

# Reconsidering the “Balance Wheel” Analogy: Decisions on State Funding of Higher Education during the COVID-19 Pandemic

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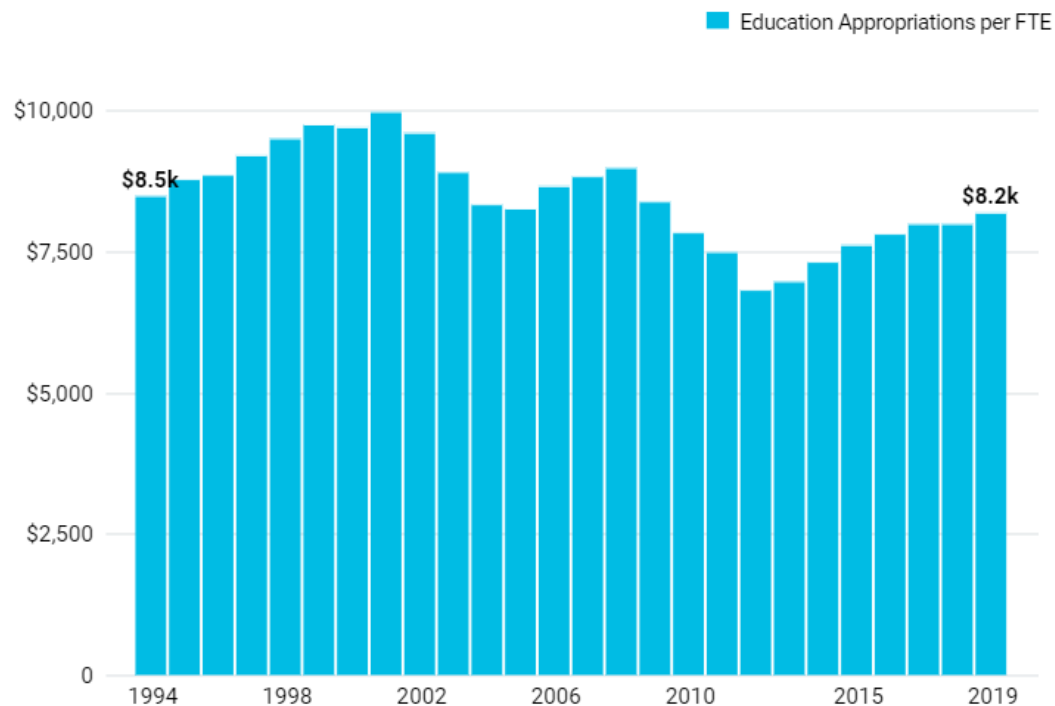


# Introduction

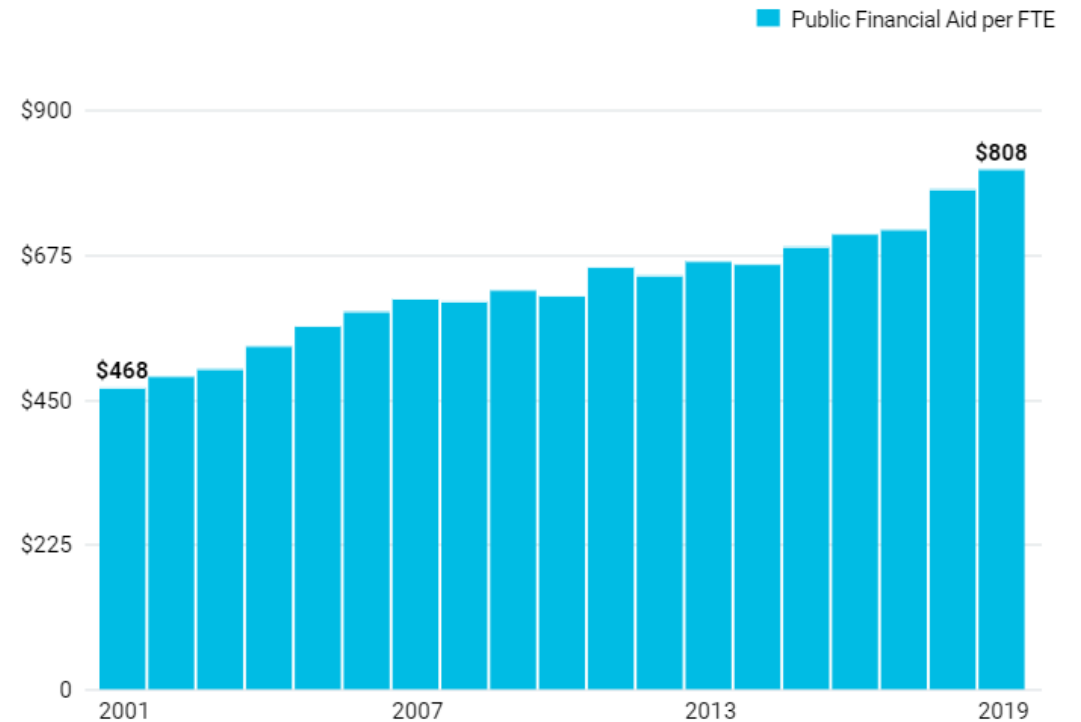
- During economic recessions, state funding for public higher education contracts (SHEEO, 2020)
- Higher education serves as the “balance wheel” for state budgets (Delaney & Doyle, 2011; Doyle & Delaney, 2009)
- Focus is usually on state appropriations overall, but there are various beneficiaries of state funds (e.g., institutions and students)

# Contrasting Trends in State Higher Ed Funding During Recessions

## State Appropriations



## State Financial Aid



Source: SHEF (2019) <https://shef.sheeo.org/>

# Research Question

How do policymakers justify decisions regarding different types of funding for higher education during the COVID-19 recession?

# Background

- Factors associated with state **appropriations spending** include state political variables, social ties, legislative professionalism, racial resentment, higher education governance (e.g., Archibald & Feldman, 2006; Chatterji et al., 2018; Foster & Fowles, 2018; Li, 2017a; Lowry, 2016; McLendon et al., 2009; Tandberg et al., 2017; Taylor et al., 2020; Weerts & Ronca, 2012)
- Factors associated with state **student aid spending** include state political variables, diffusion, state demographic characteristics (Cohen-Vogel et al., 2008; Doyle, 2012; Foster and Fowles, 2018; Ness, 2010; Ness & Mistretta, 2010)

# Theory of Social Construction and Policy Design (Schneider & Ingram, 1993, 1997)

- More benefits and fewer burdens to groups that are viewed favorably (positive social constructions) and have higher levels of formal political power
- Fewer benefits and more burdens to groups with negative social constructions and less political power
- This study examines:
  - How benefits (sustained/increased \$) and burdens (reduced \$) are distributed to different institutions and student groups, and
  - The degree to which the social constructions of these groups and their levels of formal political power influence policymakers' decisions

# Research Design

Multiple case-study design (Yin, 2017)



Theoretical replication logic: Differ on political ideology (both mixed aid)



27 interviews

Elected officials, legislative staff members, higher education institution- and system-level leaders, and state intermediary organization staff

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69 documents

State budget documents, news articles, and state executive orders

Deductive and inductive coding

Measures to enhance trustworthiness and reliability

Triangulation of data sources, peer debriefing, multiple analysts coded the same transcript in early stages of analysis

# Case Summaries

## California

- Preserved financial aid funding
- No GEER funds allocated to higher education
- 15% cut to UC and CSU
  - New budget seeks to restore some of the cuts to UC and CSU

## Texas

- Preserved financial aid funding
- Distribution of federal GEER funds
  - (1) statewide financial aid; (2) emergency financial aid, (3) reskill/upskill displaced workers, (4) open educational resources, and (5) student data infrastructure.
- Request for state agencies to reduce their budgets by 5%
  - Two-year colleges, state colleges, health-related institutions exempt
- Legislature seeking to maintain levels from last biennium



# “Everything Is Up for Grabs”:

## Discretionary Nature of Higher Education Funding

- Higher education cannot compete with other state budget items, due to:
  - Legal obligations,
  - Federal matching incentives, and
  - Perceptions of deservingness of higher education beneficiaries (institutions / students) relative to other budget categories and their constituencies

Obviously, [K12 education] gets a lot more attention. We're talking about **children**, we're talking about property taxes, we're talking about parents, their **kids**, their money. I mean, it's **explosive**, right... So, as a general rule, the effect of that is higher ed... tends to be squeezed between health and human services... So you've got one driven by, you know, **disease** and **illness** and conditions... And the other's driven by **general law, minimum requirements of spending**, political pressure, great **political and media pressure** if you don't. So higher ed tends to get squeezed between those two... What happens to higher ed is not as, as interesting to the media, and it's not as emotional. It's not as sexy.

- TX Legislator

# “Most Institutions Have a Little Bit of Leeway”: Reserves and Access to Other Revenues

- Higher education institutions have access to other sources of revenue, unlike other areas in the state budget
- View that higher education institutions are generally well-resourced
- Perceptions differ across institution types

“...if you are going to cut higher education, it’s a little bit easier and more nebulous when you cut an institution... they have **reserves**, they have some **ability to shift some funds**, you know there's the sense that typically most institutions have a little bit of **leeway**.”

- CA Legislative Staff Member

# Supporting Students “Is Like Apple Pie:”

## Preferences for Funding Financial Aid

- Priority for funding students directly (statewide financial aid) over funding institutions
- Two primary reasons
  - College access
    - Workforce development (CA & TX)
    - Equity (CA)
  - “Good politics”

My suspicion is we will continue to cut the institutions and not the students,” adding, “that's both probably the **right thing to do**, but also the **politically the right thing to do**.

- CA State Government Staffer

# Policymakers' Views of Higher Education and Their Funding Decisions

- Generally positive views about higher education (workforce)
- Some criticisms, especially of four-year universities
  - Administrative bloat, “liberalism gone wild” (TX), the high price of higher education (TX), the difficulty of gaining acceptance into public universities for local students (CA), and the lack of transparency about institutional finances (CA)
- Tenuous relationship between views and funding decisions

I think that for a long time there's been...a part of the legislature that...is frustrated with what they see as the kind of...**too much administration**, sort of **too liberal**... kind of frustration with what they perceive as...being an issue with four-year institutions... I think that frustration is there, but it's not really widespread enough or significant enough to kind of overcome all of the other **general support** and **goodwill** towards four-year institutions. I think even... people who have that perspective still have other things that they really like about the [four-year] institutions... So it's like I'm frustrated with this, but I really want to support these things.

- TX University System Official

# Discussion

- The distribution of burdens and benefits depends on the social constructions of groups **relative to** the construction of other potential beneficiaries of policy
- Differences in the **social construction** of **higher education beneficiaries**
  - Some funding distributions driven by differences in social constructions of different institutions (e.g., 2-year v. 4-year), but unclear whether this is an enduring trend
  - Students framed as deserving of aid due to utility for economy and financial need
- Policymakers' **decisions** about funding higher education are **fragmented**
  - Appropriations, financial aid, special items, other decisions made separately
  - Views on higher education broadly do not seem to drive levels of overall support

Thank you

Table 1: Characteristics of Case-Study States

<b>Characteristic</b>	<b>California</b>	<b>Texas</b>
<i>Political Party Control</i>	Unified Democrat	Unified Republican
<i>Type of State Financial Aid Offered</i>	Mix: Need and Merit	Mix: Need and Merit
<i>Notable State Financial Aid Programs</i>	Cal Grant Middle Class Scholarship	TEXAS Grant Texas Educational Opportunity Grant Program (TEOG) Tuition Equalization Grant Program (TEG)
<i>Governing Agency</i>	N/A	Texas Higher Education Coordinating Board
<i>Public Higher Education Landscape</i>	3 Systems: University of California; California State University; California Community Colleges	37 Universities; 50 Community College Districts; 10 Health- Related Institutions; 6 Technical Colleges; 3 State Colleges
<i>2019 State and Local Funding<sup>a</sup></i>	\$19.2 billion	\$9.4 billion
<i>2019 Total FTE Enrollment<sup>a</sup></i>	1,571,273	1,075,514

<sup>a</sup> These data came from the *State Higher Education Finance: FY2019* report from the State Higher Education Executive Officers Association (SHEEO, 2020).