trends (seven years) of state support for public higher education when capital fundraising campaigns are in progress?

Five land-grant universities from five different states that were currently hosting or recently concluded capital campaigns were identified. Five institutions were chosen because of possible data saturation. If there was no data saturation, then the sample would have been expanded. The institutions and the amount of funding they raised towards their campaign were identified through the Council of Aid for Education. Also, the *Chronicle of Higher Education* website was used to crosscheck the amount of funds that each institution raised. State funding data for the selected institutions were identified through the Center for the Study of Higher Education at Illinois State University, and all placed in a table. The researcher examined both sets of data, three years before the public announcement of the capital campaign and three years after the capital campaign was publicly announced. Once identified, a year-to-year analysis was conducted in order identify any statistical differences in funding. The statistical means of state funding provided for the institutions each year and capital campaign amounts raised each year were calculated and compared. In addressing the question, the analysis statistically informed the study.

2. How did development and government relations leaders in higher education perceive the impact of private fundraising on state funding?

In order to answer this research question, two administrators at each institution were interviewed, the senior fundraising officer and the senior government relations officer. Administrators were identified through each institution's website, and an email was sent to them explaining the nature of the study and requesting their participation. Based on responses, a follow-up email was sent to schedule a telephone interview with each administrator. An interview guide was developed and used in order to collect field notes during the interview.

A constant comparison was conducted to analyze the qualitative data. Gall, et al. (1996) defined a constant comparison as categorically analyzing qualitative data in order to identify differences between each category, and to decide which are theoretically significant. Each administrator was referred to by using a letter and number. For example, one administrator was referred to as "D1" and the other as "D2". Being able to distinguish the administrator by their work division but not their institution helped better analyze the data, allowed for additional research, and protected the identity of participants. Also, coding the respondents helped in controlling for validity and minimized biases.

To triangulate the data, a research journal was used to identify patterns and commonalities in the information which participants shared. Informed consent forms were sent to each participant prior to the interview. Each interview question was developed by the researcher in context with the job descriptions listed in Appendix G and Appendix H.

3. How did higher education institutional leaders perceive funding decision criteria for their institutions by state level policymakers?

This question was answered based on the interview questions used to answer research question two, and further supported with interview prompts that included other considerations about the questions.

4. To what extent was there an association between capital campaign involvement and state funding appropriations for selected research universities?

By using the data in question 1, the researcher examined how many years each institution was in a capital campaign and how many years the institution was out of a capital campaign in order to identify a corresponding number. In order to determine if there was a statistical difference between state funding for public universities during capital campaign involvement where the goal was to raise $1billion or more, a t-test was conducted. A t-test is a "test of significance that is used to determine whether the null hypothesis that two sample means come from identical populations can be rejected" (Gall, et. al, 1996, p. 772). The t-test was conducted to compare state funding for the five land-grant institutions that were conducting capital campaigns and five similar institutions that were not conducting a capital campaign. The researcher interpreted if there was a trend between funding during the years of inactivity and years of public activity at the paired institutions by conveying them in the form of scores. If there was a trend, a t-test for correlated means was conducted to further analyze the data. A t-test for correlated means is a procedure that allows a researcher to observe a variable to determine if there is statistically noticeable and significant difference in the mean scores between two groups (Gall, et. al, 1996).

By analyzing the mean of state appropriations three years before an institutions' public announcement and three years after the public announcement, the researcher identified if there was a significant difference between the amounts of state funding institutions received when they were not carrying on a capital campaign and when they were carrying on a capital campaign. The researcher also considered responses from participants interviewed for the study by comparing their comments to what the percentages showed for pre and post capital campaign public announcements.

5. What were the potential policy implications of study findings on state level higher education funding?

Kingdon's multiple streams model for agenda-setting was used as a lens of analysis to address the research question and to further examine the policy implications from the study's findings.

Researcher Bias

I am a higher education professional that has worked at both a public and a private institution. I have attended public universities in the entirety of my academic pursuits, two being comprehensive and one state flagship university. Researchers demonstrate reflexivity by conveying their background and experiences, by being prone to interpret information of the study, as well as, express what they have to gain from the study (Creswell, 2013). I am a student in a public policy program. As a student and researcher, I am aware of policy-based problems that relate to state finance and governance in higher education. I have developed opinions about addressing policy problems in higher education and am cognizant that my thoughts on the issues examined in the study could have influenced my interpretation of responses.

Chapter Summary

This chapter described the use of mixed-methods and triangulation methods techniques to gather data for the study. Specifically, a parallel mixed methods design which included qualitative methods were used to collect fundraising and government relations leaders' perceptions on the influence of capital campaigns on state funding for public higher education. At the same time, a quantitative secondary data set was used to determine the statistical relationship between state funding and capital campaigns amounts raised by the sample institutions over a period of seven years, and further supported by conducting a paired sample t-test of five additional institutions that shared similar characteristics but were not conducting or had recently concluded a capital campaign.

Chapter IV

Results of the Study

Over the past several decades, public higher education has experienced a variety of fiscal challenges (Dar, 2012), ranging from lessened state funding to increased operating costs. In recent years, many states have struggled to fund their institutions at adequate levels as a result of the recession and state competition among other entities for funding (Kane, Orszag, & Apostolov, 2005). Colleges and universities have come to utilize alternative revenue streams that typically come from tuition, fees, on-campus services, and research and development patents and activities. Financial support from the federal government is mostly secondary and directed to students through federal financial aid (Longnecker, 2009).

Fiscal constraints have proven frustrating for many institutional leaders, students, and their families. Tuition revenue continues to rise and by many accounts, national data suggest that student loan debt has surpassed a trillion dollars (Chopra, 2013). Politically, higher education tends to remain on state government agendas, but state funding and fiscal policies have realized small incremental increases at best. The cost of running a college or university is a shared responsibility with the state and the results of the current study demonstrate that the financial responsibility is largely that of the institution and those who lead it. A heavy dependency has been placed on fundraising, especially using large comprehensive and aggressive advancement efforts, also known as capital campaigns (Gearhart, 2006).

Capital campaigns typically last seven years and allow for colleges and universities to improve their facilities, provide scholarships for students, increase faculty salaries, and implement new projects and initiatives. Colleges and universities have increased their fundraising efforts in this regard dramatically, and even in a difficult economic climate, there are institutions that have sought at least a billion dollars for their schools. Literature has suggested that public research institutions are adopting this as a common practice, and those who are among the top ranked institutions in the nation have seen great success in accomplishing their goals. This chapter includes a summary of the study, results of the data collection, an analysis of the data, and concludes with a chapter summary.

Summary of the Study

The purpose for conducting the study was to examine college leaders' perceptions of funding for their institutions when they are hosting capital campaigns with a goal of $1 billion or more, also identified as mega-capital campaigns. In addition, the study examined state funding for public higher education during these capital campaign periods, specifically state flagship Research I universities, including three years before the public announcement of the institution hosting a capital campaign, the year of the announcement of the capital campaign, and three years after the announcement of the capital campaign.

The findings of the study help inform ways that institutional leaders and state government policymakers can better work together with the ideals of shared governance to address fiscal concerns for the equitable support of their institutions. Five public Research I universities that were hosting or recently completed a capital campaign with a goal of $1 billion dollars or more were selected for inclusion in the study. Also, five public Research I universities who were not hosting a capital campaign and were recognized as state flagship schools or members of the Association of Public Land-Grant Universities (APLU) were identified and selected as study participants.

Institutions were selected from a list of Public Research I Institutions who were hosting or recently completed capital campaigns. Geographic dispersion was considered in the selection.

The comparison group of institutions was selected based on the following characteristics: student body size, annual budgets and expenditures, endowments, and national rankings. The campaign institutions selected were Indiana University at Bloomington, Ohio State University, University of California at Berkeley, University of Maryland at College Park, and the University of Utah at Salt Lake City. The matched non-campaign institutions were Michigan State University, North Carolina State University, University of Iowa, University of Washington at Seattle, and University of Wisconsin at Madison. Four of the institutions, Michigan State University the University of Iowa, North Carolina State University, and the University of Washington were removed from the comparison group after additional artifacts were discovered by the researcher that indicated that they were conducting capital campaigns during the some or all of the same years as the primary group of institutions. They were replaced with the University of Massachusetts at Amherst, Louisiana State University, the University of Nevada at Reno, and the University of Arizona because these institutions did not conduct capital campaigns during the same years as the group with which they were matched and met the other identified criteria.

University of Maryland at College Park

The University of Maryland, located in College Park, is recognized as the state’s flagship university. Enrollment in 2013 was 37,000 students and the university received approximately $500 million a year in external funding for research and completed a capital campaign in 2012 for $1 billion (umd.edu, 2014).

University of Arizona

The University of Arizona is located in Tucson. The university represents the state of Arizona as the state flagship university. The university has over 40,000 students. State funding for the university was $281,400,700 for fiscal year 2012. Also, the University of Arizona allocated $625,365,000 in research and development expenditures for the 2013-2014 fiscal year (arizona.edu, 2014).

Louisiana State University

Louisiana State University is located in Baton Rouge. The university is Louisiana's state flagship university, and enrolls nearly 30,000 students as of the 2013 fiscal year. Louisiana State University's educational and general expenditures totaled $675,833,415 for the 2012-2013 fiscal year (lsu.edu, 2013).

University of Massachusetts at Amherst

The University of Massachusetts is located in Amherst. The university has 28,518 students enrolled and represents Massachusetts as the state flagship institution. The university allocated $191 million in support for research activities (umass.edu, 2014).

University of Nevada at Reno

The University of Nevada is located in Reno and is the state's flagship university. Enrollment for 2012 was 18,227 students. The university received $221,686,350 in state appropriations for the fiscal year 2014 (unr.edu, 2014).

Kingdon (2011) described and used the agenda-setting framework to explain part of the policymaking process and why certain items make it to public agendas while others do not. There are multiple streams that illustrate Kingdon's (2011) theory: problem, policy, and political. This theoretical framework was the foundation of the study and was used to support the analysis from a policy lens.

Data Results and Analysis

Data for the study were retrieved from a variety of online resources, primarily the Grapevine project housed in the Department of Educational Administration at Illinois State

University. This publicly available data set collects data from all 50 states and reports financial information such as allocation and appropriation data for all public higher education institutions. For some states, however, the information was reported as a system level financial allocation or appropriation, in which case individual university websites and financial reports were examined to determine the state funding for specific years that were either unclear or system-level reported in the Grapevine reports.

In addition to the collection of numerical financial data, interview data were collected from eight senior development or alumni affairs professionals working at the institutions included in the study. There was a slight modification from the proposed research design, as several senior fundraising or government relations executives were either unwilling or unable to participate, and these individuals either recommended someone else to participate in their place or institutional information was studied to identify the next-best possible professional with similar skills, knowledge, and experiences to provide insight to the state funding and fundraising process. Also, as there was limited data available from CAE of institutions' annual capital campaign financial data, and given the purpose of research question 4, there was a modification in the approach of the study to examine state funding during capital campaign involvement. Rather than a year by year analysis and comparison between capital campaign dollars and state appropriations, only state appropriations during the progress of the capital campaign was examined.

Research Question 1: What were the longitudinal trends of state support for public higher education when capital fundraising campaigns were in progress?

As shown in Table 2, on average, almost all capital campaign institutions received a three year average increase before the announcement of their respective capital campaigns. All of the institutions, with the exception of the University of Maryland, received a three year average decrease after the public announcement of their capital campaign. Inversely, the University of Maryland experienced a decline on average over a course of three years before the announcement of their capital campaign. The university received a 7.1% increase for a three average after the announcement of their capital campaign.

For the peer institutions who were not conducting a capital campaign, all five institutions experienced a three year average increase before the public announcement years of their peer campaign institutions. The following universities experienced a decrease in funding for a three year average post-capital campaign announcement by their peer institution; University of Massachusetts (-8.2), the University of Nevada (-3.65), and the University of Arizona (-6.94). The University of Wisconsin and Louisiana State University both received increases of 0.79% and 11.24%, respectively.

The trend therefore, was that institutions who hosted campaigns, had decreases in state level funding, while some institutions who did not host campaigns received increases in funding. The trend does suggest a punitive approach by the state government for hosting a campaign, although the national fiscal condition of the economy may indeed exist as a substantial factor in this determination.

Table 2. State Funding for Capital Campaign Institutions (in thousands of dollars)

Fiscal Year (FY)	Campaign Institution	Allocations % +/-
	Indiana University	
FY 04	191,813	+1.10%
FY 05	195,251	+1.8
FY06	192,153	-1.59
FY 07	189,109	-1.58
FY 08	193,813	+2.5
FY 09	228,320	+12.9
FY 10	229,103	+.34
	Ohio State University	
FY 08	426,129	+3.85
FY 09	454,895	+6.75
FY 10	577,000	+26.84
FY 11	590,000	+2.25
FY 12	493,000	-16.44
FY 13	484,000	-1.83
FY 14	503,000	+3.93
	University of Maryland	
FY 03	330,499	-9.3
FY 04	306,131	-7.37
FY 05	305,998	-.04
FY06	323,155	+5.6
FY 07	370,689	+14.7
FY 08	400,905	+8.2
FY 09	394,416	-1.6

(table continues)

Table 2, continued

Fiscal Year (FY)	Campaign Institution	Allocations % +/-
	University of Utah	
FY 05	216,473	+6.16
FY06	224,687	+3.8
FY 07	232,840	+3.6
FY 08	255,375	+9.7
FY 09	263,508	+3.18
FY 10	246,631	-6.4
FY 11	250,536	+1.6
	University of California-Berkeley	
FY 05	403,986	-5.83
FY06	412,764	-2.12
FY 07	446,175	+8.1
FY 08	471,922	+5.8
FY 09	465,629	-1.3
FY 10	319,000	-31.5
FY 11	351,000	+10

Note: Fiscal years underlined are campaign public announcement years.

Table 3. State Funding for Matched Institutions (in thousands of dollars)

Fiscal Year (FY)	Matched Institution	Appropriations % +/-
	University of Massachusetts	
FY 04	171,907	-24.85%
FY 05	179,010	+4.13%
FY06	250,094	+39.7%
FY 07	273,003	+9.16%
FY 08	286,298	+4.86%
FY 09	258,409	-9.74%
FY 10	205,017	-3.24%
	University of Wisconsin-Madison	
FY 08	461,100	+8.65%
FY 09	491,900	+6.5%
FY 10	457,000	-7.09%
FY 11	476,500	+4.27%
FY 12	412.300	-13.47%
FY 13	476,376	+15.54%
FY 14	477,800	+.30%
	Louisiana State University	
FY 03	150,388	+3.94%
FY 04	157,273	+4.57%
FY 05	162,700	+3.45%
FY06	164,993	-1.41%
FY 07	183,965	+11.49%
FY 08	217,577	+18.25%
FY 09	226,270	+3.99%

(table continues)

Table 3, continued

Fiscal Year (FY)	Matched Institution	Appropriations % +/-
	University of Nevada	
FY 05	172,304	+12.43%
FY06	181,862	+5.5%
FY 07	195,404	+7.45%
FY 08	210,248	+7.59%
FY 09	224,060	+6.57%
FY 10	165,887	-25.96%
FY 11	179,861	+8.42%
	University of Arizona	
FY 05	333,692	+4.87%
FY06	358,046	+7.29%
FY 07	389,897	+8.89%
FY 08	430,911	+10.51%
FY 09	363,193	-15.71%
FY 10	344,550	-5.13%
FY 11	344,550	0%

Research Question 2: How did development and government relations leaders in higher education perceive the impact of private fundraising on state funding?

All eight fundraising and government relations leaders interviewed perceived that conducting a mega-capital campaign at their institution did not influence state funding decisions for their institution. One participant asserted that his institution did not want to “point to the decline of state funding as a reason to support the university.” Another participant said it did not influence state funding and he “never heard a state official say they will withhold funds” because his university was hosting a capital campaign. Another university leader said “Not at all- we’ve never seen the state not give money because of a capital campaign,” and “I don’t believe they will increase or decrease our funding based on our capital campaign." One participant highlighted that his university's capital campaign was helpful when state funding declined, and that his institution received more money from tuition than from the state. Another participant perceived that "state legislators understand the importance of private fundraising." A participant mentioned that his institution had concerns regarding questions from legislators whether using endowment funds, which had increased as a result of his institution's capital campaign, could be utilized for operation costs. Comments and perceptions from university leaders about the impact of hosting a capital campaign were consistent with each other throughout the study.

Research Question 3: How did higher education institutional leaders perceive funding decision criteria for their institutions by state level policymakers?

All eight of the participants recognized that legislators were typically supportive of public higher education and that aggressive fundraising did not influence state policymakers' decision-making criteria for funding. Participants made comments such as "I think they're very supportive of the university." Another participant referred to his perception of state policymakers' thought process for decision making as "If we give you a dollar, what are you going to do with it?"

Other factors such as economic conditions and state business cycles, which included competition between higher education institutions and other state entities, played the most significant role in state policymakers' decisions to provide appropriations at specific levels. All participants identified tax revenues as a major implication for changes in state funding levels. A participant stated that "We always want to see an increase" and also that "Private gifts move you up to the top [front] of the line on the state's list." Another participant recognized that the state is able to "squeeze out higher education" especially as the growth rate of higher education has possibly decreased.

Two university leaders' responses to interview question 3, contradicted with answers to question 2. Even though the first participant shared the same sentiment as the other participants, the participant relayed that the institution would wait until after the legislative session concluded before announcing the successful completion of the university's capital campaign because "the university wanted to avoid presenting perceptions of not needing legislative help." The university did not want to convey the message that it does not need state fiscal support because it raised such a substantial amount of private money. The second university leader admitted when planning a capital campaign the university did not want to give the impression that they do not need state funding and support.

Some states had part-time legislators which, from the assertions of four participants, seemingly prohibited them from fully understanding how higher education is funded. For example, participants believed that there was much reliance on legislative staff rather than legislators to fully comprehend the funding process for higher education with participants stating that legislators "do not have an extensive knowledge of higher education" "don't really understand how higher education is funded" and due to high turnover among legislators and legislative staff, "no one has really mastered it." Differing from the four other participants, one participant believed "legislators understand there are constrictions to funding for higher education" and admittedly state funding decisions for the university can be a complex message.

Overall, the economy and state allocations were perceived to be major factors used by state policymakers when making decisions for public higher education. Responses also demonstrated that institutional leaders' perceived state legislature comprehension of funding for higher education to be weak, and because of so, challenging for the decision-making process.

Table 4. Data-Based Themes from Interviews (Research Questions 2 & 3)

Perceptions of State Funding and Capital Campaign Involvement	Number of participants who affirmed	Response Percentage of Participants
Campaign impacts funding	0	0%
Relationship is economically driven	8	100%
Legislators understand state funding	4	50%
Legislators are involved with campaign	2	25%
Campaign a part of funding criteria	0	0%
Expect funding increase	5	62.5%

Research Question 4: To what extent was there an association between capital campaign involvement and state funding appropriations for selected research universities?

To conduct this analysis, the levels of state appropriations were identified for the three years prior to the public announcement of the mega-capital campaign and the three years after the announcement. Due to the incremental nature of public budgeting, the emphasis was placed on percentage base year-to-year increases rather than gross amount of appropriation. This means that for each mega-campaign institution, the average increase or decrease of state appropriations for mega-capital campaign institutions and non-capital campaign institutions were calculated and compared using an independent t-test to determine differences in the means.

To bring the study in scope of state support for higher education when universities were in capital campaigns in comparison to similar universities which were not conducting a campaign, comparisons of means pre and post capital campaigns for both types of institutions were determined.

An independent t-test was used to compare the means of state appropriations prior to the fiscal year announcement of the capital campaign for both sets of institutions. Another independent t-test was conducted to compare the means of state appropriations post the announcement of a capital campaign for both sets of institutions. A dependent t-test, or paired sample t-test, was conducted to determine a comparison of means for all prior and post funding for both sets of participant institutions.

An independent t-test was conducted to compare the means of state funding before the public announcement of a university hosting a mega-capital campaign and the means of state funding for peer institutions not hosting mega-capital campaigns. There was not a significant difference in the percentage change of allocation for capital campaign institutions ($M=2.5$, $S.D. =6.6$) and non-capital campaign institutions ($M=5.6$, $S.D. =2.3$); $t(8)-1.007$, $p=.150$. The results suggested that hosting a mega-capital campaign did not a have an influence on state funding for a public Research I university before they announced that they would host a capital campaign.

Another independent t-test was conducted to compare the average change in allocation of state funding after the public announcement of the universities hosting a mega-capital campaign and the allocation of state funding for peer institutions not hosting mega-capital campaigns. There was not a significant difference in the allocation change for capital campaign institutions ($M=-.12$, $S.D.=6.29$) and non-capital campaign institutions ($M=-1.34$, $S.D.=7.83$); $t\ (8)=.271$, $p=.719$. The results further suggested that conducting a mega capital campaign did not have an influence on state funding for public Research I universities.

A paired-samples t-test was conducted to compare three years of state funding prior to the public announcement of a capital campaign for sample institutions to three years of state funding following the announcement year of capital campaign involvement for all institutions. There was not a significant difference identified between the scores for pre-capital campaign activity years at all sample institutions (M=4.10, S.D.=4.98); and post capital campaign activity years at all sample institutions (M=-.726, S.D. =6.73); t(9)=1.500, p=.168.

As shown in Table 5, the responses to question four suggest that state funding for public higher education did not appear to be influenced by an institution's capital campaign status. The results supported parts of the literature review that proposed funding for public higher education is influenced by economic factors, including, state competition, tax revenues, and individual demand. The results also demonstrated that state allocations over an extended period of time, may fluctuate and vary from state to state, indicating that state economic conditions influence the extent of fiscal support for public research universities.

Table 5. Independent T-Test Results

Institution-Pre/Post Announcement	Mean	Standard Deviation	t	p value
Campaign-Pre	2.5	6.6	-1.007	.150
Matched-Pre	5.6	2.3	-1.007	.150
Campaign-Post	-.12	6.29	.271	.719
Matched-Post	-1.34	7.83	.271	.719

Table 6. Paired T-Test Results

Institution-All Years	Mean	Standard Deviation	t	p value
Campaign	4.10	4.98	1.500	.168
Matched	-.726	6.73	1.500	.168

Research Question 5: What are the potential policy implications of study findings on state level higher education funding?

There are multiple implications for state and federal policy that might result from the findings of the study. The small sample coupled with the study findings suggested no specific evidence of fundraising influencing state funding allocations; therefore caution should be taken into consideration with this analysis.

The first policy implication is associated with the inconsistent trending behavior of states included in the study. Though not a consistent practice across all institutions, many of them experienced budget reductions following the announcement of mega capital campaigns. If funding is directly tied to fundraising activities, then state policy on funding higher education must be questioned, and if left unchecked, might lead to more rationale approaches to budgeting, such as performance incentive funding or responsibility centered management as state policy. As an example, the “Colorado Opportunity Fund” is a voucher based-model that allowed Colorado to appropriate state allocations to students rather than institutions in efforts to create more access to higher education in the state (Hillman, Tandberg, & Gross, 2014). The voucher provides students greater autonomy in where they choose to attend college, public or private, and similar reform movements could accompany this if states are not more purposeful in their intentions.

A second policy implication relates to who has the right to lobby, confront, and advocate with state legislators. If the purpose of the study is re-phrased as one that focuses on which kinds of information legislators take into account as they allocate funding, then the study findings could mean that policy either is enforced or developed, and regulates how state funded agencies can interact with their legislators. Several states currently prevent state-funded, public agencies from lobbying behaviors and the comments from several study participants suggest that they view their jobs as education legislators, a very small difference from lobbying. Underwood (2012) identified the use of university alumni associations for lobbying efforts with legislative awareness being the most used strategies among the alumni associations sampled. This is an example of how institutions can wield influence on legislators and raise legislative awareness of concerns facing the university by essentially using an armchair of their institution as lobbyist, and more efforts in this vein will result if institutions blame legislatures for a lack of funding.

A third policy implication relates to how institutions set tuition policy. Participants referenced tuition as a key way their institutions supplement state budgets. One participant mentioned that his institution received more revenue from tuition than the state. If declining public investment into higher education continues, then tuition policies that attempt to cap or freeze tuition could become increasingly difficult for institutions to implement. The cost of higher education is integrally dependent on a strong state economy, and without it, students and their families will likely inherit increased financial burdens to pay for college. Burgess (2009) discussed tuition setting and policy at land-grant universities, specifically, the role policies and external bodies play in setting various tuition rates. He found that the more autonomy an institution had, the higher the cost of tuition at the institution (Burgess, 2009). This is an important example of the need for equitable shared governance and consistent coordination between states and universities to regulate policies that could be beneficial for the institution and the student.

Chapter Summary

The study identified the results of multiple interviews of college leaders at public Research I universities. The interviews reflect a shared sentiment that state funding for public higher education institutions is not influenced by whether or not a university is hosting a capital campaign and that legislative behavior towards state flagship institutions is positive and supportive before, during, and after the public announcement of a mega-capital campaign. There was not a statistical difference in state funding between campaign and non-campaign institutions during capital campaign years, and the trend showed a year-to-year fluctuation in state funding between both sets of universities. This further suggested that capital campaigns had no influence on state funding decision making for public Research I universities during periods of capital campaign involvement, which was also the consensus of all eight university leaders interviewed for this study. As institutions progressed through their capital campaign, state funding for campaign institutions increased or decreased but likewise for non-campaign institutions through those same years. These results imply that decrease in state funding for higher education is a result of other state and economic conditions in consensus with the literature highlighted in the study.

Chapter V

Recommendations, Conclusions, and Discussion

As colleges and universities continue to explore how to adequately fund their operations they have embraced aggressive fundraising programs to balance their budgets to create avenues for higher education to be affordable. The current study was developed to examine the possible consequences of capital campaigns and state allocated funding. The current chapter includes a summary of the study, conclusions, recommendations, and a discussion of study findings.

Summary of Study

The purpose of the study was to examine state funding allocations for public Research I universities when they were involved in a capital campaign. Five institutions that were conducting or recently concluded a capital campaign were selected for analysis. Each institution selected was either a state land-grant institution or state flagship university. State funding was identified as state appropriations generated from state allocations and assigned to a general state budget.

State support for higher education has consistently declined over the past decade. When not in a period of decline, public higher education has seen moderate or no increases in funding. College and university leaders identify and utilize alternative revenue streams to supplement for state funding shortfalls. Examples of this are increasing tuition and fees and aggressive fundraising efforts (Cheslock & Gianneschi, 2008). The study examined state funding in the case that an institution is hosting a capital campaign.

In an attempt to reinforce the validity of the study, public Research I universities who were not hosting a capital campaign during the same period as campaign institutions were also examined. Those institutions were matched with campaign institutions in order to identify if there was a difference in funding. There was no statistically significant difference in state funding between the two types of universities during their respective capital campaign and non-capital campaign periods. Eight university leaders were interviewed to gather university leaders' perceptions of funding during their capital campaigns. Only college administrators or a designee from capital campaign institutions were interviewed. The study identified that all participants perceived that state funding was not influenced by their respective university's capital campaign involvement.

The study addressed five research questions to identify state funding decision making for public Research I institutions during mega capital campaign involvement. Research question 1 asked what were the longitudinal trends of state support for public higher education when capital fundraising campaigns were in progress. After conducting independent t-tests and a paired sample t-test, it was determined that there was no significant difference in state funding for public higher education during capital campaign involvement.

Research question 2 identified how development and government relations leaders in higher education perceived the impact of private fundraising on state funding. Of the eight study participants interviewed, none perceived that capital campaign involvement influenced state funding decision making for their institution.

Research Question 3 sought to determine how higher education institutional leaders perceived funding decision criteria for their institutions by state level policymakers. Also, of the eight participants, none perceived that state level policymakers consider the participants' university involvement in a capital campaign as a part of their decision making criteria.

Research Question 4 identified to what extent was there an association between capital campaign involvement and state funding appropriations for selected research universities?

Statistical analysis suggested that state funding appropriations were not influenced by institutional capital campaign involvement.

Research Question 5 asked what were the potential policy implications of study findings on state level higher education funding. There were multiple implications that indicated in the analysis, substantial fiscal policy changes could emerge for public higher education.

Conclusions

1. Trends showed that state funding tends to decrease during university mega capital campaigns. Though the independent t-test showed that there was no statistically significant difference between state funding and capital campaign activity after a public announcement, four out of the five universities showed decreases in funding the year after the capital campaign. This could be attributed to multiple economic variables, and state funding for public higher education declined during the economic recession (Kiley, 2013). This also infers that because of the nature and source of private giving, state funding reductions would be more noticeable even if there was a shift towards negative trends in fundraising during the same period. Nonetheless, analyzing the data, there was a consistent trend in decreases from the state.

2. University administrators did not perceive that funding was influenced by their capital campaign activities. All of the participants included in the study referenced that they did not perceive their institution’s capital campaign to have influenced state funding decisions. The consensus among administrators was that lack of state funding was a result of economic challenges, most notably, tax revenue. Many of the responses by participants seemed sincere as they all had at least a general understanding of higher education policy in the state context. Some responses, though, seemed politically inclined and prepared, which presented a challenge in deciphering whether the conclusion reached was accurate.

3. Capital campaigns serve as supplemental revenue for decreases in higher education funding. Capital campaigns have become a vital revenue stream for non-profit organizations (Kihlstedt, 2005). Universities are not immune from campaign importance, and participants' responses demonstrated a commitment and belief that aggressive fundraising is crucial to accomplishing the university's mission and goals. State funding in many states continues to decrease and little appears to have been done to alleviate the fiscal pressure for universities and as a result, institutions are utilizing tuition and fundraising to fill the gap (Kelderman, 2012).

4. University leaders consistently viewed fundraising as a necessity for higher education today. University leadership is important to successfully cultivate and solicit major gifts for their universities (Hodson, 2010), which is essential to reach campaign goals. Successful university administration includes paying attention to the progress of the university and accomplishing goals.

5. The continued trend for funding for higher education can have substantial public policy consequences for the future. Universities could be inclined to work more on an independent basis to achieve goals as state funding decreases, and with that approach, demonstrate fewer efforts to serve the state and instead, its own interests. Without state coordination and policy that supports higher education, state policymakers could continue to experience institutional and constituent pressures to do so, possibly negatively influencing their influence or service in the state.

Recommendations

Recommendations for Further Study

1. Additional, considerations should be given to a national survey that includes government relations and fundraising professionals. By doing so, a larger sample size may help identify other useful findings and aid the generalizability of the study.

2. The study should be replicated using historical data to establish better trend lines of funding following capital campaign public announcements. More extensive analysis could identify other trends in data and provide additional inferences about the relationship between capital campaigns and state funding.

3. A similar study could be conducted considering regional and comprehensive public colleges and universities. Results of additional studies that focus on other institutional types would contribute to broader conversations about aggressive fundraising for higher education, and state funding decisions and policymaking.

4. Further analysis of state legislative decision making for allocations could include changes in research and development expenditures, outsourcing decisions, and enrollment patterns. Analysis of other alternative revenue sources could help clarify legislative reasoning for their funding decision criteria for colleges and universities.

5. A comprehensive case study should be conducted to better understand and describe the institutional and state government relationship. Shared governance is exceptionally important for the success of both state and institution as public universities exist as economic engines for states.

Recommendations for Practice

1. Investment and commitment to higher education should be demonstrated through innovative state fiscal policy. Incentives should be provided to policy entrepreneurs and political actors who recognize possible formats for better addressing problems in funding higher education; all in order to alleviate certain political pressures that may prevent strong and innovative policies from being presented.

2. Study findings should be shared with fundraising professionals as they begin planning for capital campaigns. Submission of the findings could be provided to the Council for the Advancement of Support for Education in order to raise awareness of the subject.

3. Study findings should be shared with government relations professionals as their institutions consider major fundraising activities or capital campaigns. By submitting the findings to the Association for Governing Boards, findings would be available to top level decision makers including individuals who lobby for their institution.

4. College and university leaders should work with their state legislators to identify best practices in determining state allocations that meet institutional and state needs. Hosting a bi-monthly forum, for example, coordinated by both parties, where conversations and strategic plans would be developed for funding higher education could prove beneficial.

Discussion

A balance of state support for all entities governed by the state appeared to be a serious problem from the perceptions of administrative leaders. Depending on the state and its economy, commitment to one government priority could supersede commitment to another priority. Higher education, according to college leaders’ assertions, was considered third or fourth on the list for funding obligation by their state. For many of the participants’ states, K-12 education and

Medicaid took precedence over any other single item on the government agenda. Higher education was considered near or near last on a list of state funding priorities or was subjected to a performance fund put in place by state policymakers. Some of the college leaders were concerned with the functionality of a performance fund because it was perceived to be at times, an unequitable process.

Before policy is developed and implemented, a definition of the problem must be established. Constant conflict connects politics and policy development (Rochefort & Cobb, 1994). Though a problem may exist, the lack of agreement on what the problem is affects its representation on the government agenda, and criteria considered for making policy. Kingdon's (2011) problem stream elaborates on this notion by explaining that recognition of a problem is the beginning of the agenda-setting process. How the issue is framed influences whether policy proposals make it to a public agenda, especially when the problem that is considered is accepted as important (Kingdon, 2011). Whether colleges and universities are funded adequately is debatable. Higher education is viewed differently by political actors, policymakers, and institutional leaders. In the case for funding public higher education, the problem is constantly defined by institutions as the same year-to-year: higher education is underfunded. Existing literature and consistency in responses from the study's participants support this perspective. Multiple indicators, feedback, and national mood demonstrate that funding for higher education is a concern for states and that because aggressive policy has not been presented or has not been able stay on the government agenda, support for higher education continues to be a challenge.

Possibly, part of the problem is that policymakers and political actors have been unable to find common ground on the most beneficial way to address the fiscal problems facing public higher education. Higher education institutions seemingly at times have differing priorities from state legislators, and state legislators differing from those of higher education institutions. They both have similar and dissimilar constituents, and because of this, their priorities could conflict.

There is substantial evidence that state funding for higher education has declined in real dollars, and as a public good, higher education is a shared responsibility between the state and the institution, and alternative revenue streams are an important part of supporting the mission and goals of the institution. The ability to associate the problem with considerable policy proposals continues to create obstacles to address an obvious concern for institutional leaders, policymakers, students and their families, and other stakeholders. However, little continues to be achieved regarding improving the fiscal condition of state higher education budgets, and reliance on aggressive fundraising continues. The policy and political streams, according to Kingdon (2011), flow separately, and are virtually ineffective because the problem is likely perceived differently by those who play a role in decision making.

Though funding higher education was perceived as a problem for university leaders, the lack of specialized proposals that suggest innovative ways to better fund higher education was not mentioned. Instead, funding for higher education was suggested to be indicative of state allocations. Therefore, the problem of funding is recognized, the logic for the problem was identified, and the rationale for aggressive fundraising efforts at universities was presented as a need (more than want). As colleges and universities consider their efforts to implement a capital campaign, institutional suggestions for how to improve funding for public higher education should be a priority for universities as much as garnering substantial private gifts. Policy proposals that alleviate state funding demands for higher education should be developed by both state legislators and universities leaders.

Chapter Summary

This chapter identified conclusions and recommendations for study findings. Recommendations for policymakers include developing long-lasting policy for funding higher education that demonstrates legislative commitment to higher education, and incentivizing affordable tuition policymaking for institutions. Recommendations also included university leaders working with legislators to create entrepreneurial and innovative approaches to support their university.

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Appendices

Appendix A

IRB Approval

February 17, 2014

MEMORANDUM

TO: Everrett Smith

Michael Miller

FROM: Ro Windwalker

IRB Coordinator

RE: New Protocol Approval

IRB Protocol #: 14-01-452

Protocol Title: *State Funding Decision Making for Higher Education Institutions during Capital Campaigns*

Review Type: ☐ EXEMPT ☐ EXPEDITED ☐ FULL IRB

Approved Project Period: Start Date: 02/17/2014 Expiration Date: 02/16/2015

Your protocol has been approved by the IRB. Protocols are approved for a maximum period of one year. If you wish to continue the project past the approved project period (see above), you must submit a request, using the form *Continuing Review for IRB Approved Projects*, prior to the expiration date. This form is available from the IRB Coordinator or on the Research Compliance website (http://vpred.uark.edu/210.php). As a courtesy, you will be sent a reminder two months in advance of that date. However, failure to receive a reminder does not negate your obligation to make the request in sufficient time for review and approval. Federal regulations prohibit retroactive approval of continuation. Failure to receive approval to continue the project prior to the expiration date will result in Termination of the protocol approval. The IRB Coordinator can give you guidance on submission times.

This protocol has been approved for 10 participants. If you wish to make *any* modifications in the approved protocol, including enrolling more than this number, you must seek approval *prior to* implementing those changes. All modifications should be requested in writing (email is acceptable) and must provide sufficient detail to assess the impact of the change.

If you have questions or need any assistance from the IRB, please contact me at 210 Administration Building, 5-2208, or irb@uark.edu.

Appendix B

List of Potential Institutions Conducting Capital Campaigns

List of Potential Institutions Conducting Capital Campaigns

Institution	State
Stanford University	CA
Columbia University	NY
Cornell University	NY
University of Pennsylvania	PA
Yale University	CT
City University of New York	NY
State University of New York	NY
University of California Berkley	CA
University of Texas Austin	TX
University of Virginia	VA
University of Illinois System	IL
Pennsylvania State University, University Park	PA
University of Pittsburgh	PA
Princeton University	NJ
Vanderbilt University	TN
Emory University	GA
Boston College	MA
University of Florida	FL
University of Notre Dame	IN
Brown University	RI
Tufts University	MA
University of Nebraska	NE
University of Utah	UT
Brandeis University	NY
Indiana University, Bloomington	IN
Carnegie Mellon University	PA
Rice University	TX
Rutgers University System	NJ
Syracuse University	NY
Texas Tech University System	TX
University of California at Davis	CA
University of California, Irvine	CA
University of Cincinnati	OH
University of Maryland at College Park	MD
University of Tennessee	TN
Virginia Tech	VA

Appendix C

List of Potential Participants

Original List of Potential Participants

1. Indiana University, Bloomington
2. Michigan State Universities
3. North Carolina State University
4. Ohio State University
5. Penn State University, University Park
6. University of California, Berkeley
7. University of Iowa
8. University of Tennessee, Knoxville
9. University of Utah, Salt Lake City
10. University of Wisconsin

Revised List of Potential Participants

1. Indiana University, Bloomington
2. *Louisiana State University*
3. Ohio State University
4. *University of Arizona*
5. University of California, Berkeley
6. *University of Maryland, College Park*
7. *University of Massachusetts, Amherst*
8. *University of Nevada, Reno*
9. University of Utah, Salt Lake City
10. University of Wisconsin, Madison

Note: italicized institution names are replacements from the original list.

Appendix D

Email to Potential Participants

Dear ___________, DATE

You have been identified as an exemplary college leader, and I am asking for you to take 30 minutes to participate in this research on state-funding and capital campaigns. Specifically, the dissertation explores state-funding decision making when universities are hosting a capital campaign. All responses will be held in strictest confidence, and only group data will be reported. Your participation is entirely voluntary, and you maintain the right to withdraw from the study at any time.

I have identified consistently in the literature the need, and the problems associated with state-funding for higher education. Legislative priorities can greatly influence the direction, vision, and mission of public higher education and state support is critical in helping universities make the choices and decisions that will best situate them in the future. To what degree states funding universities when they are or they are not in the midst of a capital campaign will help provide better insight on funding decisions for state higher education.

As a leader in higher education, your voice is helpful for me in my study of state funding and capital campaigns. Please know how important your participation is!

Collecting my qualitative data requires me to interview you by phone. I have a total of five interview questions to ask you, and the interview should take no longer than 25-30 minutes.

Thank you, in advance, for your consideration of participating in the study, and please contact either of me if you have any questions about the survey content or the completion of the survey. Your response by ____ will be especially appreciated!

Appendix E

Consent Form

State Funding Decision-Making for Higher Education Institutions During Capital Campaigns

Consent to Participate in a Research Study

Principal Researcher: Everrett A. Smith, Public Policy, University of Arkansas

INVITATION TO PARTICIPATE

You are invited to participate in a research study about state funding decisions during capital campaigns. You are being asked to participate in this study because you hold such a key leadership position in the related areas.

WHAT YOU SHOULD KNOW ABOUT THE RESEARCH STUDY

Principal Researcher
Everrett A. Smith
Graduate Student, Public Policy
Administration Building 325
Division of Student Affairs
University of Arkansas
Fayetteville, AR 72701

You may also contact my doctoral advisor:

Dr. Michael T. Miller
Professor, Higher education
320 Graduate Education Building
University of Arkansas
Fayetteville, AR 72701
(479) 575-3582
FAX: (479) 575-8797
mtmille@uark.edu

What is the purpose of this research study?

The purpose for conducting the study is to identify the perceptions of chief development officers and chief government relations officers at land-grant universities that were conducting capital campaigns with goals of $1 billion or more. The study attempts to examine funding for state flagship institutions before and after capital campaigns.

Who will participate in this study?

Two university leaders, the chief government relations officer and the chief development officer from a total of five land-grant universities. These 10 individuals were identified using the internet, and were located in multiple parts of the United States.

What am I being asked to do?

Your participation will require participating in an interview in which the length of time of the interview is deferred to the researcher or your discretion, with field notes made of your responses to five scripted questions, with additional prompts being collected.

What are the possible risks or discomforts?

There are no anticipated risks or discomforts identified with your participation in this study.

What are the possible benefits of this study?

In addition to the ability to better help future senior level college administrators and the contribution of new knowledge, there are no tangible benefits to participating in this study.

How long will the study last?

The interview field tests have suggested that the interview should take between 25 and 30 minutes of your time.

Will I receive compensation for my time and inconvenience if I choose to participate in this study?

You will not receive any compensation for your participation in this study.

Will I have to pay for anything?

There are no costs associated with your participation in this study.

What are the options if I do not want to be in the study?

If you do not want to be in this study, you may refuse to participate. Also, you may refuse to participate at any time during the study. Your professional status will not be affected in any way if you refuse to participate.

How will my confidentiality be protected?

All information will be kept confidential to the extent allowed by applicable State and Federal law.

Participant information is collected on the first page of the interview guide. Following the interview, the first page will be removed from the field note section of the interview guide so that no attribution to individual participants will be possible. All field notes will be collected onto one master document. Following the collection of basic information from the first page, these pages will be shredded. All documents will be kept in a locked, secure faculty office at the University of Arkansas.

Will I know the results of the study?

At the conclusion of the study you will have the right to request feedback about the results. You may contact the Principal Researcher, Everrett A. Smith (exs018@uark.edu or at the mailing address listed above). You will receive a copy of this form for your files.

What do I do if I have questions about the research study?

You have the right to contact the Principal Researcher as listed below for any concerns that you may have.

Everrett A. Smith
Ph. D. Student, Public Policy
Administration Building 325
Division of Student Affairs
University of Arkansas
Fayetteville, AR 72701
(479) 575-5004
FAX: (479) 575-8797
exs018@uark.edu

You may also contact the University of Arkansas Research Compliance office listed below if you have questions about your rights as a participant, or to discuss any concerns about, or problems with the research.

Ro Windwalker, CIP
Institutional Review Board Coordinator
Research Compliance
University of Arkansas
210 Administration
Fayetteville, AR 72701-1201
479-575-2208
irb@uark.edu

I have read the above statement and have been able to ask questions and express concerns, which have been satisfactorily responded to by the investigator. I understand the purpose of the study as well as the potential benefits and risks that are involved. I understand that participation is voluntary. I understand that significant new findings developed during this research will be shared with the participant. I understand that no rights have been waived by signing the consent form. I have been given a copy of the consent form.

____ ________________________

Signature Date

Appendix F

Interview Protocol

Interview Protocol

Project: State Funding Decision-making Education Institutions During Capital Campaigns

Time of Interview:

Date:

Place:

Interviewer:

Interviewee:

Title / Position of Interviewee:

(Briefly describe the project) This projects identifies senior university administrators' perceptions and expectations of state funding during capital campaigns.

THANK YOU FOR AGREEING TO PARTICIPATE IN THIS STUDY ABOUT STATE FUNDING DURING CAPITAL CAMPAIGNS. THIS STUDY REALLY FOCUSES ON YOUR LEADERSHIP ROLE AS IT RELATES TO STATE FUNDIND DECISIONS AND MAJOR FUNDRAISING ACTIVITIES AT YOUR UNIVERSITY.

I AM PROVIDING YOU WITH AN INFORMED CONSENT FORM FOR YOU TO REVIEW AND SIGN, IF YOU AGREE. AS NOTED, YOUR IDENTITY WILL BE HELD IN STRICTEST CONFIDENCE AND YOUR IDENTITY WILL NOT BE LINKED DIRECTLY OR INDIRECTLY WITH THE STUDY FINDINGS.

ONLY FIELD NOTES ON THIS INTERVIEW GUIDE WILL BE COLLECTED DURING THIS INTERVIEW.

YOUR PARTICIPATION IS ENTIRELY VOLUNTARY AND YOU MAINTAIN THE RIGHT TO WITHDRAW AT ANY TIME.

BEFORE WE BEGIN, DO YOU HAVE ANY QUESTIONS?

DO I HAVE YOUR PERMISSION TO BEGIN?

THE FIRST SERIES OF QUESTIONS RELATES TO HOW VITAL DO YOU PERCEIVE YOUR ROLE THE STATE FUNDING DECISION PROCESS, AND YOU INVOLVEMENT IN THE CURRENT CAPITAL CAMPAIGN AT YOUR INSTITUTIONS.

Should you have questions or concerns about this survey, please contact Everrett A. Smith, University of Arkansas, (479) 575-5007, exs018@uark.edu

SECTION I: PERCEPTIONS and EXPECTATIONS

1) **How do institutional leaders perceive private fundraising for capital campaigns to impact state funding?**

   Other elements to consider:

   Tell me about the current (most recent?) capital campaign.

   What was your primary role in the campaign?

   -How involved are legislatures involved personally with the university?

   -How would you describe your responsibility to be influential in the state funding process during capital campaigns?

   -Are many legislators are alumni of your university?

2) **As an institutional leader, how do you perceive the funding thought process of legislators?**

   Other elements to consider:

   What do you believe contributes to this phenomenon? (funding decisions)

3) **Based on your university's current fundraising campaign status, what is your anticipation of the state's response whether to increase or decrease state funding for your institution?**

   Other elements to consider:

   -What role do you believe current economic conditions play in their decision?

   -Could you discuss the historical impact of your institution's capital campaigns on state funding?

   -How are current institutional rankings influential?

   -Do you believe legislative and gubernatorial election years influence state funding decision? your institution?

4) **To what extent do you perceive that your institution is funded based on the progress of the institutions fundraising campaign initiative or status?**

Other elements to consider:

When planning capital campaigns, what steps do you take to ensure state funding is not decreased?

-Do you believe national reputation of the institution is influential?

-What type of impact does local and state media attention have on the campaign?

5) **What do you expect in terms of an increase or decrease in funding for your institution over the next three years? Why?**

Other elements to consider:

- What types of pressures are there from stakeholders (administrators, constituents, policymakers, politicians)?

THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY!

Appendix G

Senior Development Officer Job Descriptions

Senior Development Officer Job Descriptions

“The Vice Chancellor for University Advancement serves as the university's chief development officer. He/she works closely with campus partners to craft a development vision that is consistent with the university's strategic plan, and creates and executes a capital campaign strategy to satisfy objectives that flow from that collaboration” (higheredjobs.com, 2012, paragraph 1).

“Reporting to the Vice President for Development and Alumni Relations (DAR) the Senior Associate Vice President for Development and Alumni Relations will be a key member of the leadership team assisting in managing the university's advancement program, which includes fund raising, alumni relations, financial and fund-raising support services, donor relations and stewardship, special events, and career counseling” (higheredjobs.com, 2014, paragraphs 1).

Appendix H

Senior Government Relations Officer Job Descriptions

Senior Government Relations Officer Job Descriptions

"The Associate Vice President for Government Relations for the Duke University Health System is principally responsible for the development and management of strategies to inform and influence public policy at the county, state and federal levels on issues and in areas of interest to DUHS and DUMC, and to advise DUHS/MC on legislative matters that may affect it. The Associate Vice President will monitor legislation and public policy issues, and advise DUHS/MC administrators of their potential on the Duke University Health System and Duke University" (hr.duke.edu, 2012, paragraph 1).

"VICE CHANCELLOR FOR GOVERNMENT RELATIONS, works with the Chancellor and others in developing for the university an on-going liaison with Federal, State and local legislators and executive officials. Initiates and coordinates, with the Office of the Counsel and others, the development of legislative proposals for the Chancellor's and Board of Trustees' consideration; coordinates university responses to proposed legislation, rules and regulations; communicates the university's position on legislative proposals to the proper officials; serves as the principal focus of inquiries from executive and legislative officials; develops and enhances liaison with State and national associations of colleges and universities, in matters of mutual concern to public officials; aids in the development of public service functions at the campuses of the university; cooperates with others in providing accurate information to the campuses, on matters of governmental concern; oversees the operation of the Washington Office of the university; in the area of campus relations, works on questions of faculty, student and staff concern as they relate to governmental issues" (brockport.edu, 2014, paragraph 1).