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FY 2010: THE RESPONSE OF THE IN-HOUSE LOBBYISTS AT THE STATE-RELATED RESEARCH UNIVERSITIES OF PENNSYLVANIA TO AN ECONOMIC CRISIS

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by

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ABSTRACT

The purpose of this study was to understand: 1) how the in-house lobbyists of Pennsylvania’s state-related public research universities dealt with an economic crisis as it affected the FY 2009-2010 appropriation process; and 2) how the in-house lobbyists at the state-related public research universities of Pennsylvania defined successful lobbying during an economic crisis? The state-related public research universities of Pennsylvania include: Penn State University, Temple University, and the University of Pittsburgh.

The political perspective as described by Pfeffer (1981; 1992), Bolman and Deal (2008), Oliver (1991), and others served as the conceptual framework for this study. The political perspective views conflict between individuals and/or organizations as normal because of heterogeneous goals and scarce resources. Power becomes an important asset in determining what goals are pursued and allocation of resources. Resolution of conflict in not emphasized in the political perspective whereas the use of tactics and strategies to increase power are.

To answer the questions, a qualitative case study was used. A document analysis was used to describe the economic crisis as it affected Pennsylvania, the FY 2009-2010 appropriation process, and the state-related public research universities. Semi-structured interviews were conducted with the in-house lobbyists at the state-related public research universities of Pennsylvania to gain their perspectives on the economic crisis and defining success.

Analysis of the data revealed that the in-house lobbyist used a number of tactics and strategies to influence legislators during the contentious FY 2009-2010 appropriation process. They used rational arguments in value creation or value claiming terms; and given the economic realities being faced in the Commonwealth and the antagonistic proposals of the governor, many
of the arguments were value claiming in nature. The importance of allies and friends at the
statehouse, at the institution, and outside of the institution became apparent.

The in-house lobbyists defined the FY 2009-2010 budgetary process as successful given
the context of the economic crisis. Many of the successes achieved during the appropriation
process were defensive in nature. Underlying successful lobbying was the importance of building
relationships with legislators and other government officials.
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CHAPTER I: Introduction

The recent economic crisis, triggered by the collapse of the U.S. housing and financial markets in 2007 and 2008 (Bernanke, 2009, April 14), has been labeled the worst economic recession since the Great Depression by a number of leading economists (Bendary, 2009, February 27). From January 1, 2008, to October 11, 2008, stock holders in U.S.-owned corporations reported losses of approximately $8 trillion (Mauldin, 2008, November 7). Weak economic conditions are predicted to persist until 2012 (National Association of State Budget Officers [NASBO], 2009a). Forty-five states faced budget shortfalls for Fiscal Year (FY) 2009-2010 and forty three states were forced to reduce enacted budgets for the 2008-09 fiscal year; a large increase from the 13 states that reduced their budgets in FY 2007-08 and the three states that revised their enacted budgets for FY 2006-07 (NASBO, 2009a; Pennsylvania Office of the Budget, 2009, February 4).

Higher education has not been insulated from the recession, and, as the financial crisis deepened, public and private institutions of higher education across the country began to implement spending cuts. Boston University announced a hiring freeze and suspended all construction projects that had not received approval. The governor of Colorado, Bill Ritter, suspended all tax-supported construction in the state, which included a number of campus projects at several state institutions. Wachovia Bank temporarily froze the accounts of nearly 1,000 colleges (Wilson, 2008, October 10). Public universities in Arizona laid off thousands of employees and canceled many classes, while the community college system of Kentucky decided not to offer tenure to new hires. Florida State University pulled the phones out of English and history professors’ offices to save money, while the University of Vermont cut its custodial budget by $400,000. East Carolina University saved $30,000 by switching from paper to electronic tuition bills and State University of New York-Canton saved $250,000 by turning
thermostats down to 68 degrees Monday through Thursday and to a bone-chilling 58 degrees on Fridays, when no classes were held. The leadership of the University of Tennessee took a voluntary five percent pay cut and turned in the keys to university vehicles for a savings of $400,000 (Clark, 2009, September 1).

Endowments plunged in value and colleges and universities worried about their ability to manage their debt loads. Over the past decade, many institutions had borrowed heavily to improve campus facilities (Blumenstyk, 2009, April 10). The financial meltdown exposed the fraudulent activities of some Wall Street investors that had among their clients a number of colleges and universities. For example, the University of Pittsburgh, Yeshiva University, New York University, and Carnegie-Mellon University lost tens of millions of dollars by investing with Wall Street veterans (Paul R. Greenwood, Stephen Walsh, and Bernard L. Madoff) who misappropriated the funds for their own benefit (Fain, 2009, March 13).

For public higher education institutions, faltering state revenues have meant budget cuts. North Carolina’s legislature ordered the public universities to cut their budgets by approximately 10 percent. Florida cut its higher education budget by $153 million and the state of Washington by $168 million for the FY 2009-2010. To make up the loss, public universities in Florida increased their tuitions by 15 percent while public universities in Washington increased tuition by 14 percent (Clark, 2009, September 1). The University of California system, which is regarded as one of the best public higher education systems in the world, lost $813 million in state funding over two fiscal years (2008-09 and 2009-2010) (Anonymous, 2009, August 8). In November of 2009 the Board of Regents of California approved a whopping 32 percent increase to undergraduate tuition for the 2010-11 school year (Lewin & Cathcart, 2009, November 19).
As state support for public higher education continues to plummet, some lawmakers and higher education leaders are discussing loosening the ties between states and their public institutions.

Like institutions across the nation, the public\(^1\) colleges and universities in Pennsylvania faced financial strain and responded by cutting back where possible. The community colleges of Pennsylvania offered free tuition to students who had been laid off as a result of company downsizing or closure and were spared state appropriation cuts for FY 2009 (Pennsylvania Commission for Community Colleges, n. d.; Pennsylvania Office of the Budget, 2008, December). The State System of Higher Education received a 4.25 percent cut ($22 million) to its appropriation and responded by leaving 128 positions throughout the system unfilled and by issuing a hiring freeze of all non-union employees (Marshall, 2009, January 19). The four state-related institutions of Pennsylvania—The Pennsylvania State University (better known as Penn State), Temple University, The University of Pittsburgh, and Lincoln University—faced appropriation cuts and loss of endowment while confronting rising health, energy, and retirement fund contribution costs. Graham Spanier, president of Penn State, reported in a letter to the Penn State University community, dated November 13, 2008, that Penn State’s endowment had declined in value by 11.7 percent from September 2007 to September 2008 and that Penn State would face a $15 million rescission (withholding already appropriated funds) from its FY 2008-09 state appropriation (Spanier, 2008, November 13). In December, Penn State was informed by the state of a second rescission to its appropriation, bringing the total reduction to $21.2 million

\(^1\) Pennsylvania has a unique public higher education system: the community colleges were created by the Commonwealth in 1963 and receive appropriations from the state and the sponsoring entity or entities (i.e., a city, county, school district or a combination of these entities), the State System of Higher Education operates 14 universities—the majority of which are Master’s colleges—which receive approximately a third of its General and Education budget from state appropriations, the four state-related universities—three research universities and one Master’s university—have private charters, but receive state appropriations in exchange for lower tuition rates for Pennsylvania students. There are also state-aided institutions which are private institutions that receive state funding for specific programs that serve state interests.
for FY 2008-2009 (Penn State Live, 2008 December 11). Penn State responded to the cuts by halting some building projects, trimming internal budgets, and freezing salaries (Penn State Live, 2008, December 11; Penn State Live, 2009, March 20). At Temple, the state rescinded $11.4 million (in two rescissions) from the original appropriation of $190 million. To cover the drop in revenue, the administration instituted a hiring freeze, suspended all non-essential out-of-state travel, and canceled a two percent inflation-related increase for non-compensation costs (Hart, 2009, January 15).

The University of Pittsburgh also had $11.4 million cut from its appropriation (in 2 rescissions) (Nordenberg, 2009, February 18). Pitt responded by initiating a salary freeze, reducing hiring levels, and reducing the number of construction projects (Nordenberg, 2009, March 2). Pitt’s financial troubles were magnified when they learned that two principals with Westridge Capital Management, Inc., one of Pitt’s investment managers, defrauded Pitt and many other investors. Pitt had initially invested $65 million with Westridge and it appeared unlikely Pitt would recover the funds (Schackner & Chute, 2009, February 27). Pitt reported a loss of 22 percent in the value of its endowment as of November 30, 2008 (Nordenberg, 2008, December 18). Lincoln University suffered a six percent reduction to its appropriation as a result of two rescissions, instituted a hiring freeze, and contemplated layoffs (Lincoln University, 2009, January 14; Presentation by Pennsylvania State-Related Universities, 2009, March 3).

In addition to recent state funding cuts for higher education, state higher education appropriations across the country have lagged behind inflationary costs for decades. For public research universities, the yearly appropriation represents a progressively smaller portion of total revenues. In spite of the lack of robust funding, the state appropriation remains an important
component of a public institution’s annual revenues (Cheslock & Gianneschi, 2008; Weerts & Ronca, 2008).

In order to negotiate the state appropriation process and pursue their interests with state legislators and state government officials, many public colleges and universities use lobbyists. Some institutions hire their own lobbyists (in-house) while others use contract lobbyists (lobbyists that are paid a fee to represent a client) or a combination of both to promote their issues and financial needs to the state government (Ferrin, 2003). This is not a new practice. Universities have been lobbying at the federal level for funding and resources since the 19th century (Cook, 1998). Although research has examined the growth of higher education lobbying and the influence of lobbyists on higher education policy at the federal level (Cook, 1998), little research has addressed higher education lobbyists/lobbying at the state level and no research could be found on how higher education lobbyists deal with the appropriation process during a national financial crisis. This study addresses these gaps by examining how the in-house lobbyists at state-related public research universities of Pennsylvania dealt with the financial crisis as it affected the 2009-2010 appropriation process.

In the sections that follow, I provide the general context in which the in-house lobbyists at the state-related universities work and operate, and also the specific context of the FY 2009-2010 appropriation process. Next, I provide a brief examination of state appropriations for higher education in the United States and Pennsylvania specifically and how they are affected by other state expenditures and political factors. I then discuss the role of lobbyists in higher education and in obtaining appropriations. The research questions of this study and methodological considerations will be described, followed by a description of the conceptual framework. The
political perspective as described by Pfeffer (1981, 1992) was used as the conceptual framework to analyze the actions of the lobbyists and is briefly introduced.

**Appropriations for Higher Education in the United States**

For fiscal year 2009, U.S. states appropriated approximately $78 billion dollars to higher education (Grapevine, 2009a). Appropriations of state tax funds for operating expenses in higher education have grown 48.5 percent in the last ten years (FY99-FY09) (Grapevine, 2009b). According to the National Association of State Budget Officers (2009b), higher education expenditures across all states accounted for 11.5 percent of overall general fund expenditures for FY 2008. In 1985, higher education received 15.8 percent of general fund expenditures (Tandberg, 2007). Historically, state appropriations have covered a greater portion of the total cost of education, covering 78 percent in 1974 and falling to 43 percent by 2000 (Rizzo, 2004), but that trend has been reversed. “Public research universities in Colorado, Montana, New Hampshire, Oregon, and Vermont are so reliant on tuition that students are paying, on average, for more than 70 percent of the cost of their education” (Kelderman, 2009, May 1, p. 5).

In contrast to appropriations for higher education, net tuition as a percent of public higher education total revenues has grown from 23.5 percent in 1983 to 36.3 percent in 2008 (State Higher Education Executive Officers [SHEEO], 2009). In constant 2008 dollars, educational appropriations per full-time equivalent (FTE) have only grown nine percent, while net tuition per FTE has grown 101.6 percent from 1983 to 2008 (SHEEO, 2009). The costs associated with higher education have soared. From 1983 to 2008, the Higher Education Price Index (HEPI) rose in value 173.2 points while the Consumer Price Index (CPI) rose 118 points (Commonfund, 2009). The HEPI is an inflation index designed specifically for higher education and measures
“the average relative prices in a fixed basket of goods and services purchased by colleges and universities” (Commonfund, 2010).

In the state of Pennsylvania, state appropriations for higher education between FY 1998 and FY 2008 increased by 27.9 percent (Palmer, 2008). In FY 2009 the Commonwealth of Pennsylvania appropriated $4.46 per $1000 of personal income to higher education, which ranked it 45th of all states (Grapevine, 2009a). New Mexico ranked first among the states, appropriating $14.07 per $1000 of personal income for higher education and New Hampshire ranked 50th among all states, appropriating $2.46 per $1000 of personal income for higher education (Grapevine, 2009a). The appropriations between FY 2008 and FY 2009 grew by 2.2 percent in Pennsylvania, which was above the national average of .9 percent growth in appropriations (Grapevine, 2009c). However, public higher education appropriations per FTE between 2003-2008 in Pennsylvania (dollars adjusted by 2008 HECA, Cost of living adjustment, and enrollment mix) decreased-10.8 percent—one of the lowest in the United States (SHEEO, 2009). According to the Delta Project (2009), the student share of costs at Pennsylvania’s public research institutions in 2006 was $13,721 while the state subsidy was only $6,880. In the United States, the average student share of costs to attend a research institution in 2006 was $6,909 and the average state subsidy was $7,149 (Delta Cost Project, 2009). Appropriations are affected by a number of variables; economic variables such as the health of the economy, political variables such as the party of the governor and whether or not the legislature is professional, and demographic variables such as the age of the population and per capita income. Some of these variables came into play in FY 2010 in Pennsylvania and will be discussed in greater detail in the next chapter.
Higher Education Lobbying

Colleges and universities continue to hire and use lobbyists to pursue appropriations, research funding, and other interests. In 2005, 265 public four-year colleges and universities and 336 private, nonprofit colleges and universities spent over $66 million on lobbying efforts at the federal level (Lederman, 2006, December 21). Johns Hopkins University ($1,020,000) and Boston University ($920,000) were the two biggest spenders in their attempts to secure federal funding for such things as medical, science, and technological research (Lederman, 2006, December 21). By 2008, the biggest spenders on federal lobbying among higher education organizations were: the State University of New York System, which spent $1.6 million, followed by Corinthian Colleges (a publicly traded for-profit post-secondary company) which spent $1.3 million, and the University of Texas which spent $1.1 million (opensecrets.org, 2009). Many institutions already have lobbyists at both at the state and federal level (both in-house and contract lobbyists) to advocate for their particular interests—and their numbers are growing (Cook, 1998; Weerts & Ronca, 2006). Ferrin (2003) and Lederman (2006, December 21) both state that even smaller colleges are turning to lobbyists to negotiate their relations with state and federal governments.

In addition to petitioning the state and federal government for funding, public research universities interact with a wide array of government actors concerning many issues across all three branches of government—working with legislators on a tuition relief bill for example, or working with an executive agency that has been charged with implementing a higher education policy, and working with the court system to resolve lawsuits in which they are involved (Cook, 1998). Affirmative action issues, first amendment issues, and issues of accountability require action by a variety of political actors at the state and national level. Historically, however,
representatives of higher education have focused their attention on the legislative branch because that is where they have experienced the most success (Cook, 1998; Heinz, Laumann, Nelson, & Salisbury, 1993). The political environment in which public research universities operate is one of constant change and requires that the institution monitor, adapt, and respond to the changing political landscape.

Cook (1998) posits that lobbying in higher education has grown because government has grown. An institution’s interests increasingly intersect with government entities. She points out that at the federal level, all three branches of government create higher education policy. Thus, lobbyists are required to keep in close contact with government officials concerning a myriad of issues—budget requests, implementation of regulations, and passage and implementation of higher education legislation (Cook, 1998). Additionally, policy issues in higher education have become increasingly complex, requiring lobbyists to develop the expertise to address them and increasing the need for specialization. Lederman (2006, December 21) states that higher education is a big business involving billions of federal and state dollars and will inevitably attract colleges and universities that desire some those funds.

Articles in popular media publications tend to portray lobbyists in a negative light—political operators who are adept at securing appropriations and passing or quashing legislation that is beneficial or not to their particular narrow interest, leading to the perception that lobbyists wield extensive and obtrusive power in the workings of federal and state governments (Adler, 2007, September 1; Lederman, 2006, December 21). In reality, the picture is much more complicated. In reviewing why organizations lobby, Lowery (2005) found that most lobbying is not successful “in terms of securing or blocking instruments of public policy” (p. 19). Nor were these findings restricted to federal lobbying efforts. Gray, Lowery, Fellowes, and McAtee (2004)
found that the “influence of organized interests on public policy is, at least in the aggregate, quite small” at the state level (p. 419).

Looking specifically at the influence of higher education lobbyists on the state appropriations process, Weerts and Ronca (2008) found that higher education lobbyists for public universities had a limited impact on state appropriation legislation where the state had a poor economy, intense budget competition, or a history of poor support for higher education. They conclude that “the forces shaping higher education appropriations work largely at the state level” (Weerts & Ronca, 2008, p. 32). In contrast, Tandberg (2007) found that the larger the higher education lobby (meaning the number of individual institutions who send individuals to their state legislatures to lobby in their behalf) when compared with the size of other state interest groups, “the more likely that higher education will be treated favorably when appropriations decisions are made” (Tandberg, 2007, p. 133).

Based on the findings of Weerts and Ronca (2008), higher education lobbyists should have a limited impact on state appropriation legislation given the current economic situation in the United States. Economic recession curtails state and federal funding for higher education (Hovey, 1999; Humphreys, 2000; Kane & Orszag, 2003). Although there has been research that has examined the growth of higher education lobbying and the influence of lobbyists on higher education policy at the federal level (Cook, 1998), there has been little research addressing higher education lobbyists/lobbying at the state level and no research that could be found on how higher education lobbyists address the appropriation process during a national financial crisis.
Research Questions and Methodological Considerations

Specifically, this study asked the following research questions:

1. How do the lobbyists at the state-related public research universities of Pennsylvania address a severe economic recession as it affected the appropriation process for FY 2010?

2. How do in-house lobbyists at the state-related public research universities of Pennsylvania define success, particularly during an economic crisis?

I investigated the state-related public research universities because these institutions rely on at least some support from state appropriations for their yearly revenues. Also, the state-related institutions of Pennsylvania not only had to endure the economic difficulties that thousands of public colleges faced across the United States, but also an intensely stressful state budget process for Fiscal Year 2010. The state of Pennsylvania did not approve the funding for the state-related universities until mid-December of 2009, five and half months after the start of FY 2009-2010. Furthermore, the governor of the state tried to prevent the state-related universities from receiving federal stimulus money to supplement the state appropriation for FY 2010 over issues related to the state-related designation.

I examined the state-related research universities because they employ in-house lobbyists. As such, Lincoln University was not included in this study because it does not employ in-house lobbyists, but contract lobbyists. Information about Lincoln University is included in the Context chapter because it is a state-related university, but was not included in the analysis or conclusion. I examined in-house state lobbyists rather than contract lobbyists because they are employees of the institution who are paid a salary rather than receive a fee, have only one client, and are assumed to be more “closely aligned with the plans and structures of a university” (Ferrin, 2003,
Understanding the in-house lobbyists at the state-related public research universities of Pennsylvania address an economic crisis as it relates to the appropriation process will require reviewing the literature of what lobbyists do, the roles and functions they serve for their institutions, and their perceived and evidence-based impact on the appropriation process. Additionally, I provide background on the state-related public universities and their financial relationship with the state of Pennsylvania as well as the economic crisis as it has affected Pennsylvania and in turn, the public research universities. A combination of background information, reviewing the academic literature, and interviewing the lobbyists themselves will flesh out how lobbyists work through a financial crisis.

Additionally, I wanted to understand how in-house lobbyists at the state-related public research universities of Pennsylvania define success, particularly during an economic crisis. The institution for which the in-house lobbyist works plays a large role in determining what is successful lobbying, but as was stated earlier, research shows lobbying efforts meet with failure more often than not (Lowery, 2005), and for higher education lobbyists, a poor economy increases the likelihood that they will not receive the desired appropriation amount (Weerts & Ronca, 2008; Tandberg, 2007). Lowery (2005) states “lobbying success needs to be redefined” (p. 19). Much of lobbying, he continues, “is probably not about securing or blocking specific laws or regulations” (Lowery, 2005, p. 19). If lobbying success is probably not about securing funding or passing/blocking legislation, then how is success defined by in-house higher education lobbyists?

I used a descriptive qualitative case study to address the research questions. This methodology was chosen because the research questions deal with contemporary events (the economic crisis) over which I had no control (Yin, 2003). How the in-house lobbyists dealt with
the economic crisis as it affected the FY 2010 budgetary process and how they defined success was difficult to understand and define and was situated within a context requiring a data collection methodology that was sensitive to multiple meanings (Bogdan & Biklen, 2007). Additionally, the economic crisis and its impact on the state-related research universities provided a unique opportunity to examine the actions of the in-house lobbyists during the budgetary process because their actions were often reported in media outlets, whereas during a business-as-usual budgetary process, their actions would go unreported. These media reports gave me a way to confirm what I learned from the lobbyists themselves. Also, this descriptive case study is bounded by time—it will examine the time period between the passage of 2009 FY appropriation (July 1, 2008) to the passage of the FY 2010 appropriation for the state-related institutions (December 17, 2009).

Data were collected through interviews and document analysis. Semi-structured interviews were conducted with the in-house lobbyists who deal specifically with state appropriation issues. Document analysis was used to provide background information about lobbying and lobbyists in public higher education as well as the current economic crisis and its effect on Pennsylvania and the state-related research universities. This information was used to frame the current context of the in-house higher education lobbyists at the state-related public research universities of Pennsylvania.

**Conceptual Framework**

The conceptual framework that was used to examine how the lobbyists at the state-related universities responded to the economic crisis as it affected the FY 2010 appropriation process and how they defined successful lobbying within that environment was the political perspective (Bolman & Deal, 2008; Kotter, 1985; Pfeffer & Salancik, 2003, Pfeffer, 1981, 1992; Oliver,
1991). This perspective was chosen because the lobbyists of the state-related universities are political actors that operate in a shifting political state environment where they are dependent on the Commonwealth of Pennsylvania for a portion of the university’s annual resources and compete with organizations with heterogeneous and homogeneous goals for those scarce resources (Bolman & Deal, 2008). Because of the heterogeneity of goals that exist between organizations and the scarcity of resources, conflict occurs. However, “from a political perspective, conflict is not necessarily a problem or a sign that something is amiss” (Bolman & Deal, 2008, p. 206). As Pfeffer (1981) states, “conflict is viewed as normal or at least customary in political organizations” (p. 28). Because conflict is seen as normal or at least customary, the political perspective asserts that power becomes the most important asset in defining goals and coming to decisions (Bolman & Deal, 2008).

Resolving conflict between organizations is not emphasized in the political perspective as much as tactics and strategy to increase power and arrive at goals and decisions regarding the allocation of resources that are beneficial to the organization. The tactics and strategies to accrue, or increase power, have been studied by many scholars and will be discussed further in the literature review and analysis sections of this dissertation.

**Significance of Study**

This descriptive qualitative examination adds to our understanding of in-house lobbyists at public research institutions as the literature on in-house lobbyists at universities and colleges is scarce. The number of colleges and universities that employ in-house lobbyists has increased (Ferrin, 2003, 2005) yet, there has been little research conducted on this growing area of higher education. In his review of the literature, McLendon (2003) found that while there has been some research on higher education lobbying at the national level, “relatively little research in recent
decades has examined how state political institutions and processes have affected higher education and vice versa” (p. 169). Secondly, I wanted to investigate how in-house higher education lobbyists address an economic crisis as it relates to the state appropriation process as well as how they define successful lobbying within that context. The economic crisis stimulated a lot of media coverage of how it was adversely affecting higher education institutions in Pennsylvania. The media coverage provided an excellent opportunity to observe the actions of the in-house lobbyists of the state-related universities as they dealt with the FY 2010 budgetary process and also gave me a way to confirm what they told me in their interviews.

Using the political perspective as a conceptual framework helped explain how the in-house lobbyists at the state-related research universities worked to influence the appropriation decisions of FY 2010 as well as other decisions and other pieces of legislation that affected the state-related universities. The context of the economic recession exposed the tension between the state and the state-related public research universities that exists in the appropriation process. The institutions of higher education as represented by its in-house lobbyist(s) had a desired end in mind, but those in the environment of the state had their own objectives and goals. Through the use of various tactics and strategies, both sides worked to consolidate or gain power over the decision. Success, on the other hand, was viewed differently by various stakeholders. The appropriation process for FY 2010 was full of many decisions that shaped the context of defining success in lobbying.
CHAPTER II: Review of Literature and Conceptual Framework

To explore how the in-house lobbyists at the public research universities of Pennsylvania addressed the appropriation process during the economic crisis and how they defined success within that context, the literature on lobbying and lobbyists was reviewed. I describe the historical background and definitions of the words lobbying and lobbyist and then briefly examine the history of lobbying in the United States. I then examined the research on success in lobbying/interest group representation within the legislative branch. The research on the lobbyists themselves and what they do, the nature of their work, the tactics they use, and how they explain what they do to the organizations they serve was reviewed. Next, the research on lobbying in higher education was examined both at the national and state levels, including the limited studies that have examined higher education lobbyists themselves. The literature on the factors that affect state appropriations to higher education was reviewed. Finally, the conceptual framework is discussed and described. The review of the literature informed the conceptual framework and provided insight into how the political perspective and case study design could be used to analyze the actions of the in-house lobbyists at the state-related universities.

What is Lobbying?

The word “lobby” originally referred to the entry hall in the British House of Commons, where citizens would gather to plead their causes to members of Parliament. Lobbying came to refer to face-to-face individual meetings between interests and legislators (Baumgartner & Leech, 1998). According to Schriftgiesser (1951), the word “lobby” did not appear here in the United States until 1829. H. L. Mencken called the individuals who roamed the halls of the New York State capitol building petitioning legislators for special favors “lobby-agents.” It was not
until 1946, when Congress passed the Federal Regulation of Lobbying Act that the term was given a legal definition (Schriftgiesser, 1951).

However, the definitions of lobbying have been greatly expanded since those days and refer to interest representatives contacting bureaucracies, courts, office of the president or governor, as well as legislatures. In addition to directly contacting elected officials and bureaucrats, lobbying can also refer to using media campaigns to promote a group’s identity or interests to elected officials, using grassroots advocacy techniques such as e-mail or telephone campaigns, the publication of research reports, and testifying at legislative hearings (Baumgartner & Leech, 1998; Nownes, 2006).

Baumgartner and Leech (1998) simply state that lobbying is “an effort to influence the policy process” (p. 34) and Nownes (2006) states that lobbying “is an effort designed to effect what the government does” (p. 5). Nownes emphasizes that lobbying is a process rather than a singular event. For states and the federal government, lobbying is legally defined. Pennsylvania defines lobbying in their state code as: “Lobbying—An effort to influence legislative action or administrative action.” The term includes the following:

(i) Providing any gift, entertainment, meal, transportation or lodging to a State official or employee for the purpose of advancing the interest of the lobbyist or principal.


What is a Lobbyist?

A lobbyist is a “person who tries to influence legislation on behalf of a special interest” (Dictionary.com). Legally however, the definition of lobbyist is more elaborately defined. In Pennsylvania, a lobbyist is defined as:
An individual, firm, association, corporation, partnership, business trust or business entity that engages in lobbying on behalf of a principal for economic consideration. The term includes an attorney who engages in lobbying. The term does not include an individual who receives economic consideration which is de minimis\(^2\). Membership in an association alone is not sufficient to make an association member a lobbyist (51 Pa. Code § 31.1. Definitions).

**A Brief History of Lobbying in the United States**

No one knows who the first lobbyist was in U.S. history, but lobbyists and lobbying have been viewed by many people throughout history as something negative—something to be curtailed. Lobbying has been present in the United States since its creation. In 1787 and 1788, when the states were debating whether or not to ratify the Constitution, James Madison, Alexander Hamilton, and John Jay wrote a series of articles in support of the new government—the Federalist Papers. While lobbying is not mentioned by name in the papers, (the word did not have today’s meaning), the activity was described in Federalist No. 10 by James Madison.

Madison worried about the power of factions within the fledgling country, he writes, “[B]y faction, I understand a number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community” (1787).

According to Schriftgiesser (1951), Alexander Hamilton holds the distinction of creating the first business lobby, when he created the Philadelphia Society for the Promotion of National Industry. Industrialization and growth caused the practice of lobbying to grow exponentially (Schriftgiesser, 1951). With the growth of the lobbyists, came accusations and revelations of

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\(^2\) So small or minimal in difference that the law does not take it into consideration.
political corruption. James Buchanan wrote James Pierce in 1852 telling him of the need to restrict lobbying in Washington, D.C.: “[T]he host of contractors, speculators, stockjobbers, and lobby members which haunt the halls of Congress, all desirous *per fas aut nefas* [right or wrong] and on any and every pretext to get their arms into the public treasury are sufficient to alarm every friend of his country. Their progress must be arrested” (as cited in Schriftgiesser, 1951, p. 7).

The federal government was not alone in its desire to curtail the activities of lobbyists. States have also tried to “arrest” the progress of lobbyists and their activities. In Georgia’s 1877 Constitution lobbying became a crime. Massachusetts passed an anti-lobbying act in 1890 that became the model for similar acts passed in Maryland and Wisconsin (Schriftgiesser, 1951, p. 20). However by 1951, when Schriftgiesser wrote his book entitled *The Lobbyists: The Art and Business of Influencing Lawmakers* a change of sorts had taken place with how people regarded lobbyist and lobbying. Schriftgiesser writes,

> at its highest level, which it attains more often than is perhaps generally realized, lobbying is a positive good. At its common level, if it is not closely watched, it is more often than not detrimental to the welfare of representative government. When it falls to its lowest level, as it has often done in our time, it is morally indefensible and a criminal offense against the people (p. 3).

Although Schriftgiesser acknowledged that lobbying could be harmful for “the people,” he also acknowledged its positive uses. During this same era, scholars, recognizing the influence that lobbyists and interest groups could wield within the political process, began conducting what has become almost six decades of research (Andersen, 1976).
Since Truman’s (1951) book, *Governmental Process*, the research on interest groups and interest group representation has burgeoned (Baumgartner & Leech, 1998). According to Baumgartner and Leech (1998), the research on interest groups has made advances in the following areas: bias in mobilization, the occupational foundation of most interest groups, choice of tactics in lobbying (direct and indirect), the role that interest groups play to create understanding about issues over a long period of time, and the importance of establishing long-term lobbying relationships.

**Lobbying Success in the Legislative Branch**

The literature on lobbying activities and their impact on congressional voting reflects ambiguous results (Baumgartner & Leech, 1998). Smith (1995) critically reviewed the research on the effects of interest group activity on Congress and found that early studies from the 1950s and 1960s showed that lobbying efforts had little success in pressuring members of Congress or swaying their votes. However, the research showed that interest group lobbying effectively mobilized members that agreed with the position of the interest group (Smith, 1995).

Quantitative research from the 1980s and early 1990s suggested that the lobbying activities of interest groups might be more effective than previously believed, but “[J]ust how much more, however, still remains unclear” (Smith, 1995, p. 97). Smith argues however, that “there are methodological reasons to doubt all the statistical evidence,” (p. 104) collected over the years which leaves the relationship between lobbying efforts and congressional voting unclear. He states that studies that try to assess the impact of lobbying efforts on Congressional roll call votes suffer from two methodological flaws: first, the measuring the ideology of the members of Congress; and second, studies that examine lobbying influence fail to measure “the direction of
and intensity of the preferences of constituency groups not affiliated with the interest groups under investigation” (Smith, 1995, p. 109).

Although the relationship between lobbying efforts and congressional voting remains unclear, other research has found that lobbyists play a much more important role in setting legislative agendas. Jones, Baumgartner, and Talbert (1993) in their examination of agendas and policy monopolies, found that interest groups play an important part in setting the legislative agenda by ”formulating questions, affecting public opinion, and defining the terms of the debate” (p. 190). Similarly, Kingdon (1984) found in his study on agenda setting that the role of interest groups in setting the federal agenda was significant. Smith (1995) critiques the evidence of both of studies, stating that neither of them provide sufficient evidence for the conclusions that are drawn, relying instead in Kingdon’s (1984) case, on impressions from interviews and case studies and in the case of Baumgartner and Jones (1993), “anecdotes”.

Smith (1995) believes that the evidence that supports the influence of interest groups in policy formulation is flawed because it relies heavily on only two kinds of evidence: 1) interviews with lobbyists, legislators, other government officials, etc., where the interviewer asks the individual to explain or assess the role and influence of the lobbyists and interest group in the formulation of policy; and 2) case studies, where the researcher relies on archival data, interviews, newspaper and magazine articles, and personal observations to build a case study that describes how the actions of a legislator or legislators were shaped by an interest group or groups (Smith, 1995). Smith (1995) views interviews as being problematic because they require the interviewee to assess the influence of many different individuals and groups in developing a policy—a difficult task. His critique of case studies is, for the most part, that they do not provide enough “information about the individual motivations, circumstances, and calculations of
Smith concludes his extensive literature review by stating that although our understanding of interest group influence has improved, that understanding is still nascent. “What we know is more speculative than definitive” (Smith, 1995, p. 122). He calls for more theoretical work to be conducted as to how interest groups influence the decisions made by Congressional members. Although this case study used interviews and archival data to understand how in-house lobbyists dealt with the economic recession of FY 2010 and how they defined success within that context, the purpose of this study was not to assess whether or not the lobbyists were influential, but rather how they responded to specific events within the FY 2010 appropriation process and to explain how they define successful lobbying for themselves.

Heinz et al. (1993), interviewed 776 interest group representatives and over 280 government officials in the policy domains of agriculture, energy, health, and labor, and found that “the principal finding of the various sorts of analyses is there is a considerable degree of uncertainty both in the nature of the decision process and in the outcome of issue events” (p. 358). They found that lobbyists with greater resources or prominence than other interest groups did not enjoy greater legislative success than their counterparts. The researchers found this to be true for the lobbyists in the agriculture, energy, and labor domains. In the health domain, lobbyists with greater resources or prominence performed marginally worse than their counterparts with regards to success (Heinz et al., 1993).

Heinz et al., (1993) went on to examine a number of lobbyist characteristics such as prior federal employment, to determine if they affected the success of the organization and/or lobbyist.
They found that very few variables had an effect on level of success. They found that to some extent, a lobbyist who had prior experience in a federal government agency or department was negatively associated with success. On the other hand, having a few years of federal experience appeared to be associated with higher success on the issue events studied by the researchers. However a point of diminishing returns was observed where federal experience in terms of years became counterproductive. Having high-level contacts did appear to play some role in achieving success (Heinz et al., 1993).

The “most important point, however, is that so much of the variance in success is not explained by these analyses” concludes Heinz et al., which suggest that success is “usually situation specific” (1993, p. 351).

The outcomes appear to turn less on the presence or absence of broad variables—organizational resources, political finance activity, partisan political affiliation, lawyers’ skills, or the pursuit of a congressional or an executive branch strategy—than on much more particular factors that vary from issue to issue (Heinz et al., 1993, p. 351).

In other words, a lobbyist’s choice of action are constrained by the interaction of events “with other events—past, present, and future” (p. 351). They conclude that success in lobbying is difficult to measure and account for because success is defined in a variety of ways, and depends on the issue. This study will address lobbyist success in a situation-specific way. The context of the economic crisis and its effect on the state-related research institutions will provide the backdrop against which success is described and defined.
Lobbying success in the legislative branch at the state level.

Most research on interest group influence on policy process or outcomes have been conducted at the national level, but very few have looked at the individual states (Smith, 1995). In one such study, Gray, Lowery, Fellowes, and McAtee (2004) examined whether or not states’ policies reflected public opinion or if interest groups could alter state policy contrary to the will of the public. They found that interests were able to influence public policy only marginally (p. 419). They caution, however, that their analysis only examined the influence of interests as a community on the direction of public policy, and not the influence of specific interest groups on specific pieces of legislation (Gray, Lowery, Fellowes & McAtee, 2004). Jenkins (2004) examined the influence of interest group campaign contributions on roll call voting behavior in two U.S. state lower chambers and found that interest group contributions rarely influenced roll call voting behavior.

With inconclusive evidence as to how interest groups shape agendas, policy alternatives, mobilize or persuade congressional subcommittees, or voting behaviors, it appears that success for interest groups and the lobbyists who represent them may need to be studied differently. As Lowery (2005) states, success needs a new definition.

Research on the Lobbyists Themselves

Although there are many studies that examine how interest groups shape policy agendas or outcomes, the literature on the individual lobbyists themselves is sparse. As Heinz et al. (1993) state at the beginning of their large and extensive study on interest representatives, [A]lthough the interest group literature often recognizes the potential significance of representatives to the political behavior of organizations, it largely proceeds as though the units of action are the organizations themselves and treats the lobbying
as if it were undertaken directly by the organization, with the individual representatives having no separate existence or autonomy (1993, p. 11).

They continue,

There is little discussion of the relationship between the individual representative and the organization that he or she represents, and the scholarly literature does not include a comprehensive, empirical analysis of private representation that spans a range of issues and organizations at both the individual and organizational levels of analysis (p.10-11).

This study added to the research on lobbyists at the individual level of analysis by examining how lobbyists for an organization (the state-related research universities) lobby during an economic crisis and how they view successful lobbying within that context. To develop a better understanding of the lobbyist on an individual level of analysis, I examined the research on the nature of their work, the tactics they use, and how they describe success to the organizations they serve.

**What lobbyists do—the nature of their work.**

Heinz et al., (1993) in their examination of federal lobbyists in four policy domains (Agriculture, Energy, Health, and Labor) found that interest representatives specialized in one domain, and concentrated on one subfield within that domain. While interest representative specialized in one domain, the variety of tasks that lobbyists engage in varies widely. Heinz et al., (1993) asked their sample of representatives to rate the importance of eighteen different tasks, the responses of which were loaded onto four factors and a factor analysis conducted for each of the items. They also reported the percentage of representatives that believed the task was of great or considerable importance. The four factors related to broad types of tasks—
government relations tasks, working with interest group networks, public presentation, and litigation. The most heavily loaded activity associated with government relations activities was monitoring changes in rules, regulations, or laws followed by providing written information to officials, maintaining general relations with officials, maintaining informal, substantive contacts with officials, drafting legislation, and alerting client organization about issues (Heinz et al., 1993, p. 99). Eighty-four percent of the sampled representatives felt that alerting client organization about issues was of great or considerable importance, followed by 64 percent of representatives stating that maintaining general relations with officials was of great or considerable importance. Monitoring changes in rules, regulations, or laws was considered of great or considerable importance by 62 percent as was maintaining informal, substantive contacts with officials.

Nownes (2006) reported similar findings, stating that lobbyists spend a great deal of time in monitoring and interacting with their organizations or clients. Nownes distinguishes between two kinds of monitoring—policy monitoring and compliance monitoring. Nownes (2006) defines policy monitoring as “identifying potential government actions that may affect a lobbyist’s client(s) or organization” (p. 44) in order to determine what lobbying actions would best serve their organization. Compliance monitoring, on the other hand, is used by lobbyists to identify government decisions that will require the compliance of the organized interest (Nownes, 2006). Rosenthal (2001) as well asserts that tracking legislation is a large part of what lobbyists do, and states that a lobbyist may need to watch upwards of 500 bills for their clients or organizations they represent. However, few bills will significantly impact the organization, and fewer still will be enacted into law (Rosenthal, 2001).
What lobbyists do—tactics they use.

Berry (1977), in his study of national public interest lobbyists, interviewed lobbyists from 83 public interest groups which fit into seven broad categories—environmental, general politics, consumer groups, church organizations, civil rights-poverty, peace-arms, and miscellaneous. He found that 53 percent of the lobbyists he interviewed felt that personal presentation or face-to-face contact with government officials was considered the most effective tactic. He also found that face-to-face contact with individuals of the legislative branch was difficult to achieve, with lobbyists meeting far more often with staff members of a representative or senator (p. 215). Testifying at a congressional hearing however, was only viewed by 20 percent of the surveyed lobbyists as being a very effective tactic. Grassroots efforts such as writing letters and having an influential member of the organization contact a governmental official were viewed as being very effective tactics by 47 percent and 34 percent of lobbyists respectively (Berry, p. 214). Public relations efforts and publishing research was viewed as being very effective by 24 percent and 30 percent of lobbyists respectively. In contrast to the findings of Heinz et al., (1993), 29 percent of the public interest lobbyists surveyed felt that litigation was a very effective tactic. Such tactics as political demonstrations or contributing money to candidates were viewed by very few lobbyists as being very effective (eight percent and six percent respectively).

What lobbyists do—explaining their performance to the organizations they serve.

Nownes (2006) states that lobbyists spend part of their time “justifying their existence” (p. 54). He explains, “many public policy lobbyists in particular spend nontrivial amounts of time reporting to their bosses and/or clients . . . [l]obbyists are forced to justify their existence primarily because of the expense” (p. 54). Among the lobbyists Nownes interviewed in his study was a lobbyist who worked for a university; the higher education lobbyist reported to a
chancellor three or four times a day. That seemed to be an extreme case Nownes states, but reporting to their bosses on a weekly basis to discuss the issues they were working on and what progress they had made seemed to be the norm for many lobbyists. Nownes also found that among the lobbyists he interviewed that they needed to appear to stay busy and productive for their bosses, not only because of the cost of lobbying, but because “evaluating a lobbyist’s performance is exceedingly difficult” (2006, p. 55). More often than not Nownes (2006) points out, lobbyists cannot report to their bosses or clients a conspicuous success story. Rosenthal (2001) states that success in lobbying is rarely associated with a single event. Many issues come back year after year and will require continuous lobbying efforts. Rosenthal believes that one reason that issues resurface year after year is because the actors that are interested in the issue are never fully satisfied with the results. “Issues may be redefined as time passes, but in the struggle among groups, they are never truly resolved” (Rosenthal, 2001, p. 63). An example of an issue that is never resolved is the yearly appropriation process that a public university must go through.

**Research on Higher Education Lobbying and Lobbyists**

There is little recent research on lobbyists in higher education and even less research looking at higher education lobbyists at the state level. Cook (1998) examined higher education lobbyists at the federal level for the Big Six higher education associations (i.e., such as the Association of American Universities (AAU) and the Association of Public and Land-grant Universities (APLU)), but did not examine lobbyists for individual institutions nor did she look at the lobbying efforts of institutions at the state level. She mentions that many college and university presidents were critical of lobbying efforts of the Big Six associations because they did not address the specific concerns of their institutions. Those universities that could afford it
turned to contract lobbyists and internal staff to pursue their institution-specific needs at the federal level (Cook, 1998).

**Higher education lobbying and state appropriations.**

Some of the research that has been done on higher education lobbyists at the state level has addressed their role in the state appropriation process—on which many public higher education institutions depend on for their survival. Weerts and Ronca (2008) found that lobbyists for public universities have a limited impact on appropriations legislation where the state had a poor economy, intense budget competition among petitioners, or a history of poor support for higher education. The study was based on quantitative data on appropriations spending from 43 states at 1,053 public institutions.

Tandberg (2007) on the other hand, found that one of the single most powerful predictors of state support for higher education was the relative size of the higher education lobby in relation to other state interests. Tandberg’s analysis, however, did not address the lobbying efforts of individual campuses. Regardless of lobbying efforts he conceded that, “when the economy is bad, states will reduce funding to higher education in order to balance the budget” (Tandberg, 2007, p. 84). This finding confirms the conclusions of other researchers and aptly describes the state environment in which the in-house lobbyists of the public research universities had to work during the FY 2010 appropriation process (Weerts & Ronca, 2008; Hovey, 1999; Humphreys, 2000; Kane & Orszag, 2003)

**Dissertations that examine higher education lobbying.**

There have been a number of dissertations that have examined lobbying in higher education. Many of them look at effectiveness of lobbying techniques or tactics within a state legislature context (Andersen, 1976; Helms, 1993; Murphy, 2001). Others examine: the
influence lobbying and lobbyists can have on obtaining appropriations (Gaston, 1982; Key, 1993; Mayes, 1989), state student financial aid (Melecki, 1991), and on affecting policy—at the campus level, state, and federal levels (de Give, 1995; Keese, 1990, Knorowski, 2000, Palumbo, 1988, Phillips, 1991). Methodologically, many of the dissertations used qualitative research designs—of which the case study design seemed to be the most often used.

**Research on higher education lobbyists.**

A dissertation the specifically examined lobbyists in higher education, was the work of Scott Ferrin (1996). Ferrin used his dissertation data to produce two additional articles on higher education lobbyists (2003, 2005). Ferrin (1996, 2003, 2005) examined in-house lobbyists at both public and private colleges and universities. In his 2003 article, Ferrin interviewed lobbyists and presidents at 20 universities and administered a national survey to in-house higher education lobbyists. He found that in-house lobbyists may not have received much examination or attention because their existence is not always widely known. This was often done on purpose by the lobbyist and institution, as a visible lobbying effort tends to breed controversy (Ferrin, 2003).

**Tactics used by higher education lobbyists.**

In his 2005 article, Ferrin compared preferred lobbying tactics of in-house lobbyists at higher education with other public interest lobbyists. From his sample, he found that in-house lobbyists prefer to use personal contact with legislators, have influential alumni contact legislators, or use public relation campaigns. Oddly, he also found that in-house lobbyists did not rely on releasing research findings and they rated contributions to political campaigns higher than expected. From his research, Ferrin (2005) concluded that the tactics used by in-house higher education lobbyists differ from other types of lobbyists.
The State Environment and its Effect on State Higher Education Appropriations

Public universities’ reliance on state governments for funding stems from a Supreme Court decision made in 1819. The Trustees of Dartmouth College v. Woodward (17 U.S. 518) involved a conflict between the trustees of Dartmouth College and the state legislature of New Hampshire. The legislature wanted to make Dartmouth College a public institution so that the state would have some say in governance issues at the college (the trustees would be appointed by the governor). In the majority opinion issued by the Supreme Court however, Chief Justice John Marshall held that the College’s charter was a contract between two private parties and could not be broken by a state law created to that end (17 U.S. 518). As a result of the case, Dartmouth College remained independent of state control and two types of legally defined higher education institutions were created—public and private. Until the Dartmouth case, states had provided funding to higher education institutions within their boundaries regardless of whether the state had created them or they had been founded by private citizens.

After the Dartmouth decision, states began to withdraw their support from private institutions (Tolbert, 1985). Private institutions became reliant on tuition and fees, gifts, and donations for their funding, while their public counterparts could rely on (at least in part) state legislatures for financial support. Over time, different relationships have been created for public and private institutions because of differing sources of funding. According to Tolbert (1985), between 1939-1974, state legislatures supplied between 42 to 65 percent of the funding to public colleges and universities, but that percentage has decreased significantly in the last three decades. Weerts and Ronca (2006) write that state appropriations for public colleges and universities have declined 40 percent since 1978.
**Effect of economic and demographic variables on state appropriations.**

The worlds of public higher education and politics are intricately intertwined. Public research institutions rely in part on a yearly state appropriation for operating expenses while federally supplied financial aid and research grants supply needed funding for students to pay their tuition bills and for faculty to conduct their research. Weerts and Ronca (2006) state that public colleges and universities have experienced a decline in state support due in part to a number of recessions over the past 25 years, as well steep cuts in federal funding for state and local programs. Medicaid expenditures are projected to claim larger shares of public funding as the Baby Boomer generation ages (Weerts and Ronca, 2006). The health of the economy has a large impact on state appropriations for higher education. When the economy is doing poorly, the appropriations for higher education will suffer, often disproportionately, when compared with other items in the state budget. According to Cheslock and Gianneschi (2008) higher education is a discretionary budget item that is often moved to the end of the line in funding priority. Rizzo (2004) states that during economic distress, higher education bears “a disproportionate burden of state funding cuts” because it has the ability to secure resources from a variety of sources including tuition. Master’s colleges and research universities are more susceptible to funding cuts in comparison to community colleges because they are more exclusive, more expensive, and have the ability to bring in revenues from a variety of sources (Rizzo, 2004; Weerts & Ronca, 2006; Weerts & Ronca, 2008). Public higher education is seen by many legislators as a “budget balancer” because they know that a portion of an institution’s annual budget can be accounted for by raising tuition and fees, through alumni donations, and by obtaining federal and corporate-funded research grants (Ruppert, 1996, p. 9).
Institutions of higher education also compete for scarce state dollars with other state budget items such as K-12 education, Medicaid, public assistance, and corrections (Tandberg, 2007; Rizzo, 2004; Weerts & Ronca, 2006; Weerts & Ronca, 2008). Kane, Orzag, and Gunter (2003) predict that as the Baby Boomers age, state Medicaid expenditures will increasingly crowd out funding for higher education. Another economic predictor is what an institution received the year before (Weerts & Ronca, 2008). Ruppert (1996) states that K-12 education is the largest budgetary component of states followed by Medicaid expenditures.

Appropriations for higher education are also affected by demographic variables; funding for higher education is likely to be lower in states with high unemployment rates (Weerts & Ronca, 2008). Lower appropriations for higher education were also associated with states that have a high per-capita income or large population of college-age citizens (Tandberg, 2007; Weerts and Ronca, 2008). Weerts and Ronca (2008) interpreted these findings to mean that states with higher per-capita income with few public universities were more likely to opt for private higher education and states with a high percentage of college-aged citizens had a smaller percentage of citizens contributing to the state’s tax base.

Effect of political variables on state appropriations.

Political variables also affect appropriations to higher education. The higher education appropriation process is a political process—involving different government branches and departments, interest groups, political actors and their attributes (e.g., party affiliation, etc.), and the general public. Tandberg (2007) investigated the effect of political variables on state higher education appropriations—both appropriations per $1,000 of personal income and higher education appropriations as a share of state general funds and found: the more liberal a state’s citizenry is, the more supportive of higher education they are, but that ideology had little impact
on the share of the general state funds for higher education; a professional legislature was associated with greater state financial support for higher education per $1,000 of personal income and total share of the general funds; a uni-party legislature had an negative effect on higher education funding per $1,000 of personal income, but no effect on the share of the general funds that went to higher education.

A more centralized higher education governance structure had a negative effect on state higher education appropriations per $1,000 of personal income, but no effect on the share of the budget going to higher education. A Democratic governor was associated with greater funding for higher education per $1,000 of personal income, but less funding for higher education as a share of the general funds. Weerts & Ronca (2008) state the opposite—Republican governors were more willing to fund higher education. Tandberg (2007) found that a more Democratic legislature was associated with increased appropriations per $1,000 of personal income, but had no effect on the share of general funds for higher education; and the budgetary powers of the governor had no significant effect on higher education appropriations per $1,000 of personal income, but did have a negative effect on the total share of the general budget that went to higher education.

Summary of Research

Past research on lobbying and lobbyists has examined the impact of lobbying on setting the federal legislative agenda, on federal legislation per se as well as state level legislation (Jones, Baumgartner, and Talbert, 1993; Baumgartner & Leech, 1998; Gray, Lowery, Fellowes, and McAtee, 2004; Heinz et al., 1993; Jenkins, 2004); the results of these studies have been inconclusive as to the impact of lobbying and lobbyists. The research on the work of lobbyists (Heinz et al., 1993; Nownes, 2006; Rosenthal, 2001) lobbying tactics (Berry, 1977), how
lobbyists spend their time (Nownes, 2006), and the performance of lobbyists to their organizations (Nownes, 2006; Rosenthal, 2001) was reviewed. The conclusions drawn by Weerts and Ronca (2008) and Tandberg (2007) maintain that the impact of higher education lobbyists on the appropriation process during an economic recession is limited. The work of Ferrin (1996, 2003, 2005) examined the characteristics of in-house higher education lobbyists and what tactics they employ. I also examined the political and demographic variables that affect higher education appropriations.

This study sought to add to the literature on higher education lobbyists by examining how they addressed an economic crisis and its impact on the appropriation process. This research also asked the lobbyists to define and assess success for themselves rather than build a case study using published documents and interviews to ascertain success of their lobbying efforts regarding the FY 2010 appropriation process.

**Conceptual Framework**

As was stated in the Introduction, the political perspective was chosen as the conceptual framework in which to analyze the actions of the in-house lobbyists as they dealt with the appropriation process of FY 2010 and to interpret how they defined success, specifically within that time frame. The state-related universities are dependent on the Commonwealth of Pennsylvania for a portion of their yearly revenues and to obtain those resources they must negotiate within a highly charged political environment where they are forced to compete against many other interests and groups for scarce resources. Thus, the state-related universities employ lobbyists to engage political actors to promote and protect institutional interests (Bolman & Deal, 2008; Pfeffer & Salancik, 2003). As discussed earlier, because organizations have differing goals and because resources are often scarce, conflict is a “natural” (i.e., customary or normal) result
(Pfeffer, 1981). Because conflict is the expected norm, decisions regarding the allocation of resources are resolved through the exercise of power. According to Pfeffer (1981),

Given conflicting and heterogeneous preferences and goals and beliefs about the relationship between actions and consequences, interdependence among the actors who possess conflicting preferences and beliefs, and a condition of scarcity so that not all participants can get their way, power is virtually the only way to resolve the decision. There is no rational way to determine whose preferences are to prevail, or whose beliefs about technology should guide the decision. There may be norms, social customs, or tradition which dictate the choice, but these may be all efforts to legitimate the use of power to make its appearance less obtrusive. In situations of conflict, power is the mechanism, the currency by which the conflict gets resolved. Social power almost inevitably accompanies conditions of conflict, for power is the way by which such conflicts become resolved (p. 70).

Resolving conflict among organizations is not emphasized in the political perspective as much as tactics and strategies to increase power and arrive at competing often disparate decisions regarding the allocation of resources that are beneficial to the different organizations. Oliver (1991) states that organizations seek to increase power not only to obtain resources and beneficial decisional outcomes, but to increase stability and to reduce environmental uncertainty. These underlying assumptions of the political perspective are delineated in Table 1.
Table 1

Assumptions of the Political Perspective

<table>
<thead>
<tr>
<th>Because</th>
<th>It Follows That</th>
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<tbody>
<tr>
<td>Organizations are interdependent, have heterogeneous goals and preferences, and often compete for scarce resources</td>
<td>Conflict occurs; but within the political perspective conflict is viewed as normal or customary. Power becomes the most important asset in defining goals and reaching decisions that are favorable to an organization</td>
</tr>
<tr>
<td>Resolving conflict is not emphasized in the political perspective</td>
<td>Tactics and strategies to gain or increase power become ends in themselves</td>
</tr>
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</table>

According to Pfeffer (1992)

[Power]ower is used more frequently under conditions of moderate interdependence.

With little or no interdependence, there is little or no need to develop power or exercise influence. By the same token, when interdependence is great, people have incentives to work together, forge common goals, and coordinate their activities (i.e., resolve conflict). If they ignore these incentives, then their organization or group is likely to fail (p. 38).

Oliver (1991) created ten hypotheses that predict how an organization responds to environmental pressures based on the level of interdependence between the organization and the institution upon which it at least partially depends. For the present study, the institution as described in the hypotheses of Oliver (1991) represents the state political environment and the organization represents the state-related research universities of Pennsylvania. Institutional pressures are defined as proposed or passed state initiatives, rules, or legislation that impact the state-related public research universities in some way. Dependence, for the present study, is defined in economic terms; the state-related research universities are dependent on the state for a
portion of their yearly revenues. Several of Oliver’s hypotheses are relevant for the present study.

Hypothesis 2 states that the “lower the degree of economic gain perceived to be attainable from conformity to institutional pressures, the greater the likelihood of organizational resistance to institutional pressures” and hypothesis 4 states the “lower the degree of external dependence on pressuring constituents, the greater the likelihood of organizational resistance to institutional pressures” (Oliver, 1991, p. 160, 162). The state-related public research universities (organizations) depend on the state (institution) for a percentage of their overall revenues, but over time, that percentage has significantly decreased. According to hypotheses two and four, dwindling economic benefit from compliance with state pressures and dwindling dependence on the state for economic support will increase the likelihood that the state-related research universities will resist conforming to state pressures (i.e., legislation or rules). For example, if the governor asks the state-related research universities to decrease tuition costs, the likelihood of compliance will be low at least in part because state support covers a smaller and smaller percentage of total costs and because the universities’ dependence on the state for economic support is dwindling.

Hypothesis 3 states, “The greater the degree of constituent multiplicity, the greater the likelihood of organizational resistance to institutional pressures” (Oliver, 1991, p. 162). The state-related public research universities have a multiplicity of constituents to whom they answer—affiliations (e.g., Association of American Universities [AAU]), accreditation organizations, students, faculty, research sponsors, the federal government, and the state, which creates conflicting and opposing demands on the universities. According to hypothesis three, with many
constituents to serve, the state-related research universities will be less likely to conform to state pressures.

Hypothesis 10 states that, “the lower the degree of interconnectedness in the institutional environment, the greater the likelihood of organizational resistance to institutional pressures” (Oliver, 1991, p. 170). The state-related status affords the state-related universities much more autonomy over governance issues than the other public colleges and universities in Pennsylvania, thus decreasing the interconnection between the state-related universities and the state. According to hypothesis 10, a lower degree of interconnection will increase the likelihood that the state-related universities will resist pressures from the state to conform.

However, hypothesis 9 states that the “lower the level of uncertainty in the organization’s environment, the greater the likelihood of organizational resistance to institutional pressures” (Oliver, 1991, p. 170). Given the uncertainty created by the economic conditions that existed during the FY 2010 appropriation process, this should, according to hypothesis nine, decrease the likelihood that the state-related public research universities would resist conformance pressures from the state.

From Oliver’s (1991) hypotheses, there are several factors that are predicted to increase the likelihood that the state-related public research universities will resist pressures from the state to conform, but the uncertainty surrounding the FY 2010 appropriation process created by the economic crisis should decrease the likelihood of resistance, in other words, increase the likelihood to conform to state pressures. Resistance and conformity pressures intermixed and co-mingled during the FY 2010 appropriation process and will be discussed in much greater detail in the findings of this study.
**Sources of power: Strategies and tactics to gain or increase power.**

In order to resist unwanted pressures from the environment and pursue favorable outcomes, power must be maintained or accrued. Power is maintained or accrued in a number of ways (Pfeffer, 1992, 1981; Kotter, 1985; Kipnis, Schmidt, & Wilkinson, 1980; Bolman & Deal, 2008). Sources of power can come from; a position and place within an organization, personal characteristics and attributes of an individual or individuals involved in the decision process, or knowledge bases. Sources of power can be tactically or strategically used to maintain or increase power. For example, personal characteristics such as energy and stamina (a source of power) can be strategically used to increase power during a decision process. Table 2 provides a list of sources of power as well as strategies and tactics used to maintain or increase power. Table 2 was created from the works of Pfeffer (1981, 1992) and Kotter (1985) who have researched and written about how power is developed within organizations, and Bolman and Deal (2008), who research and write about organizational theory. Because there is overlap between sources of power and strategies/tactics to gain or increase power, some sources of power are also listed in the tactics and strategies column. If a source of power is listed in both columns, it will only be discussed once in the paragraphs that follow. I explain, however, that the source of power is also a strategy and/or tactic to obtain or increase power. Table 2 is not viewed as being an exhaustive list of sources or strategies for obtaining or increasing power, but rather a list that I thought would help explain the observed sources of power and tactics and strategies used by various actors within the FY 2010 appropriation process. The sources of power and strategies and tactics to accrue or increase power will be discussed in greater detail in the paragraphs following Table 2.
Table 2

Sources of Power and Tactics and Strategies within the Political Perspective

<table>
<thead>
<tr>
<th>Sources of Power</th>
<th>Political Tactics and Strategies</th>
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<tbody>
<tr>
<td>Formal Authority and position that offers control over resources</td>
<td>Control over the decision premises</td>
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<tr>
<td>Control over the decision premises</td>
<td>Access to and control over the agenda</td>
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<tr>
<td>Access to and control over the agenda</td>
<td>Control over the alternatives on the agenda</td>
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<tr>
<td>Control over the alternatives on the agenda</td>
<td>Information and Analysis</td>
</tr>
<tr>
<td></td>
<td>- Need for the appearance of rationality</td>
</tr>
<tr>
<td></td>
<td>- The more complex the issue, the less likely analysis will resolve the issue</td>
</tr>
<tr>
<td></td>
<td>- Complex issues open the way for selective use of information and analysis</td>
</tr>
<tr>
<td></td>
<td>- Determining the quality of a decision is difficult and avoided</td>
</tr>
<tr>
<td>Location in the Communication Network</td>
<td>Location in the Communication Network</td>
</tr>
<tr>
<td>Alliances, Networks, and Coalitions</td>
<td>- Building alliances or coalitions with internal and/or external parties allows stakeholders to extend their influence in the decision process.</td>
</tr>
<tr>
<td>Information and Analysis</td>
<td>Cooptation (Defined below)</td>
</tr>
<tr>
<td>- Need for the appearance of rationality</td>
<td>- Value Creating</td>
</tr>
<tr>
<td>- The more complex the issue, the less likely analysis will resolve the issue</td>
<td></td>
</tr>
<tr>
<td>- Complex issues open the way for selective use of information and analysis</td>
<td></td>
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<tr>
<td>- Determining the quality of a decision is difficult and avoided</td>
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Framing

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<th>Framing</th>
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<tbody>
<tr>
<td>Individual Attributes</td>
</tr>
<tr>
<td>- Energy and Physical Stamina</td>
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<td>- Ability to focus</td>
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<tr>
<td>- Sensitivity</td>
</tr>
<tr>
<td>- Flexibility</td>
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<tr>
<td>- Ability to tolerate conflict</td>
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<tr>
<td>- Submerging one’s ego and getting along</td>
</tr>
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</tr>
<tr>
<td>- Submerging one’s ego and getting along</td>
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</tbody>
</table>


**Sources of power.**

Formal Authority is a source of power—the ability to hire, fire, reward, and coerce other individuals—but one that is often taken for granted and accepted by those who work below the
individual with formal authority (Pfeffer, 1992). Coercion is a source of power which gives an individual or group the ability to “constrain, block, interfere, or punish” other individuals or groups” (Bolman & Deal, 2008, p. 203).

An important source of power and/or a political tactic/strategy is control over the decision premises. The decision premises are the constraints that affect a decision that need to be satisfied in order for a choice to be made (Pfeffer, 1981). Premises can be controlled by laws or organizational policies. However, these policies or laws can be “invented or reinterpreted on the spot to influence the decision in a desired direction by individuals involved in the decision process (Pfeffer, 1981, p. 116). According to Pfeffer (1981), those “social actors who either have or can acquire influence over the constraints and the values and the norms employed in the decision making process can substantially affect the decision of the outcome” (p. 116).

A source of power and/or political strategy is control over the agenda, the alternatives that are considered, and the information about them that is considered in a decision process. Pfeffer (1981) states, “one of the best and least obtrusive ways of exercising power is to prevent the decision issue from surfacing in the first place” (p. 146). What is on the agenda for consideration therefore becomes a subtle yet powerful way to exercise power. The alternatives that become part of the agenda can be controlled—what alternatives are considered and what information is available about those alternatives—to increase the position or favored decision of a stakeholder. For those who do not have power over the agenda, but who want to get their position or alternative onto an agenda, public appeals can be made to arouse interest and support (Pfeffer, 1981). “Those in a position to define the alternatives to be considered have tremendous impact on the final decision outcome, regardless of the voting or the decision rules used to make the final choice” (Pfeffer, 1981, p. 119). Linked to the control over the alternatives is control
over the information about the alternatives. Pfeffer and Salancik (2003) found that in assessing alternatives to be considered, stakeholders favor using criteria that favor their own position. Those individuals or groups who possess more power or are better equipped to push their perception of the alternatives and the criteria used to assess them will have more success in moving their alternatives forward (Pfeffer, 1981).

Position in the communication network is a source of power and a good strategy for developing power. Technical knowledge about the work process as well as knowledge about the social system that exists in the organization can produce power and are affected by position in the communication network of the organization. Those who are well placed in a communication network also tend to be central players in that network (Pfeffer, 1992).

Linked to position in the communication network is the power that can be derived or obtained from information and analysis. Individuals or groups that possess information or expertise in a subject area that is necessary for a decision will have power flow to them. According to Pfeffer (1992), organizations and individuals use analysis and information, often retroactively, to create the appearance that decisions are made in a rational way. All organizations according to Pfeffer (1992) “strive for the appearance of rationality and the use of proper procedures, which include using information and analysis to justify decisions, even if this information and analysis is mustered after the fact to ratify a decision that has been made for other reasons” (p. 248). Analysis also tends to make the use of power seem less obtrusive. However, there are limits to data and analysis. When complex decisions are being decided, there are inevitably many perspectives, data, and information as to what is the ‘best’ decision. However, how do stakeholders decide which information or data to use? In such situations, common sense and judgment are worth more than data and analysis according to Pfeffer (1992).
Many perspectives and conflicting information opens the way for the selective use of information, which will often reflect the interests of the individual or groups making the decision. Finally, the consequences of a decision are rarely visited because there is often no way to know if the right decision was made. This is true for a number of reasons: decisions often have very indirect connections to their supposed outcomes; the amount of time that is required to measure whether or not the decision had consequences or not; decisions often require collective responsibility and resources so determining who is at fault or to blame when the results are not good is difficult; and, collective responsibility for decisions often lead to a collective unwillingness to understand a failed decision (Pfeffer, 1992).

Being in the right sub-unit is a source of power. For example, in a state legislature the chairman of a committee has a varying amount of power based on the importance of the committee. The appropriations committee is a powerful committee because it has control of the “purse strings” and can exercise much influence over a state organization’s funding. Sub-units that are unified, that are adept at solving problems or are irreplaceable will also have power flow to them (Pfeffer, 1992).

Framing of issues and decisions and instilling them with meaning and symbols is a source of power. Creation of meaning can justify the positions and decisions made by individuals or groups and create larger support. It can also discredit or demonize the positions and persons who are in opposition to the position or decision made (Pfeffer, 1981). To this end, language, ceremonies, symbols, and settings are used. Framing is not one-sided, however, and can be used by those who are opposed to a position or decision; they can also use language and symbol to rally support for their position (Pfeffer, 1981). Pfeffer (1981) states that in this competitive
landscape of language and symbol, parties on both sides of an issue will appeal to similar norms, values, and beliefs.

Individual attributes can be a source of power and are discussed briefly. Pfeffer (1992) found that individuals who endured often triumph over cleverness, and individuals who were able to focus their energies and efforts succeeded. Individuals who were sensitive of others—able to understand others, their interests and attitudes, and how to reach them—were able to influence others. Those who were able to adjust their behavior (flexibility) according to what they learned by being sensitive to others were more successful. Because conflict is viewed as being ever-present within the political perspective, those who can tolerate conflict and are willing to engage in it will be more powerful. Finally, while being willing to engage in conflict can be a source of power, knowing when and how to put aside one’s ego can also be a source of power (Pfeffer, 1992).

**Strategies and tactics.**

As stated earlier, some of the sources of power also are strategies/tactics used to increase or maintain power. Sources of power and strategies that overlap already discussed earlier will not be mentioned here—only those strategies and tactics that have not been discussed.

A strategy and tactic to increase or maintain power is to build allies, networks, or coalitions. Organizations are divided into sub-units that depend on each other to accomplish tasks or objectives. They are also reliant on outside organizations oftentimes for resources and to meet objectives. Interdependence can be a source of conflict as has been stated, but also an opportunity for cooperation. Building alliances or coalitions with internal and/or external parties allows stakeholders to extend their influence in the decision process. According to Kotter (1985), there are four steps to exercising political power through coalitions and alliances. Kotter states,
1. Identify relevant relationships.


3. Develop, wherever possible, links with potential opponents to facilitate communication, education, or negotiation.

4. If step three fails, carefully select and implement either more subtle or more forceful methods (p. 59).

In addition to constructing relationships inside and outside of the organization, allies, networks, and coalitions can be built with those in positions above, below, or laterally (Bolman & Deal, 2008; Kipnis, Schmidt, & Wilkinson, 1980).

Cooptation is a unique form of coalition or alliance building wherein an organization tries to build support for the organization’s goals, objectives, and positions by giving a member of the organization whose support is needed a position on a committee or board in the organization that is seeking support (Pfeffer, 1981). This gives the co-opted member an insider’s view to the organization’s workings and challenges and instills in them an interest in the organization’s success (Pfeffer, 1981).

Bargaining and negotiation is an oft-used tactic that is needed “whenever two or more parties with some interests in common and others in conflict need to reach an agreement” (Bolman & Deal, 2008, p. 221). According to Bolman and Deal (2008), there are two approaches to negotiation—creating value and claiming value. The creating value approach uses creativity, inventiveness, and cooperation to create win-win solutions while the value-claiming approach views negotiation as a tough process where negotiators do what it takes to get as much benefit as possible for themselves and their position. Fisher, Ury and Patton (1991), proponents of the value-creating approach, argue that negotiation and bargaining are undermined when
people engage in defending their positions rather than their interests. They counsel that negotiators should: separate the people from the problem, then focus on the interests of the involved parties rather than their positions, generate more than one alternative for consideration, and finally, insist that objective criteria are used during the negotiations to weigh the alternatives that are generated (Fisher, Ury, & Patton, 1991).

According to Moore (1997), a strategy for a public organization to create value is to: 1) declare the purpose and mission of the organization; 2) account for the resources acquired from the government to “sustain society’s commitment to the enterprise;” and 3) explain how objectives will be achieved with the resources available to the institution (p. 71).

The value claiming approach, on the other hand, sees bargaining and negotiation as a process that brings together conflicting interests and preferences where what is important for one party is of little or no importance to another. Negotiation therefore, becomes a process of interdependent decisions that affect both parties, and in which one tries to predict the response of the other party to those decisions and limit their ability to respond. Additionally, the greater one party can keep the other in the dark and uncertain, the more powerful they will become. Negotiations and bargaining are characterized by making ample use of credible threats that the other party will believe. A key is not to over- or under-threaten the other party; under-threatening will leave one party looking weak while over-threatening may destroy negotiations completely or cause the other party to amplify their own threats (Bolman & Deal, 2008). This approach to negotiation involves using coercive power, which was discussed earlier.

Summary of Conceptual Framework

The political perspective was chosen to analyze the actions of the lobbyists because the state-related public research universities compete for state funding with other public higher
education institutions in Pennsylvania in a state environment characterized by scarcity and uncertainty (Pfeffer, 1981, 1992; Oliver, 1991). Although the state-related research universities rely on the state for a portion of their annual resources, it is small percentage-wise when compared to the other public institutions in the state. Also, the level of interdependence is lower for the state-related research universities than other public institutions and the number of constituents they serve, the state-related research universities will be less likely to comply with state pressures. This creates conflict between the state-related research universities and the state—which is viewed as being normal within the political perspective (Pfeffer, 1981). Power is the currency by which conflict is resolved.

Resolution is not emphasized in the political perspective, but rather tactics and strategies are situationally adopted to increase or maintain power. I listed a number of sources of power as well as tactics and strategies that were drawn from several academic sources (Pfeffer, 1981, 1992; Kipnis, Schmidt, & Wilkinson, 1980; Bolman & Deal, 2008; Fisher, Ury, & Patton, 1991; Moore, 1997) that proved useful in analyzing the actions of the lobbyists as they dealt with the events of the highly contentious FY 2010 budgetary process and will be discussed in the findings of this study. In the chapters that follow I will describe the method that was used to obtain and analyze the data, provide background information on the state-related universities, the financial relationship between the state-related universities and the Commonwealth of Pennsylvania, and describe the causes of the financial meltdown in the United States and how it affected Pennsylvania and the state-related universities during the budgetary process of FY 2010. I then discuss the findings to the research questions and conclude with some implications for practice and future research.
CHAPTER III: Method

The purpose of this chapter is to describe the research methods that were used in this study. The goal of this study was to: 1) describe the process of how the lobbyists of Pennsylvania’s three state-related public research universities worked through the budgetary process of FY 2010, which occurred during a time of severe economic stress. Additionally, this study sought to: 2) understand how success was defined by in-house lobbyists with regard to obtaining appropriations during FY 2010, and 3) how successful lobbying in general was defined by the in-house lobbyists at the state-related research universities. The data were collected by examining documents (newspapers, government reports, press releases, speeches, websites, and institutional documents) and interviewing the in-house state lobbyists at Penn State, the University of Pittsburgh, and Temple University. The results of the investigation will rely on the document analysis to provide context about the economic crisis that affected the Commonwealth of Pennsylvania, the state-related public research universities of Pennsylvania, their relationships with the state, the appropriations history of the institutions, and the appropriations process in Pennsylvania. Information was used from the interviews with lobbyists to elucidate how higher education lobbyists dealt with a severe recession, defined success during the FY 2010 budgetary process, and how they defined successful lobbying in general. In addition to data collection, this chapter will discuss quality issues—issues of validity and reliability—as well as the role of the researcher and what was done to address researcher bias.

Case Study Method

A descriptive qualitative case study was chosen for this study for a number of reasons. Yin (2002) explains that the case study is useful to answer “how” and “why” questions because these types of questions are explanatory in nature and require tracing “operational links” over
time (p. 6). This study is interested in examining the operational links between the Commonwealth of Pennsylvania and the public research universities that led to how the lobbyists of those institutions responded to the FY appropriation process. Additionally, Yin (2002) states that the case study is preferably used to examine contemporary events where the behaviors under study cannot be manipulated by the researcher. The research questions dealt with contemporary events surrounding the FY 2010 appropriation process in which I could not manipulate the behavior of the participants (Yin, 2003, p. 7). Also, how the in-house lobbyists dealt with the FY 2010 budgetary process and how they defined success was difficult to understand and define and was situated within a context requiring a data collection and interpretive methodology that was sensitive to multiple meanings (Bogdan & Biklen, 2007). The context was thought to be “highly pertinent” to the research questions under study (Yin, 2002). This research was also the exploration of a bounded system—there was a finite “quality” to this research in terms of time (from the passage of FY 2009 appropriation to passage of the FY 2010 appropriation) and space (the three state-related public research universities of PA) (Merriam, 2002).

This study was largely descriptive in nature because the purpose of the research questions was to accurately describe the FY 2010 budgetary process as it affected the state-related universities and how that context, in turn, affected how the lobbyists discussed their success. However, this study was also interpretative in that I developed a conceptual framework, derived from the political perspective to understand the actions and understandings of the in-house lobbyists (Pfeffer, 1981, 1992; Kotter, 1985; Bolman & Deal, 2008; Oliver, 1991). The data were collected and analyzed from three public research universities in Pennsylvania, but was considered a single-case study because the data were aggregated and compared.
To answer the research questions\(^3\), the political perspective was used as the conceptual framework because it provided a theoretical foundation to understand how the lobbyists dealt with the FY 2010 budgetary process and how they defined success within that context. The writings of Pfeffer (1981, 1992), Bolman & Deal (2008) and Kipnis, Schmidt, & Wilkinson (1980) were used to define and examine the strategies and tactics used by the lobbyists during the FY budgetary process, as well as their motivations for using them. The political perspective also provided a framework for examining successful lobbying during the FY 2010 budgetary process.

**Participant Selection**

Participants for this case study were drawn from the in-house lobbyists of Penn State, Temple University, and the University of Pittsburgh; specifically the in-house lobbyists that focused on state issues. Lincoln University was not included in this study because it does not employ an in-house lobbyist, but rather, employs two contract lobbyists. According to Pennsylvania’s State Department online lobbyist directory (2010), Penn State University has three registered Pennsylvania state lobbyists, all of whom have addresses located at the University Park campus in central PA. From Penn State’s governmental affairs website (Pennsylvania State University, 2009a), I learned that two of three reside at the University Park campus, while one actually works in behalf of the medical school and had an office in Hershey, PA. Temple University had 8 registered lobbyists under their name, and three lobbying firms (Pennsylvania Department of State, 2010). Four of those individuals have addresses based at the university, and of those four, one of those is the president of the institution. Of the remaining

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\(^3\) As a reminder, the research questions are: 1) How do the lobbyists at the state-related public research universities of Pennsylvania address a severe economic recession as it affected the appropriation process for FY 2010? 2) How do in-house lobbyists at the state-related public research universities of Pennsylvania define success, particularly during an economic crisis?
three, two worked exclusively on state government affairs issues for Temple, while the last is an assistant dean in the College of Liberal Arts (Temple University, 2009). The University of Pittsburgh has four lobbyists registered to them, and one lobbying firm (PA Department of State, 2010). Like Penn State, three of Pittsburgh lobbyists have campus addresses. According to the University of Pittsburgh’s governmental affairs website (University of Pittsburgh, 2009a), all three work on state government affairs issues, but one is listed as a staff assistant.

I chose to examine the public research universities for several reasons: 1) because they employ in-house lobbyists that focus specifically on state issues and 2) because they depend on the state of Pennsylvania for a portion of their annual revenues and thus are involved in the yearly state budget process; 3) because the FY 2010 budgetary process was a unique case for the state-related universities as it occurred during a major recession; 4) because the state-related universities were targeted during the FY 2010 state budgetary process by the governor and legislators in a number of detrimental ways; and 5) the public research universities of Pennsylvania are designated “state-related institutions,” which creates a number of legal ramifications for passing their appropriation bills that became a source of contention during the FY 2010 budgetary process. Lastly, 6) with professional connections to the lobbyists at Penn State University, I believed there would be a better chance of obtaining access to the lobbyists of the other public research universities of Pennsylvania.

Data Collection

To answer the research questions, the data were collected through external documents and semi-structured interviews. Document analysis was used to review newspaper articles, government reports, letters, speech transcripts, legislative committee meeting transcripts, press releases, institutional documents, and websites to reconstruct the story of the financial crisis for
Pennsylvania and its impact on the FY 2010 budgetary process and how the state-related institutions responded. From the document analysis, I created a timeline (See Appendix C) of important events that occurred prior to or during the FY 2010 appropriation process that affected how the appropriation process unfolded for the state-related universities. This timeline was used in the interviews to remind the interviewees of the events that occurred during the FY 2010 appropriation process and how they responded to them. The document analysis was also used to verify and augment the evidence obtained through the interviews (Yin, 2003).

For the semi-structured interviews all the participants were purposefully selected, which means participants were selected because it was believed they would strengthen the case study (Bogdan & Biklen, 2007). Access to the in-house lobbyists was achieved by approaching the lobbyist I already knew (Lobbyist 3) and asking him to participate in the study and if he would be willing to help me obtain the participation of the other in-house lobbyists. I also asked the lobbyist to suggest others to be interviewed to create a better understanding of the institution’s context and to answer the research questions. I was told to limit my interviewing to the six individuals at the three institutions who work mainly on state issues. Lobbyist 3 agreed to help me and sent out an email to these five other individuals with an introduction that I provided and a description of the study. With the help of Lobbyist 3, I was able to obtain the participation of four of the six individuals and was given the contact information of all the in-house lobbyists. I emailed the individuals who did not initially agree to participate and was able to secure their participation. I then set up interview dates and times via email—sending the individuals a letter of participation which described the study (see Appendix A), the interview protocol (see Appendix B), the timeline of events detailing the state events that affected the FY 2010 budgetary process for the state-related universities (see Appendix C), and the informed consent
form (see Appendix D) once a time, date, and place had been agreed upon. The protocol and timeline were sent to the lobbyists in advance to allow the lobbyists to review the questions in advance and to remind them of the events of the FY 2010 budgetary process that affected their institutions. Additionally, the protocol questions were sent prior to the interview to encourage the participation of the lobbyists and assuage their fears about the study. Because I was asking them to discuss events that had been very contentious, wherein they would discuss their own and others’ actions, I wanted to make sure the protocol questions would not cause unnecessary distress or contention. Reminder emails were sent to the in-house lobbyists within a couple of days of the scheduled interview.

I was able to interview all the state in-house lobbyists at each of the institutions. All the interviews were conducted at a time and a place that was comfortable and convenient for the participants. Three interviews were conducted face-to-face either in the office of the individual or in a conference room. Three interviews were conducted over the phone which was the requested form of communication for two of them. The other interview conducted over the phone was initially scheduled to be a face-to-face interview, but the lobbyist had to cancel at the last minute due to illness. A phone interview was subsequently agreed upon. The interviews were conducted in July and August of 2010 and lasted anywhere from approximately 30 to 70 minutes. Five of the six interviews were recorded using a digital recorder and the other interview was recorded through note-taking only at the request of the interviewee. I took copies of the timeline and interview protocols along with a pad of paper and pen to each interview. I would ask if I could take notes while conducting the interviews and did so to capture notable points and impressions. In the case of the lobbyist who would not allow his interview to be recorded, I took
more comprehensive notes to capture the experiences, ideas, and thoughts of the lobbyist and then wrote them up as field notes following the interview.

At the beginning of each interview, I would briefly introduce myself and the purpose of the study, reviewed the assurances stated in the IRB informed consent form, and asked if the interview could be recorded. If the interview was conducted face-to-face, after reviewing the consent form I would ask the lobbyist to sign a copy and then give another copy of the consent form to the lobbyist for his records. If the interview was conducted over the phone, I emailed or faxed a copy of the consent form to the lobbyist which was then faxed back to me prior to conducting the interview. The lobbyists were advised that they could choose not to answer any question or discontinue participation in the study at any time. I then proceeded to ask the lobbyists about the events of the 2010 budgetary process that were displayed in the timeline and how they responded to and handled these events. It was also an opportunity for the interviewees to discuss events that occurred during the FY 2010 appropriation process that were not listed on the timeline. I probed beyond the prepared questions to gain more insight into the listed and unlisted events. After asking questions about the events of FY 2010, I moved onto the questions about success and again probed beyond the prepared questions to gain a better understanding. To express appreciation for their willingness to participate in the study, I profusely expressed my appreciation to each lobbyist at the close of the interview and then sent each lobbyist a handwritten thank you note with a $10 Starbucks gift card immediately following the interview.

The participants were assured that their identity and the identities of the institutions they represent would be kept confidential. This involved assigning each lobbyist a pseudonym “Lobbyist 1, Lobbyist 2,” and so forth as well as assigning pseudonyms to the institutions “Institution W, X, Y, and Z.” I am the only person who has the key to decipher the pseudonyms
assigned to the lobbyists and institutions. However, given the small number of individuals and institutions included in this study and the statements of the lobbyists, it is possible that a reader familiar with the events and individuals would be able to figure out which statements belonged to what lobbyist. I transcribed the recorded interviews and the transcriptions are kept in a locking file cabinet in my bedroom. Included in each transcript were field notes of nonverbal communication such as body language or demeanor, as well as my comments, questions, thoughts, and impressions. The audio files and written transcripts will be protected and held until 2013 per the requirements of the IRB and then will be destroyed. Follow-up questions for the lobbyists were asked via email.

**Data Analysis**

Once the interviews were transcribed, they were read, compared, and analyzed to detect patterns, categories, and overlapping experiences regarding how the lobbyists dealt with each identified event during the FY 2010 budgetary process as well as how they defined success within that context. As categories began to emerge, the transcripts were re-analyzed to identify additional categories and to determine if the created categories accurately captured the words and thoughts of the lobbyists. The data were arranged into organizational categories and were used as broad “bins” for sorting data for further analysis. Organizational categories are “broad areas or issues” (Maxwell, 2005, p. 97) and some of the broad organizational categories that were created for this study included each event during the FY 2010 budgetary process, how success was defined for FY 2010, and how successful lobbying was generally defined. Organizational categories were refined, and from them substantive categories were created. Substantive categories “provide some insight into what’s going on,” and make a claim about what is going on that may or may not be right (Maxwell, 2005, p. 97). These codes were used to identify trends,
comparisons, patterns, and inconsistencies in the data (Maxwell, 2005; Yin, 2003). These substantive categories emerged as I began coding each interview line-by-line. I created an Excel file into which lines were placed into broad organizational categories and substantive categories. This Excel file allowed me to arrange each research question’s trends by participant or group of participants to visually represent the volume and frequency of trends. During the data analysis process I wrote notes to myself or memos, to reflect on what I was discovering in the transcripts, how theory applied to the data, and methods (Maxwell, 2005).

**Data verification.**

This study addressed the issue of internal validity through the data collection process—interviews and document analysis. The document analysis provided the context of FY 2010, but also served as a way to check the statements and evidence provided by the lobbyists. I also conducted member checking of the transcripts with the participants by emailing them all individually with an attached transcript to ensure that the transcript accurately reflected their thoughts, ideas, and meaning Out of the six lobbyists, two responded and said they would look at the transcripts, and of the two, only one asked that his comments be slightly modified for purposes of clarity, not to change meaning. He requested that his comments that were to be included in the dissertation be sent to him so he could improve their conciseness. I also prepared a summary of the findings and sent them to the lobbyists for their review and feedback, and to make any corrections they felt were appropriate.

I addressed the issue of researcher bias by reflecting on his own subjectivities which included exposing them—for example, I worked with two of the lobbyists on a professional basis and served as legislative aide for two state senators in another state. These experiences had already woven ideas about lobbying and lobbyists into my perspective on the research. As
Bogdan and Biklen (2007) state, a qualitative researcher must continually confront their opinions and prejudices with regards to the data because the data must bear the weight of the interpretation.

Given the qualitative methodology, this study had no expectation of generalizability or external validity; rather it will serve as a foundation of how in-house higher education lobbyists respond to appropriation cuts, threats, and how they define success within that context. Although some findings are specific to the state-related public research universities of Pennsylvania, some of the findings on tactics and defining success could prove useful to other studies that examine lobbying in higher education. Reliability asks if a study were repeated, would it yield the same results? Although this qualitative case study cannot be realistically replicated, reliability was built into the research design by using the concepts and assumptions of a well-researched theoretical perspective as an analytic tool and by creating a case study database that includes handwritten notes, word documents, and excel files that show how I collected data, analyzed the data and drew conclusions, in other words, an audit trail was constructed. Checking the findings with the participants was another method that I used to increase the reliability of this study.

Role and Placement of the Researcher

In a qualitative case study the researcher is the instrument through which data is collected and analyzed, which requires the researcher to provide pertinent background information that addresses the credibility of the research (Cresswell, 2003). As the researcher, I bring my own values, ideas, knowledge to this study. Having worked as a legislative aide to two state senators, I have some experience in understanding in how lobbyists work with legislators and how legislators perceive lobbyists. I also worked for a university’s grassroots network—which was the university’s indirect lobbying organization—which taught me how higher education lobbyists
perceive working with legislators and how they prepare for their interactions with government officials.

**Researcher bias.**

My experiences as a legislative aide and working for a university's indirect lobbying organization provided me a greater understanding of the lobbyists, administrators, and legislators that were interviewed. However, given that background, I addressed my biases and assumptions and how they affected this research. Researcher bias recognizes that another individual may examine the data collected and interpret it differently than I did. Thus, it was important for me to identify and be aware of his biases (Creswell, 2003). Although efforts were made to ensure objectivity, my biases may have influenced how I interpreted and analyzed the data that were collected. As Bogdan and Biklen (2007) state, “no matter how much you try, you cannot divorce your research and writing from your past experiences, who you are, what you believe, and what you value” (p. 38). I addressed my subjectivities by triangulating information and findings from different data sources and checking the findings with the participants of the study and by recording my assumptions and beliefs about the research (Cresswell, 2003; Maxwell, 2005).

**Summary**

The goal of this research was to understand how the in-house state lobbyists at the public research universities of Pennsylvania dealt with the economic crisis and its impact on the budgetary process of FY 2010. This chapter has provided an overview of how the data were collected in this qualitative case study. Qualitative methods were chosen to answer the research questions because I was concerned with a contemporary event over which I had no control and the data for the case was collected from multiple sources (Yin, 2003). Defining success for higher education lobbyists was difficult and was situated within the context of the FY 2010
budgetary process (Heinz et al., 1993; Bogdan & Biklen, 2007). This research was bound by
time (from the passage of FY 2009 appropriation to passage of the FY 2010 appropriation) and
space as well (the three state-related public research universities of PA) (Merriam, 2002). The
selection of the participants was discussed, as was how the data were collected, analyzed, and
verified.
CHAPTER IV: The Context

In this chapter, I describe the state legislative process through which the state appropriations for the state-related universities must pass; specifically how a state budget is created and how legislation is passed in the General Assembly. I also briefly describe the history of the state-related universities as it relates to the state of Pennsylvania. Specifically, I describe the appropriation history of the state-related universities with the state of Pennsylvania as well as the creation and definition of the designation state-related. I then position the state-related universities within the context of public higher education in Pennsylvania. Finally, I describe the events of what has been called the Great Recession (Schlisserman, 2010, February 23) and its impact on the state of Pennsylvania, and in particular the state-related universities prior to and during the creation of the FY 2010 state budget. This context is important because it shaped and continues to shape the environment in which the in-house lobbyists of the public research universities work and operate.

Creating a State Budget in Pennsylvania

According to Pennsylvania’s Administrative Code of 1929, as amended, Article VI, Section 610, “The Secretary of the Budget shall, in each year obtain and prepare financial and program information necessary for the preparation of a State budget for the budget year beginning July 1” (as cited in Pennsylvania Office of the Budget, 1994, p. 40). The process of preparing the budget begins soon after a budget year begins. By August 15, the Secretary of the Budget is required to distribute to “all institutions or other agencies which desire State appropriations to be made to them, the proper instructions and blanks necessary to the preparation of the budget requests with a notice that such blanks shall be returned with the information desired, not later than November 1 of the same year.” These budget instructions
“provide detailed guidance for the development and presentation of the program and cost
information to be included in the agency budget request” (Pennsylvania Office of the Budget,
1994, p. 8). In addition to the budget instructions, the Governor’s office issues Program Policy
guidelines to agencies. These guidelines define the issues and problems that are currently being
faced by the state and “provide direction for the preparation of each agency’s budget request”
(Pennsylvania Office of the Budget, 1994, p. 8).

Having received these guidelines and instructions, agencies begin to prepare their budget
requests. The budget requests are prepared using computerized forms and are submitted to the
Secretary of the Budget beginning in early October. From October to January, the Office of the
Budget reviews the agency budget requests “for accuracy and adherence to the Governor’s
policy guidelines” (Pennsylvania Office of the Budget, 1994, p. 8). The Office of the Budget
then prepares funding recommendations for the Secretary of the Budget and the Governor.
According to Pennsylvania’s Administrative Code of 1929, as amended, Article VI, Section 618,
the Secretary of the Budget prepares revenue estimates “for the use of the Governor in preparing
the budget with periodic revisions until the final estimate is signed by the Governor not later than
the time he signs the general appropriations bill” (as cited in Pennsylvania Office of the Budget,
1994, p. 41). Funding requests must be reconciled with projected total revenues from existing
sources or new funding sources must be recommended. The Secretary of the Budget makes
recommendations on the agency budget requests, and the Governor makes some final budget
decisions (Pennsylvania Office of the Budget, 1994).

According to Article VIII Taxation and Finance of the Pennsylvania State Constitution
(1968), Section 12, Governor’s Budgets and Financial Plan, the governor is required to submit to
the General Assembly a balanced operating budget which would provide in detail the “(i)
proposed expenditures classified by department or agency and by program and (ii) estimated revenues from all sources. If estimated revenues and available surplus are less than proposed expenditures, the Governor shall recommend specific additional sources of revenues sufficient to pay the deficiency and the estimated revenue to be derived from each source.”

In December, the Governor meets with the leaders of the General Assembly to discuss the upcoming budget—the anticipated spending and revenues. The Governor’s Executive Budget is finalized in January and is submitted to the General Assembly via a budget address in early February, except the year in which a new Governor is inaugurated, in which case the budget must be submitted no later than the first week of March (Pennsylvania Office of the Budget, 1994).

After receiving the governor’s budget, the majority and minority appropriations committees of both chambers (House and Senate) schedule and hold hearings to review agency budget requests. These hearings provide legislators the opportunity to review each agency’s programs as it relates to appropriation funding. During these hearings, legislators have the opportunity to question department or program representatives concerning their organization and its financial needs. Once these hearings have been conducted the appropriations bills are introduced for discussion and debate in each house. If each body passes the same General Appropriation bill by majority vote, it is sent on to the Governor for his approval and signature. If however, each body passes a different version of the General Appropriation Bill, it has to be reconciled in a conference committee between the two Houses (Pennsylvania Office of the Budget, 1994, p. 12). The General Appropriation Bill contains appropriations for programs and
departments for the executive, legislative, and judicial branches, and also public schools\textsuperscript{4}, and public debt (Pennsylvania Office of the Budget, 1994, p. 9).

“All other appropriations are made individually by separate special bills\textsuperscript{5}. Appropriations made to institutions not under the absolute control of the Commonwealth are considered non-preferred appropriations and require a two-thirds vote of each House of the General Assembly for passage” (Pennsylvania Office of the Budget, 1994, p. 9). Once the General Appropriation Bill and other appropriations bills have passed both Houses, they are presented to the Governor for approval (Pennsylvania Office of the Budget, 1994). At the time of the budget signing, the Governor is given revised revenue estimates for the upcoming budget year. If the appropriation amounts passed by the General Assembly exceed the estimates,

- the Governor has the authority and duty either to veto entire appropriation bills or to reduce the amount of appropriations in order to produce a budget that is in balance with the revenues . . . The Governor also has the power to reduce or item veto any appropriation thought excessive or unnecessary even if the total appropriations passed by the legislators do not exceed estimated revenues (Pennsylvania Office of the Budget, 1994, p. 9).

The General Assembly can override a line item veto by a two-thirds vote by each House of the General Assembly.

After the Governor has approved the appropriation bills, they are signed into law (Office of the Budget, 1994). The budget for the state must be passed by June 30\textsuperscript{th} so a budget is in

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\textsuperscript{4} Public schools as defined by the Pennsylvania Constitution include schools that are under the absolute control of the Commonwealth—public K-12 schools as well as the universities of the State System of Higher Education and the community colleges fall into this category.

\textsuperscript{5} As the state-related re universities of Pennsylvania are not under the absolute control of the Commonwealth, they fall into the non-preferred appropriations category and each institution has its own appropriation bill which must be passed by two-thirds of each chamber.
place when a new fiscal year begins on July 1st, and the Office of Budget and Governor’s office immediately begin preparing for the next year’s budget. Budget execution is mainly a responsibility of the relevant agencies. The last phase of the budget cycle is the audit phase, which occurs after the end of a fiscal year. The Office of the Budget “monitors and reviews financial and program performance and may conduct program audits or evaluations of selected programs” (Pennsylvania Office of the Budget, 1994, p. 9). Figure 1 illustrates the budget process of Pennsylvania and the timeframes that guide specific events within the process.

**Figure 1. The Budgetary Process of Pennsylvania**

*Figure 1. Timeline showing the process followed in Pennsylvania to pass a state budget. Adapted from “The Budget Process in Pennsylvania,” by the Pennsylvania Office of the Budget (1994).*
Passing a Bill in Pennsylvania

As mentioned above, the appropriation bill must pass through both houses of the General Assembly. The process that the appropriation bill (or any bill for that matter) must pass is as follows. There are 253 legislators in the Pennsylvania General Assembly—50 Senators and 203 members of the House of Representatives. To pass a law, any elected member can introduce a bill. To introduce a bill, a member of the House of Representatives or the Senate takes his/her idea to the Legislative Reference Bureau, who draft a bill from the idea and put the idea into its proper form and gives it a title, a number, and a printer’s number. Depending on whether the legislator is a member of the House or Senate, the bill is introduced into a chamber (House or Senate) and then referred to the appropriate committee by the Speaker of the House in the House of Representatives or the President of the Senate. Once in committee, a bill is studied and debated to determine whether or not it should go back to the full chamber (House or Senate) for consideration. The committee may hold public hearings to allow citizens to express their thoughts concerning the piece of legislation (Pennsylvania House of Representatives, n.d. a).

The committee can decide to send the bill back to the chamber for a debate and a vote, or make amendments to the bill and send it back to the chamber, or they can decide that the bill will not be considered by the chamber. When this occurs, the bill is said to have died in committee and will not receive further consideration (Pennsylvania House of Representatives, n.d. a).

If the bill is sent back to the chamber (House or Senate) for further consideration, it receives what is called a second consideration. The Constitution of Pennsylvania requires that a bill be considered on three separate days in both chambers of the General Assembly. A bill is first considered when it is introduced and then sent to a committee (Pennsylvania House of Representatives, n.d. a). During second consideration, the bill is considered by the entire body
(House or Senate) and senators or representatives who were not on the committee that considered the bill can introduce amendments to the bill. After a bill has been reported favorably from committee in the House, but before floor debate for second consideration, a bill will take a traditional detour to the caucus room of both parties. According to traditional practice, a bill is privately discussed by each party in caucus. On controversial bills, the caucus will try to muster full party opposition or support. Once on the floor for debate, a caucus can still be called to discuss new developments concerning a bill, until a final vote is taken (Pennsylvania House of Representatives, n.d. a).

On third consideration, a bill can only be amended by unanimous consent of the House or Senate, however debate can continue to take place. Once debate has been concluded, a roll call vote is taken where each member votes “yea” or “nay” (Pennsylvania House of Representatives, n.d. a). If the bill passes one chamber, it is sent to the other chamber for consideration where it goes through the same process. If however, a bill that was passed in the Senate was sent to the House where it was also passed, but with different amendments that were not a part of the bill that was sent over from the Senate, the bill must go back to the Senate for a vote. If the Senate does not agree with the version passed in the House then a conference committee is called to resolve the differences between the bills. A conference committee consists of three members from each chamber who are appointed by the presiding officers who try to resolve the differences between the bill versions. If the differences are resolved, the bill is reported back to both chambers where each body votes on the committee’s report. If the differences are not resolved, the bill fails. A majority vote is needed to pass the report and bill (Pennsylvania House of Representatives, n.d. b).
The bill that has been passed by both chambers is then sent to the governor for his or her approval and signature. If the bill is approved by the governor, it is signed and becomes law. The governor can also veto the bill, whereupon the bill is sent back to the chamber from which it originated. The General Assembly can override a gubernatorial veto by a two-thirds majority vote in each chamber. In the case of appropriations bills, the governor can use a line-item veto, meaning the governor can disapprove parts of the bill (i.e., appropriations amounts for specific programs) while allowing the remainder to be passed into law. The items that received a line-item veto can be restored if two-thirds of both houses vote to override the line-item veto. If the governor takes no action on the bill within 10 calendar days while the Assembly is in session, the bill automatically becomes law. If the Assembly is not in session, the governor has 30 days to act before the bill automatically becomes law (Pennsylvania House of Representatives, n.d. b).

Several points need to be made about the power invested in the budget process and the process to pass legislation at this point. In Pennsylvania the budgetary process affords a tremendous amount of power to the governor of the state. The governor has the formal authority to create a budget agenda where he or she has some control over the considered alternatives that are on the agenda and the amounts of state funds they will receive. Alternatives that are favored can be emphasized to legislators and the public while disfavored alternatives can be demonized. He or she also has control over the interpretation of the premises that are used to pass the budget. For example, the governor is constitutionally bound to submit and pass a “balanced budget,” but balanced can be interpreted in many ways. The governor has the power to line-item veto appropriation bills or veto them completely, thus giving the governor power over the beginning and the end of the state budget process. Additionally, the governor is located at the apex of the state communication network where he or she has access to information and analysis (revenue
estimates for example) that can be used to facilitate his or her priorities or block initiatives to which he or she is opposed.

Between the beginning and the end of the process, the state budget goes through the General Assembly where legislators in both chambers are constitutionally required to pass a state budget, giving them formal authority over the budget agenda and its alternatives. They, too, have access to information and analysis to inform budgetary decisions. Although there are 253 legislators in Pennsylvania, the legislative leaders—the Speaker of the House, the House Majority Leader, the Senate President Pro Tempore, the Senate Majority Leader, and the Majority Appropriations Committee Chairman in both chambers—have a disproportionate amount of power over the budget agenda and its alternatives because they have access to information and analysis about the budget that general members of the legislature do not, and because they hold formal authority within their party caucus and use it push for favored priorities and block alternatives they do not like. The legislative process itself is inculcated with power that legislators can use to move or block alternatives as they desire. Legislators can alter or add alternatives to the governor’s proposed budget agenda in committee meetings or on the floor or they can link two disparate alternatives together in one bill forcing the chamber to accept or reject both alternatives.

**Historical Financial Relationship between Pennsylvania and the State-Related Universities**

The universities designated as state-related—Penn State, Temple, Lincoln, and the University of Pittsburgh—have unique stories of how they came to rely on the Commonwealth for part of their yearly funding. All four institutions were originally chartered as private institutions, but financial need drove three of the four—Temple University, The University of Pittsburgh, and Lincoln University—to seek the Commonwealth’s help while Penn State’s
designation as the state’s land-grant institution created a closer and more complicated bond with the state government.

For Penn State, its financial history with the Commonwealth dates back to 1857 when the school received an appropriation of $25,000 (Bezilla, 1985). Although designated the state’s land-grant institution in 1863, the original charter for the institution was a private charter that caused trouble for Penn State with legislators regarding state funding and still continues to do so. When George Washington Atherton was president (1882-1906) of what was then called Pennsylvania State College, he explained to legislators that as the state’s land grant institution, it should be funded by the state before any other institution. Legislators ignored this line of thinking because Penn State had been chartered as a private institution. Atherton acknowledged that the college was still a private institution, but that its relationship with the state had changed when it was designated the sole land-grant institution in Pennsylvania (Bezilla, 1985). Atherton’s reasoning can be seen in the following statement: “The state now made use of this private institution to fulfill a specific obligation to the general government, and this subsequent legislation brought the College into entirely new relations to the state, so that it is in law and in fact a state institution, which the state is under pledge to maintain and whose good or ill standing directly affects the credit of the state” (as cited in Bezilla, 1985, Chapter 2 ¶ 68).

The question of whether Penn State was public or private continued to dog its appropriation requests. Over the course of Pennsylvania history, governors would go on record claiming Penn State was not public to veto measures or reduce appropriations for the institution. On a number of occasions during the 1960s and 1970s, Penn State’s appropriation was delayed months after the start of a new fiscal year, forcing the institution to borrow money to keep operating (Bezilla, 1985). In 1977, Penn State did not receive its appropriation until November
1977, and then received the same amount they had received the year before, marking the first time since the Great Depression that Penn State had not received an increase to its appropriation (Bezilla, 1985).

Penn State has a 32-person Board of Trustees which is composed of five ex officio members; the governor of the state, the president of the university, and the state secretaries of the departments of Agriculture, Education, and Natural Resources. Six trustees are appointed by the governor, nine trustees are elected by alumni, six are elected by organized agricultural societies in Pennsylvania, and six are elected by the Board of Trustees representing business and industry interests (Pennsylvania State University, 2010a).

Temple University of Philadelphia, PA, was also chartered as a private institution and was created by Dr. Russell Conwell for the education of working men (Hilty, 2010). Throughout its early history, Temple University struggled to stay afloat financially. Conwell relentlessly pursued wealthy industrialists and the old money families of Philadelphia in pursuit of large monetary gifts to sustain the institution, but they never materialized (Hilty, 2010). By 1909 the university was nearly $340,000 in debt and Conwell considered selling almost all of the university’s holdings in order to pay them off. Instead, he turned to the state of Pennsylvania, and offered to relocate the university if the Commonwealth would provide money for a new building. On June 13, 1911, the governor signed a bill appropriating $110,000 to Temple, $10,000 of which went to the construction of a new building (Hilty, 2010).

In the 1960s as the baby boomer generation began to attend college, the university began to experience rapid enrollment growth. The institution estimated that approximately 900 new students a year would enroll at Temple beginning in 1961 and continuing until the end of the Baby Boomer generation (Hilty, 2010). The additional students would increase costs by
$800,000 annually. To offset the increasing costs, Temple’s president, Millard Gladfelter turned to the Commonwealth to assume more responsibility for the institution’s financial stability.

State officials approached Temple and other state-aided institutions with a program to reduce tuition prices for in-state students and increase enrollments in exchange for increased state support and the appointment of state-selected members to the board of trustees. Temple immediately supported the plan (Hilty, 2010). On November 30, 1965, Governor Scranton signed the bill that designated Temple University a state-related university. The composition of Temple’s board of trustees changed—consisting of twenty-four trustees designated by the institution (Elected Trustees) and twelve appointed by the state (Commonwealth Trustees). The governor of the state, the state secretary of education, and the mayor of Philadelphia became non-voting ex officio members of the board. Temple remained a private corporation, but is “invested with a quasi-public character and charged with certain public responsibilities” (Hilty, 2010, p. 103).

The University of Pittsburgh was founded as the Pittsburgh Academy in 1787 and achieved university status in 1819 (University of Pittsburgh, 2009, January). The bill that made the University of Pittsburgh a state-related university was signed on August 23, 1966 (Alberts, 1986). Similar to Temple University, the University of Pittsburgh had fallen on financial hard times beginning in fiscal year 1960. At that time, the recently hired university comptroller, Jesse T. Hudson, Jr., saw that the university was headed for a large operating deficit (Alberts, 1986). Additionally, the university was pursuing a course of expansion, and capital expenditures mounted and mounted (Alberts, 1986). By fiscal year 1965, the university needed $23 million to break even (Alberts, 1986). On July 2, 1965 the PA state legislature approved an emergency appropriation for the university for $5 million for the fiscal years of 1965 and 1966. On July 7-8,
1965, the PA State House Appropriations Committee conducted a two-day hearing about the financial crisis of the University of Pittsburgh where representatives of the university revealed that the operating costs of the institution would be $2.5 million greater than expected revenues per year for the foreseeable future (Alberts, 1986).

By becoming a state-related university, the state agreed to increase its annual appropriation to the university, which would enable Pitt to lower its tuition for in-state students. Pitt also became eligible for General State Authority construction grants to fund some of their capital projects and could also issue tax-exempt bonds to finance capital projects not funded by General State Authority grants. The Board of Trustees was expanded from thirty six to thirty nine trustees—twelve of whom are appointed by the state. Four trustees are appointed by the governor, four by the president pro tempore of the State Senate, and four by the Speaker of the State House of Representatives (Alberts, 1986). The governor of the state, the state secretary of education, and the mayor of Pittsburgh serve as ex officio non-voting members. The president of the university serves as an ex officio voting member. In addition to the Commonwealth trustees, seventeen trustees are elected by the Board and designated Term Trustees, and six trustees are nominated by the Alumni Association and then elected by the Board and are designated Alumni Trustees. In addition, the Board elects fourteen Special Trustees who may attend all Board meetings and can exercise all privileges of other trustees except the right to vote at Board meetings (University of Pittsburgh, 2009, January).

The University of Pittsburgh legally remained a private entity, and, “in practice, retained the freedom and individuality of a private institution, both administratively and academically” (Alberts, 1986, p. 343). The assets of the university and the employees were governed by the corporation, and the Board of Trustees remained an independent body (Alberts, 1986). The state
received in exchange for an increased annual appropriation, greater access to a university education for its citizens without incurring the costs of constructing a state-owned university (Alberts, 1986).

Lincoln University’s charter date is April 29, 1854, and was the first institution, “anywhere in the world to provide a higher education in the arts and sciences for youth of African descent” (Bond, 1976). It was founded by a Presbyterian minister named John Miller Dickey, a graduate of the Presbyterian Seminary at Princeton, and third generation Scotch-Irish immigrant (Bond, 1976). Originally called the Ashmun Institute, the school received its charter from the Commonwealth of Pennsylvania on April 29, 1854. In 1866, the Board of Trustees submitted an application to the legislature for an amended charter—to change the name of the institution to Lincoln University, to honor President Abraham Lincoln who steered the nation through the Civil War and emancipated the slaves. From 1863-1873, the founder of Lincoln, John Miller Dickey, had succeeded in getting Lincoln designated a State Normal School and thus qualify for state support, but the state attorney general later held that Lincoln University was sectarian (Presbyterian) in nature and thus ineligible for state funding (Bond, 1976, p. 400). In the mid-1930’s a black member of the Pennsylvania House of Representatives and an alumni of Lincoln University named Walter K. Jackson proposed that Lincoln University be designated a state-aided institution. The president of Lincoln, Walter Wright, pushed for the adoption of the state-aided designation, and in the 1937-1939 state biennial appropriation bill, Lincoln University received the hoped-for designation and received an appropriation of $50,000 (Bond, 1976, p. 400). On July 7, 1972 Governor Milton J. Shapp signed H.B. 796 that designated Lincoln University as a state-related institution, joining Penn State University, Temple University, and the University of Pittsburgh (Branson, in Bond, 1976, p. XIX).
Like the University of Pittsburgh, Lincoln University has a thirty-nine member Board of Trustees. The governor of Pennsylvania, the state secretary of education, and the president of Lincoln serve as ex-officio voting members. Twelve trustees are appointed by the Commonwealth—four by the governor who must get two-thirds approval by the State Senate; four by the President Pro Tempore of the Senate, and four by the Speaker of the House of Representatives. Six trustees are designated Alumni Trustees and are nominated by the Alumni Association and then elected by the Board, and the remaining 18 trustees are designated University Trustees and elected by the Board. Of the 18 University Trustees, three must be alumni of Lincoln University and one must be a current student (Lincoln University, 2005, July 1).

**Appropriations for the State-Related Universities Today**

The state-related universities are designated as “instrumentalities of the Commonwealth” (Pennsylvania Department of Education, 2009) and receive an appropriation from the Commonwealth of Pennsylvania each year. Each institution submits an appropriation request to the Pennsylvania Department of Education (PDE) and is then sent to the Office of the Governor as part of the overall recommended PDE budget. Because Pitt, Temple, Lincoln, and Penn State are state-related institutions their appropriations are not part of the state’s general appropriation bill, but are categorized as non-preferred appropriations, and as such, each institution has its own appropriation bill that must negotiate both chambers and be approved by two-thirds of both chambers before being signed by the governor. In other words, 34 senators and 136 representatives must vote to favorably pass out a state-related university’s appropriation bill (Pennsylvania House of Representatives, n. d. a).
These institutions are state-related because they are not under the absolute control of the Commonwealth of Pennsylvania (Pennsylvania State Constitution, 1968). The non-preferred appropriation category was created in the early 1960s, and went to institutions such as the state-related universities, that “performed vital public functions but which were not owned or controlled by the state.” (Bezilla, 1985, Chapter 13 ¶ 56). The legislature does not have any obligation to approve non-preferred appropriations, but does so out of political and social expediency (Bezilla, 1985).

Higher Education in Pennsylvania Today

As of 2010, there are 262 colleges and universities in the state of Pennsylvania serving approximately 680,000 students (Pennsylvania Department of Education, 2010, October). There is a broad spectrum of institutional choices in Pennsylvania including:

- 14 state system universities
- 14 community colleges
- 4 state-related universities and 1 affiliate (Pennsylvania College of Technology)
- 8 private state-aided institutions
- 89 private colleges and universities
- 15 theological seminaries
- 6 private two-year colleges
- 1 state school of technology
- 86 specialized associate degree-granting institutions
- 24 other authorized institutions of higher education

From this list, the state system of higher education, the community colleges, the state-related universities, and the state-aided institutions receive annual appropriations. The 14 state universities were originally private normal schools that provided teacher training for public schools until the state started buying these institutions in the early 20th century (Pennsylvania State Board of Education, 2005, September). Today, these institutions educate nearly 117,000 students and conferred 23,250 degrees (bachelors and graduate) in 2008-2009 (General Assembly of PA Joint State Government Commission, 2010; Pennsylvania State System of Higher Education, 2010a). However, only three state universities offer doctoral degrees—Bloomsburg University, Indiana University, and Slipper Rock University. With the exception of Indiana University, which is designated a Doctoral/Research University (DRU) by the Carnegie Foundation for the Advancement of Teaching (2010), all of the universities in the state system are designated Master’s Colleges and Universities. These institutions have been historically committed to offering degrees in education, the liberal arts, and have added to their offerings in such areas as human services, business, technology, and public administration (Pennsylvania State Board of Education, 2005, September). In fact, in 2008-2009, 21 percent of all full-time equivalent students at the state-owned institutions were enrolled in education programs, 16 percent in business programs, and 10 percent were enrolled in social sciences and history programs (General Assembly of PA Joint State Government Commission, 2010). They are also more economical than the state-related institutions—the average tuition and fees at the state-owned universities for 2008-2009 was $7,034 (General Assembly of PA Joint State Government Commission, 2010). The total operating budget for the state system for FY 2009-2010 was $1.9 billion, which is approximately two-thirds of Penn State’s operating budget for the same period (Pennsylvania State System of Higher Education, 2010, February 19). The state appropriation
covered approximately 32 percent of the system’s Education and General revenue for FY 2009-2010 (Pennsylvania State System of Higher Education, 2010, February 19). Although each institution within the system has its own board of trustees, the overall system is governed by a 20-member Board of Governors that is composed of 11 members appointed by the governor, three students, four legislators from both chambers, the governor or a designee, and the State Secretary of Education or a designee. Some of the duties of the Board include: appointing the chancellor of the system along with the presidents of the individual institutions, approving academic programs, setting the annual tuition rate, and coordinating and approving the annual budget for the system (Pennsylvania State System of Higher Education, 2010b).

Legislation passed in 1963 provided for the establishment of community colleges throughout the state with the requirement that the institution be sponsored by a city, county, school district, or a mixture of these entities (Pennsylvania State Board of Education, 2005, September). There are fourteen community colleges in Pennsylvania, four of which are sponsored by school districts and the remaining ten sponsored by counties. In the 2008-2009 school year, 209,000 students enrolled for credit courses, or nearly 1 out of every 5 Pennsylvania undergraduate students (Pennsylvania Commission for Community Colleges, 2010a). These institutions offer 867 associate degree programs, 375 certificate programs, and 114 specialized degree programs. Fifty-eight percent of students are part-time, 32 percent are minorities, 26 percent are above the age of 29, and 61 percent are women. The community colleges receive appropriations from the state through a formula based on each college’s full-time equivalent enrollments and stipend enrollments (Pennsylvania Legislative Budget and Finance Committee, 2006, February). They also receive funding from the local entities that sponsor them (i.e., school districts, cities, counties, or a combination of these entities). These institutions awarded 14,587
associate’s degrees, certificates, and diplomas in 2008-2009 (Pennsylvania Commission for Community Colleges, 2010a). Tuition rates for Pennsylvania residents at the community colleges ranges from $152 a credit to $256 a credit in 2010 (Pennsylvania Commission for Community Colleges, 2010b).

The eight state-aided institutions are private universities, colleges, and institutions that receive state money for specific programs in such areas as: the health professions, veterinary medicine, the visual and performing arts, and the humanities (Pennsylvania State Board of Education, 2005). Some of these institutions include: Drexel University, the University of Pennsylvania, Lake Erie College of Osteopathic Medicine, and the Philadelphia University of the Arts (Pennsylvania Office of the Budget, 2010).

**The state-related universities.**

Penn State University, Temple University, Lincoln University and the University of Pittsburgh are the four state-related universities of Pennsylvania and comprise what is called the Commonwealth System of Higher Education of Pennsylvania. Two of the four, (the main campuses of Penn State and the University of Pittsburgh) are designated as RU/VH institutions (research universities – very high research activity) by the Carnegie Foundation for the Advancement of Teaching (2010) and are members of the prestigious Association of American Universities (AAU). In FY 2008-2009, Penn State spent more than $753 million on research and Pitt spent more than $672 million, placing both in the Top 25 universities for research and development expenditures—Penn State ranked 9th and Pitt ranked 22nd (Pennsylvania State University, 2010b; University of Pittsburgh, 2010a). Temple University is designated a RU/H (research universities – high research activity) and had $151.7 million in research expenditures for FY 2008-2009 (Temple University, 2010a). All three—Pitt, Temple, Penn State—offer
literally hundreds of degree options from certificates, to Bachelors, to Masters, to Doctorates. All three have a number of professional schools—schools of law, business schools, schools of nursing, and schools of medicine. Temple University and the University of Pittsburgh have schools of dentistry and pharmacy as well while Penn State has one of the few nuclear engineering programs in the country. Lincoln University is designated as a Master’s M (Master’s colleges and universities – medium programs) and also a Historically Black College or University (HBCU) (Carnegie Foundation for the Advancement of Teaching, 2010). The Carnegie Foundation for the Advancement of Teaching designates them all as public institutions. Table 3 provides additional information about each of the state-related universities.

Given their state-related status, all of them have state-appointed trustees that serve on the respective Board of Trustees. Currently, Penn State has no legislators that serve on its Board of Trustees while Temple, Pitt, and Lincoln do. During FY 2009-2010 Senator Michael Stack (D) served on Temple’s Board along with a former state senator and representative (Temple University, 2010b). Senator Jay Costa (D) who served as the Minority Chairman of the Senate Appropriations Committee during FY 2009-2010, Senator Mary Jo White (R), Representative Maher (R), and Representative Frankel (D) who served on the House Appropriations Committee, all serve on the University of Pittsburgh’s Board of Trustees (University of Pittsburgh, 2010b). Dwight Evans (D) who was the Majority Chairman for the House Appropriations Committee served on the Board of Trustees of Lincoln University along with Representative Cherelle Parker (D), and Representative W. Curtis Thomas (D) during FY 2009-2010 (Lincoln University, 2009).
### Table 3

**Institutional Differences among the State-Related Universities**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Total Students (Fall 2008)</th>
<th>Number of Campuses</th>
<th>Number of Employees (Full and Part-time)</th>
<th>Full-time Undergraduate Tuition and Fees for PA Residents</th>
<th>Degrees Awarded in 2008</th>
<th>State Appropriation 2008-2009 after two rescissions</th>
<th>Endowment FY 2007-2008</th>
<th>Percent of total budget covered by appropriation</th>
<th>Number of state lobbyists in 2009&lt;sup&gt;g&lt;/sup&gt;</th>
<th>Money spent on state lobbying in 2009&lt;sup&gt;h&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincoln University</td>
<td>2,524</td>
<td>1</td>
<td>517 (est.)</td>
<td>$8,804</td>
<td>460</td>
<td>$13,623,420</td>
<td>$23,880,000</td>
<td>Less than 23%</td>
<td>2</td>
<td>$28,695</td>
</tr>
<tr>
<td>Temple University</td>
<td>35,545&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2&lt;sup&gt;c&lt;/sup&gt;</td>
<td>14,897</td>
<td>$11,448</td>
<td>7,992</td>
<td>$178,517,000</td>
<td>$237,012,000</td>
<td>Less than 25%</td>
<td>9</td>
<td>$721,736&lt;sup&gt;b&lt;/sup&gt; ($312,190)</td>
</tr>
<tr>
<td>University of Pittsburgh</td>
<td>34,485</td>
<td>5</td>
<td>12,557</td>
<td>$13,642&lt;sup&gt;e&lt;/sup&gt;</td>
<td>7,998</td>
<td>$177,902,000</td>
<td>$2,333,602,000</td>
<td>Approx. 10%</td>
<td>4</td>
<td>$875,925&lt;sup&gt;g&lt;/sup&gt; ($238,736)</td>
</tr>
<tr>
<td>Penn State University</td>
<td>92,613</td>
<td>24&lt;sup&gt;d&lt;/sup&gt;</td>
<td>41,484</td>
<td>$13,706&lt;sup&gt;e&lt;/sup&gt;</td>
<td>18,326</td>
<td>$331,613,000</td>
<td>$1,545,314,000</td>
<td>Less than 10%</td>
<td>3</td>
<td>$522,482</td>
</tr>
<tr>
<td>Totals (where applicable)</td>
<td>165,167</td>
<td>31</td>
<td>69,455</td>
<td>34,776</td>
<td>$688,032,000</td>
<td>$4,139,808,000</td>
<td>$688,032,000</td>
<td>18</td>
<td>18</td>
<td>$2,148,838</td>
</tr>
</tbody>
</table>

Note. Data were found from the following sources: Temple University, 2010a; Betzner, 2009, February 13; University of Pittsburgh, 2009b; Pennsylvania State University, 2009b; Lincoln University, 2008; Lincoln University, 2009; Lincoln University, 2009, August 31a; Lincoln University, 2009, August 31b; Pennsylvania Department of State, 2010; General Assembly of the Commonwealth of Pennsylvania Joint State Government Commission, 2010, February

<sup>a</sup> Does not include students at international campuses and locations  
<sup>b</sup> Includes World Campus students  
<sup>c</sup> In Temple’s own documents they list 10 different locations including several international locations, but Carnegie Classifications lists Temple as having only the main campus while the state of Pennsylvania identifies Temples as having a campus at Ambler in addition to the main campus.  
<sup>d</sup> In addition to the main campus, there are 19 undergraduate campuses, three special-mission units, and the Dickinson School of Law  
<sup>e</sup> Tuition and fees at main campus only  
<sup>f</sup> Includes state and federal medical funding for Temple, Pitt, and Penn State  
<sup>g</sup> Includes in-house and contract lobbyists. Number of in-house lobbyists is in parentheses.  
<sup>h</sup> Temple University and the University of Pittsburgh file separate lobbying expense reports for the university itself and their medical centers. The figures in parentheses reflect the lobbying dollars spent on just the university. Penn State files one expense report that includes lobbying for the university and their medical center and so it is impossible to separate lobbying dollars spent for the university and lobbying dollars spent for the medical center
These institutions are also much more expensive to attend, with the research universities being more expensive than Lincoln University. According to Wellman et al., (2009), the student share of education and related expenses per FTE student at the public research universities in Pennsylvania was $13,721 in 2006, or approximately 65 percent of total education expenses. By 2008, student share of total education costs had risen to 68 percent (Delta Cost Project, 2010).

For the 2008-2009 school year, tuition and fees at the state-related universities were well above the tuition rates of the state system universities.

**Competition for state dollars and students among public institutions.**

A contributing factor to the rising tuition at the state-related universities has been the dwindling state appropriations. Appropriations for the state-related universities have stagnated while appropriations to the community colleges and state universities have continued to grow.

**Figure 2.** Total Appropriations for Public Higher Education Sectors in Pennsylvania

![Graph showing the differences in total appropriations by public higher education sector in Pennsylvania between 2000-2009. Data were obtained from http://www.grapevine.ilstu.edu/historical/index.htm](http://www.grapevine.ilstu.edu/historical/index.htm)
Between 2000 and 2009, the total appropriations for the state-related universities decreased by 1.93 percent, while the total appropriations for the State System of Higher Education grew by 5 percent and the community colleges by 30 percent. Economic downturns slow economic growth in the state, the non-preferred appropriation status, and the ability of the public research universities to bring in revenues from a variety of sources contributed to the decline in state funding (Weresczagin, 2008, February 17). The state-related universities also compete with the State System of Higher Education and the community colleges for students, especially the Commonwealth campuses of Penn State and some the regional campuses of the University of Pittsburgh (See Figure 3). The State System universities and community colleges are more economically priced and offer many of the same courses as the state-related universities. Pennsylvania has more higher education capacity than need, especially for traditional-aged students. Pennsylvania has a very slow population growth rate and one of the oldest populations in the nation (Penn State Live, 2005, March 22; Temple University, 2010a). High school graduates in the state began to decline in 2008 as well (Temple University, 2010a). Given the competitive arena for attracting students, some of Penn State’s Commonwealth campuses have taken to competing even against each other—sending recruitment officers into service areas of other campuses, developing new majors that will attract students from other areas, and advertising outside of a campus’s service area (Penn State Live, 2005, March 22).
Figure 3. Map of Public and State-Related Campuses in Pennsylvania

Figure 3. Location of campuses of all public and state-related institutions in the state of Pennsylvania. Data were obtained from the Pennsylvania Department of Education (n. d.).
The Financial Crisis in Pennsylvania and its Effect on FY 2010

July 1st, 2008, the start of a new fiscal year approached and legislators were optimistic that the budget would be passed on time. This would be something that had not occurred in the past five years since Gov. Ed Rendell took office (Barnes, 2008, June 23). The legislators’ optimism was not in vain. Rendell announced on June 30, 2008 that a budget agreement had been reached between himself and legislators and that no state employees would be furloughed. Rendell described the budget as being a “good budget in a tough year.” (Pennsylvania Governor, 2008, June 30). The tentatively approved budget came in at $28.2 billion, a 3.8 percent increase over the 2007-08 budget, and about $120 million less than the budget proposed by Rendell in February. Because of the economic downturn, the budget surplus was less than expected, forcing the state to borrow from several special funds such as state liquor stores and the lottery fund to make the budget balance (Mayes, 2008, July 1).

The passage of the FY 2009 budget.

When the budget was officially adopted on July 4, 2008, the amount agreed upon was $28.26 billion or an increase of 3.98 percent from the previous fiscal year, putting the budget rate of increase below the projected rate of inflation (4.4 percent). Representative Mario Civera Jr. (R) called the budget a “fiscally sound and responsible spending plan” (State rep. Civera, 2008, July 4). He applauded the state for not tapping into the Rainy Day Fund6 in order to balance the budget nor did it call for raising taxes. Indeed, it produced a surplus from the previous fiscal year, albeit not as large as predicted (the state finished with a $167 million surplus as opposed to $427 million that was projected in February) (State rep. Civera, 2008, July 4). Two Democratic

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6 Pennsylvania’s Rainy Day Fund is actually the result of a statute passed in 1985 called the Tax Stabilization Reserve Fund. The purpose of the statute was to create a reserve of funds to help Pennsylvania respond to emergencies or fiscal extremes. The law requires that 25 percent of a year-end general fund surplus be deposited in the Reserve Fund until the fund equals or exceeds six percent of the general fund revenues. Thereupon, the percentage deposited in the fund falls to 10 percent (Flora, 2011, January).
lawmakers, State Representative Jennifer Mann and John T. Yudichak were more restrained in their comments on the 2008-09 budget. Both simply stated that the budget would “fund essential education, energy and economic development efforts in Pennsylvania without raising taxes” (State rep Mann, 2008, July 4; State rep Yudichak, 2008, July 4).

Rendell applauded the budget as well, stating that “even in tough national economic times, this budget shows that Pennsylvania has the resources and the resilience to keep moving forward” (Pennsylvania Governor Rendell Says, 2008, July 4). Echoing Representative Civera, Rendell called the budget “fiscally responsible” and one that keeps Pennsylvania “well positioned for whatever lies ahead” (Pennsylvania Governor Rendell Says, 2008, July 4, ¶ 4).

The passed budget increased basic education spending by $347 million and changed the funding formula in order to provide more resources and funding to where they were needed most. Hundreds of millions of dollars were also invested into renovating bridges, as well as upgrading systems for drinking water and wastewater infrastructure. Over $660 million were invested in alternative energy programs (Pennsylvania Governor Rendell Says, 2008, July 4).

As for the state-related research universities, Penn State received a total of $338.3 million, the University of Pittsburgh received $170.7 million, and Temple University received $175.5 million not including medical funding (Pennsylvania Office of the Budget, 2008). According to Penn State Live, (2008, July 7) the 2008-09 appropriation of $338.4 million accounted for less than 10 percent of Penn State’s total budget. Temple University (2008, October 17) stated that the state appropriation made up approximately 25 percent of Temple’s budget, 68 percent coming from tuition. This marked a significant departure from 1972, when the percentages were almost reversed, with 60 percent of the budget coming from the state and only 34 percent from tuition (Temple University, 2008, October 6). Chancellor Nordenberg of
the University of Pittsburgh wrote to the Pitt community that the state appropriation comprised 11 percent of the total budget, whereas in the mid-1970’s it accounted for 32 percent, and by the mid 1990’s under 20 percent (Nordenberg, 2008, July 22).

Bill Mahon, the vice president of University Relations at Penn State stated, “we appreciate the 1.2 percent increase in funding the Legislature secured for the University and that the governor approved. Penn State will remain good stewards of those public funds” (Penn State Live, 2008, July 7, ¶ 2). Temple University simply stated that they received 1.5 percent increase in their Education and General appropriation over fiscal year 2007-08 (Temple University, 2008, October 6). The University of Pittsburgh was much more negative about the appropriation amount. President Nordenberg released a statement on July 22, 2008 bemoaning the lack of financial support from the state legislature—stating that their appropriation for the 2008-09 year had only increased by 1.4 percent while the overall budget for the university had increased by 4 percent (Nordenberg, 2008, July 22). Given the lack of state support, tuition increases were set at 6 percent for in-state students, while out-of-state students saw a 4 percent increase. In-state students at the regional campuses as well as students of the dental and medical schools also saw a 4 percent increase in their tuition costs, while out-of-state students at the regional campuses fared the best, with tuition increasing only 2 percent (Nordenberg, 2008, July 22). Penn State’s Board of Trustees set the tuition rate increase for 2008-2009 for lower division students at the University Park campus at 4.7 percent for non-resident students and a 5.9 percent increase for Pennsylvania residents. Students at the Commonwealth campuses, both residents and non-residents, saw an increase of 5.3 percent (Penn State Live, 2008, July 11). Temple University increased its tuition by 5.9 percent for in-state students and a 5.9 percent increase for out-of-state students as well (Temple University, 2010a). Interestingly, despite the lack of state support,
Nordenberg of Pittsburgh was pleased to announce that a salary-increase pool of 4 percent had been created, and that all employees whose performance had been at least satisfactory would receive a 2.5 percent salary increase. The remaining 1.5 percent would be distributed according to merit, equity, and market adjustments (Nordenberg, 2008, July 22).

On July 18, 2008 Governor Rendell reported that Pennsylvania was continuing to add jobs while the opposite was occurring nationwide. Rendell stated that 6,800 jobs were added to state payrolls in the months of April, May, and June and the unemployment rate was holding steady at 5.2 percent (Governor Rendell says state, 2008, July 18). Rendell’s rosy reports however, masked the economic realities that were beginning to be felt in the Commonwealth. In September of 2008 Rendell ordered $200 million be cut from the state’s budget. To achieve such a drastic cut, Rendell ordered an immediate hiring freeze and banned all out-of-state travel by state officials and employees. The hiring freeze was expected to leave vacant approximately 5,000 state jobs. The hiring freeze and the ban on out-of-state travel were not put in place to fill a gap in the state budget according to a spokesman for the governor, but a precautionary measure to ensure that the state did not create a deficit. However, the unemployment rate in Pennsylvania climbed to 5.4 percent in July and state tax revenues were 3.3 percent below projections as of August 2008 (Cook, 2008, September 17). The State Senate projected if current trends continued, a $1 billion dollar deficit could accrue within a year (Cook, 2008, September 17).

Two days later the governor reported that the state unemployment rate had climbed to 5.8 percent in August, a four-tenths of a percentage point increase in one month. Rendell maintained that the state was still faring better than many of its neighbors and also touted a new grant program that would fund collaborations between colleges and universities and private businesses to launch new businesses (Governor Rendell says effect, 2008, September 19).
The crisis on the national level.

The growing economic turmoil in Pennsylvania reflected what was happening on a national scale. By October of 2008, the top five U.S. investment banks had either been sold, declared bankruptcy, or been reorganized. Lehman Brothers declared bankruptcy on September 15, 2008, due to its losses in the subprime mortgage market (Lehman Brothers, 2008, September 15). Lehman shares prices plummeted over 90 percent that day, and the Dow Jones Industrial Average dropped over 500 points (Kennedy, Morcroft, & Schroeder, 2008, September 15; Berenson, 2008, September 16). Merrill Lynch suffered a similar fate—losing $19.2 billion between July 2007 and July 2008 (Story, 2008, July 18). On September 14, 2008, it was announced by Bank of America that they were having discussions with Merrill Lynch to purchase the company (Sorkin, Anderson, de la Merced, & White, 2008, September 14). On September 21, 2008, Goldman Sachs and Morgan Stanley, both became commercial banks (Goldman Sachs to be, 2008, September 21; Kollewe & Teather, 2008, September 22). In September 2008, the government sponsored enterprises of Fannie Mae and Freddie Mac, which had guaranteed or owned over $1 trillion in mortgage obligations were placed in a U.S. government conservatorship (Wallison & Calomiris, 2008, September).

Insurance giant, AIG received the largest government bailout of a private company in U.S. history after it was forced to deposit collateral with its trading counter-parties after its credit rating was downgraded. AIG had protected financial institutions in the form of credit default swaps without collateral because of the practice that allowed AIG to use its highest credit ratings to enter into swaps without collateral, but when its credit rating was downgraded, AIG was required to deposit collateral with its counter-parties. The necessity to provide collateral on all its swaps produced a liquidity crisis for the company and the U.S. government had to step in to bail
out the company. The Federal Reserve Bank of New York was authorized to create a 24-month credit liquidity facility for AIG from which they could draw up to $85 billion (Andrews, de la Merced, & Walsh, 2008, September 17). With the demise or wounding of the large U.S. investment banks, their ability to extend credit to other corporations disappeared (President, chief executive officer Geithner, 2008, June 9).

As the U.S. financial sector began to disintegrate, the United States government began to intervene. The Emergency Economic Stabilization Act of 2008 authorized the U.S. Secretary of the Treasury to spend up to $700 billion (Troubled Assets Relief Program [TARP]) to purchase distressed assets such as mortgage-backed securities from financial institutions and also to pump funds into banks (Clark, 2008, November 13). The meltdown in the U.S. financial sector rippled outward to effect individuals, businesses, state and local governments. Retirement accounts and pension funds withered as did consumer spending and business output. The U.S. gross domestic product declined 6.3 percent in the fourth quarter of 2008 and corporate profits before taxes decreased by $499.2 billion during the same period (Bureau of Economic Analysis [BEA], 2009, March 26). Taxes on corporate income decreased by $130.3 billion during the fourth quarter of 2008, and decreased by 18.6 percent for the entire year (BEA, 2009, March 26). Unemployment rose to 5.7 percent in July of 2008 (Bureau of Labor Statistics, 2008, July), increased to 7.2 percent in December of 2008 (Bureau of Labor Statistics, 2008, December) and grew to 9.5 percent by June of 2009 (Bureau of Labor Statistics, 2009, June). In December of 2009 the unemployment rate was 10 percent (Bureau of Labor Statistics, 2009, December).

Soon after Barack Obama took office as President of the United States, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) on February 17, 2009. Unlike the Emergency Economic Stabilization Act of 2008, the ARRA was intended to stimulate the
economy by creating jobs and consumer spending. The ARRA provided $45 billion to the states for education. The act required state governors to spend money on education to restore funding to 2008 levels (ARRA, 2009).

**The economic crisis affects Pennsylvania: First rescission.**

In Pennsylvania, on October 2, 2008, it was reported that Rendell had ordered his cabinet secretaries to cut their spending by 4.25 percent because tax revenues had fallen below projections by 6.25 percent. Anxious to encourage new jobs and growth in the state, Rendell trimmed the interest rates on three business loan programs (Tamari & Couloumbis, 2008, October 2). After the first quarter of the 2008-09 budget, state tax revenue losses had amounted to $281.4 million (The fallout the impact, 2008, October 5). Researchers at the Pennsylvania Budget and Policy Center encouraged state officials to dip into the Rainy Day Fund to shore up the budget as well as closing loopholes in the Corporate Net Income Tax System, deferring reductions in other tax rates, and pouring money into infrastructure projects (State budget discussions must, 2008, October 31).

The 4.25 percent reduction in spending extended to the state-related universities as well. On October 9, 2008 Penn State reported that the state Secretary of the Budget had informed the university that it should plan to hold back 4.25 percent or approximately $15 million in reserve because tax revenues were much less than expected (Penn State Live, 2008, October 9). President Spanier said that the proposed rescission would require all units at Penn State to cut their budgets. According to Spanier, the University “had already instituted an across-the-board reduction in the operating budgets of all departments at the beginning of the fiscal year” (Penn

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7 A state budget reserve is created by cutting funding from a unit or organization in which the funds are then held in reserve until the economic picture for the state becomes clearer. If the economic situation improves, the governor can then release the funds that were held in reserve to the units and organizations. If not, the reserve becomes a permanent cut (Temple University, 2008, October 17; Temple University, 2008, October 6).
Spanier stated that some positions would be cut, mostly through attrition, and other positions would not be filled (Penn State Live, 2008, October 9).

To Rodney Erickson, Penn State’s Provost, was left the assignment of explaining how the budget reserve would be handled at Penn State. To put nearly $15 million in reserve, Erickson told the Faculty Senate on October 21, 2008 that $5.4 million would come from the “temporary recycling of funds from academic and administrative units,” $6 million would come from central reserves, and approximately $2.4 million would come from Agricultural Research and Cooperative Extension, with the remaining $600,000 being drawn from the Pennsylvania College of Technology (Penn State Live, 2008, October 22, ¶ 5). Erickson cautioned the Senate that, “the next year will likely be the most challenging fiscal environment for the University in a long time” (Penn State Live, 2008, October 22, ¶ 6).

President Ann Hart wrote a letter to the Temple community explaining that she expected to see more cuts beyond the proposed 4.25 budget reserve ($7.46 million) and had ordered that $11.625 million be held in reserve. In order to create the reserve, a hiring freeze was instituted across the university, with exceptions to be considered by the appropriate Senior Vice President on a case-by-case basis. Anthony E. Wagner, Temple’s Chief Financial Officer and Treasurer, explained (Temple University, 2008, October 6) that $5.9 million would be put in reserve from compensation budgets across the university. All out-of-state travel was restricted, with exceptions being approved at the cabinet officer level. All officers were assigned targeted reductions for their budgets. Finally, the 2 percent “inflationary supplement allocated as part of the 2008-09 budget process” was rescinded. The inflationary supplement ($1.6 million) was given to all colleges, schools, and some administrative units to cover such things as books, equipment, and office supplies (Hart, 2008, September 22; Temple University, 2008, October 6).
Chancellor Nordenberg of the University of Pittsburgh wrote a letter to the Pitt community on October 1, 2008, explaining that the State Budget Secretary had asked them to reserve 4.25 percent or approximately $7.25 million. Like Spanier and Hart, Nordenberg told the Pitt community that spending cuts would be forthcoming but did not go into detail what those cuts would entail (Nordenberg, 2008, October 1). Nordenberg used the article to complain about the lack of financial support from the state of Pennsylvania. He explained that the rescission would mean that the 2009 appropriation would be nearly $1 million less than the 2007 appropriation in actual dollars, and that if the reserved amount was withheld that the cumulative appropriation increase between 2001 and 2009 was only 2.6 percent while inflation had increased by 30 percent during the same period. The rescission, he said, would mean that Pitt would receive $5 million less in state dollars than it did in 2001 (Nordenberg, 2008, October 1).

Ironically, just prior to the announcement of the budget reserve, Temple, Pitt, and Penn State were required to submit their appropriation requests to the State Department of Education. Penn State’s Board of Trustees approved a 6.9 percent increase ($377.3 million) over the FY 2009 for the 2009-10 fiscal year on September 19, 2008. Spanier promised that if Penn State received the requested appropriation amount that the tuition rate increase for the 2009-2010 year would be kept to 4.9 percent for students at the Commonwealth campuses and 5.5 percent at the University Park campus (Penn State Live, 2008, September 19). He warned if Penn State did not receive the requested amount that the Penn State’s ability to offer quality programs and services would be curtailed (Penn State Live, 2008, September 19).

In a meeting of the Senate Budget Policies Committee on October 3, 2008, at the University of Pittsburgh, the Vice-President of Government Relations, Paul Supowit, told the committee that Pitt would be submitting an appropriation request for the 2009-10 year of $205
million, an 8.5 percent increase over the 2008-09 fiscal year (University of Pittsburgh, 2008, October 3). Temple University requested a seven percent increase in appropriation over the fiscal year 2008-09, or approximately $203.2 million (Temple University, 2008, September).

By the end of October 2008, the state had announced $311 million in cuts to the state budget and there was speculation that the deficit could climb as high as $1.5 billion (State budget discussions must, 2008, October 31). On top of the hiring freeze and moratorium on out-of-state travel, Rendell cut $22 million from the State System of Higher Education and prohibited the purchase of vehicles for the state (Editorial: Pa. budget, 2008, November 18). Rendell also ordered the State Auditor, Attorney General, and State Treasurer to cut an additional $39 million from their budgets. Some state lawmakers hoped to avoid cuts to Medicaid, the state’s second largest expenditure ($5.5 billion) which paid for the health care services of approximately 1.9 million state residents (Smykla, 2008, November 20).

Despite the growing deficit, threat of tax increases, budget cuts, and a growing unemployment rate, the members of the General Assembly and other elected officials such as the governor and judges were scheduled to receive a pay raise due to a law passed in 1995 that called for salaries to be annually adjusted for inflation. Base salaries for House and Senate members was expected to rise to $78,315 and Rendell’s salary would be adjusted to $174,956 up from $170,150 (Cattabiani, 2008, November 21). Rendell stated that he was considering waiving the salary increase and calling on members of his cabinet to do the same. The Senate President Pro Tempore, Joseph B. Scarnati III, (R) stated that axing the yearly raise should be a part of the ongoing budget discussions, but did not openly endorse the idea (Cattabiani, 2008, November 21). The Auditor General, Jack Wagner, said he would give back his cost-of-living salary increase by either writing the state a check or donating the amount to a social services agency.
He called on the General Assembly to impose a two-year cost-of-living increase freeze (Auditor General Jack Wagner says, 2008, December 3). Although the cost-of-living increase freeze was not implemented, Governor Rendell and a number of lawmakers declined to accept the automatic pay raise (Anrden, 2010, November 27). Although the Rainy Day Fund contained $740 million, it had remained untapped thus far.


In early December, Governor Rendell called for an additional $128 million in cuts to be made to the state budget. Rendell instituted a wage freeze for 13,600 non-union state employees and told the media that he expected to reduce 400 out of 500 appropriation lines that were under his control. To lighten the blow, Rendell stated that he and the other governors had met with President-elect Barak Obama and discussed a stimulus plan that would pump federal funding into ailing state budgets to support infrastructure projects and social programs such as food stamps (Mayes, 2008, December 5). Soon after Rendell’s announcement (December 10), Penn State learned that 6 percent of its appropriation would be withheld, up from the 4.25 percent that was announced in the fall, bringing the amount lost to $21.2 million (Penn State Live, 2008, December 11). Spanier called the second rescission a “serious blow” and stated that he and Penn State’s budget officers would have to “go back to the drawing board to determine where the additional cuts can be made” (Penn State Live, 2008, December 11).

Chancellor Nordenberg issued a letter to the Pitt community on December 18, 2008, lamenting the 6 percent loss (approximately $11.3 million) of state funding and explained that officer salaries would not rise at all for the fiscal year 2008-2009 (Nordenberg, 2008, December 18). As in the fall, Nordenberg explained to the Pitt community how spending at the university was being curtailed. He stated while a hiring freeze had not been put into effect, new hires would
be greatly reduced, funds for capital projects were being slowed, and that Pitt would be pursuing federal stimulus funds to alleviate some of the economic pain (Nordenberg, 2008, December 18). Adding to the financial gloom, Nordenberg noted that the value of the university’s endowment had dropped 22 percent, but did not go into any detail as to why (Nordenberg, 2008, December 18).

As with Spanier and Nordenberg, President Hart announced that 6 percent of the state appropriation (approximately $11.4 million) had been held back by the state because of the economic crisis. She also foresaw the need for the state to make additional cuts to the appropriation before the end of the fiscal year. She reiterated what the university had done so far to reduce spending—a hiring freeze, canceling non-essential out-of-state travel, and getting rid of the 2 percent increase for non-compensation costs—and added some new measures that were effective immediately. All salaries for non-collective bargaining employees would remain at their 2008-2009 level for the 2009-2010 fiscal year and operating costs would be reduced by 5 percent, or approximately $40 million. The reduction plan would be created with the involvement of all academic and administrative units (Hart, 2009, January 15).

In January of 2009, Governor Rendell announced that there would be no increases to the state’s income tax or sales tax for FY 2009-2010. He also stated that the deficit had risen to $2.3 billion. He pushed for the four caucuses of the General Assembly (House Majority and Minority and Senate Majority and Minority) to turn over a portion of their surpluses that they kept in reserve in order to keep operating in case there was a stalemate over the budget and their budget was not funded for a period of time. It was estimated that the surpluses totaled $200 million (Couloumbis, 2009, January 23). The governor announced more cuts to the budget, but did not provide any detail as to what would be cut (Couloumbis, 2009, January 23).
At the national level, as the mammoth stimulus bill wound its way through the U.S. Congress, Rendell counted on receiving funds to patch up the current budget and shore up Medicaid benefits. According to the Federal Funds Information for the States, Pennsylvania could receive up to $8.2 billion in federal stimulus funding (Tamari, 2009, January 29). Rendell planned to spend the potential $8 billion by allocating $4 billion for healthcare, $2.4 billion for educational needs, and $1.2 billion for infrastructure projects (Pagonis, 2009, January 30). The stimulus funds were to be distributed over three budget years including the current fiscal year of 2008-09 (Pagonis, 2009, January 30). Rendell also announced the layoff of 1,000 to 2,000 state employees and wanted members of the state employee unions to agree to give back recent pay hikes, a pay freeze, and furloughs (Pagonis, 2009, January 30). With unemployment climbing to almost seven percent, the unions were bitterly opposed to Rendell’s plan and presented the governor with alternative ideas for saving money (Pennsylvania's Public Sector, 2009, February 4).

In his presentation to the Board of Trustees on January 23, 2009, Spanier reiterated many of his earlier comments—Penn State was on solid financial ground and he did not foresee the need to impose university-wide cuts and freezes as had occurred at other colleges and universities. To assist faculty and students during the economic recession, the university would freeze employee contributions to health premiums, freeze the parking fees, and double the funding available to the Employee Special Assistance Fund—a fund to help employees who find themselves in very difficult financial circumstances (Spanier, 2009, January 23). He expressed his hope that when Rendell presented his budget for FY 2009-2010 in February, that Penn State would receive “sufficient funding,” but acknowledged that the year “has not been a good one for Pennsylvania” (Spanier, 2009, January 23, p. 2).
Rendell’s FY 2010 proposed budget.

Rendell released his budget of approximately $29 billion for the 2009-2010 fiscal year on February 4, 2009, a budget that he claimed would help Pennsylvania put its “financial house in order” (Governor Rendell focuses on, February 4, ¶ 2). The deficit, Rendell stated, had risen to $2.3 billion. He called the economic situation of the state “the worst recession since the Great Depression” (Governor Rendell focuses on, February 4, ¶ 7) and stated that his budget proposal “requires considerable sacrifice and pain” (Rendell, 2009, February 4, p. 6).

To help offset the dismal economic outlook, Rendell wanted to encourage business investment in the state by phasing out the Capital Stock and Franchise Tax. Rendell’s 2009-2010 budget also included hundreds of millions of dollars for infrastructure projects—bridge repair, flood control, sewer, dam projects, rail and aviation projects, and $100 million for capital improvement projects at the state-related universities (Governor Rendell focuses on, 2009, February 4). The proposed budget also called for restoring $35 million to PHEAA education grant programs, increased funding for community college enrollments, and a Tuition Relief Act which proposed to help Pennsylvania students of community or public colleges whose families earn less than $100,000 by only requiring them to pay what they could afford in tuition (Governor Rendell focuses on, 2009, February 4). To pay for the tuition relief plan, Rendell wanted to legalize video poker machines (Swift, 2009, February 9).

Although infrastructure projects and some higher education programs and institutions received funding for new projects, the budget was highlighted by cuts and reductions. Rendell called for the elimination of 100 state program and reduced funding for many others. He also wanted to create a commission to investigate the feasibility of consolidating the 500 school districts into 100 (Moody, 2009, February 5). Rendell also hoped to boost state revenues by
taxing natural gas drilling, and increasing the tax on cigarettes, smokeless tobacco, and cigars, and by finally tapping into the Rainy Day Fund (Swift, 2009, February 5; Rendell, 2009, February 4).

Rendell proposed the following appropriations for the state-related universities: Penn State was to received $318,073,000, approximately a $20 million reduction from their 2008-2009 appropriation; $160,490,000 for the University of Pittsburgh, about $11 million less than the 2008-09 appropriation, and Temple University was to receive $164,974,000, which was also approximately $11 million less than the prior year’s appropriation (Pennsylvania Office of the Budget, 2009, February 4). Within days of presenting his budget, Rendell issued another warning that if the pared down version of the federal stimulus bill was passed that “the pain from state budget cuts would vault from moderate to severe” especially to hospitals and schools (Couloumbis, 2009, February 11, ¶ 1). Additionally, less federal funding could lead to 1,500 additional layoffs of state employees (Couloumbis, 2009, February 11).

The response of the state-related universities was immediate. A press release from Penn State came out the same day as the budget was presented. Spanier stated that he understood the situation that the state was in and that Penn State was “prepared to do its part” (Penn State Live, 2009, February 4). He announced a salary freeze for all employees for FY 2009-2010 and that other budget reductions would occur. Spanier was pleased that Governor Rendell had announced a tuition relief program, but was unhappy that Penn State and the other state-related universities had not been included in the plan. He petitioned that the state-related universities be included in the program; the reason being that Penn State was a public university and the program was intended for Pennsylvania students who attended public colleges or universities (Penn State Live, 2009, February 4).
Pitt’s chancellor also expressed understanding at the reduced appropriation amount, stating that the amount was neither “surprising nor unfair” (Nordenberg, 2009, February 18, ¶ 13). He did complain that the state-related universities were being unfairly treated with regards to appropriations in comparison to the State System of Higher Education and the community colleges. Nordenberg lambasted the governor’s tuition relief plan for leaving out the state-related institutions. Like Spanier, Nordenberg categorized Pitt as one of Pennsylvania’s public universities and thus should be included in the legislation (Nordenberg, 2009, February 18). In his presentation to the Board of Trustees on February 27, 2009 Nordenberg complained that Pennsylvania’s public research universities had been relegated to “least-favored status” (Chute, 2009, February 28 ¶ 2).

President Hart of Temple did not express understanding for the state economic crisis in her press release, stating that the reduction in appropriation would have “a lasting impact” on Temple University (Betzner, 2009, February 13, ¶ 3). She also worried that the federal stimulus funding would not plug the holes in Temple’s budget. The campus also reacted unhappily to being excluded from the governor’s tuition relief plan, but President Hart assured students that she would work with the other presidents of the state-related universities to advocate for the inclusion of the institutions (Shinkus, 2009, February 13). Temple and Penn State students joined forces to stage a rally at the Bell Tower of Temple University to show their opposition to Rendell’s exclusion of the state-related universities from the proposed tuition relief plan (Rubinsky, 2009, February 24).

Meanwhile in DC, The American Recovery and Reinvestment Act (ARRA) was signed by President Obama on February 17, 2010, which contained many beneficial provisions for higher education. The maximum award for the Pell Grant program was bumped from $4,731 to
$5,350 for 2009 and up to $5,550 for 2010. Billions of dollars in research funding was authorized for federal agencies such as the National Institute of Health ($10 billion), the National Science Foundation ($3 billion), and the Department of Energy ($2 billion). Within the ARRA, the State Fiscal Stabilization Fund provided states with additional funding to stabilize their budgets. Specifically, education budgets (including higher education) would be recipients of the federal funds (Nordenberg, 2009, February 18). The State Fiscal Stabilization Fund would provide funds for three years—the current fiscal year, FY 2009-2010, and FY 2010-2011. On March 3, Governor Rendell held a press conference in which he announced that he would be using ARRA funds, (federal stimulus package funds) to restore funding to Pennsylvania’s institutions of higher education. His plan called for using $42 million to restore the budget cuts of FY 2009 to the four state-related universities (Penn State Live, 2009, March 3; Presentation by Pennsylvania State-Related, 2009, March 3).

**Selling tuition relief.**

Pennsylvania’s first-ever conference on higher education, access, affordability, and success was held at Penn State on March 17, 2009, where, ironically, Governor Rendell discussed the details of his tuition relief plan—a plan that would serve Pennsylvania students who attended the 14 state universities or the 14 community colleges—but not the students of the institution where he was speaking (Pennsylvania governor rendell urges, March 17). The details of the plan called for assisting students that come from families that earn less than $100,000 a year (approximately 170,000 students) and chose to attend one of the 14 state universities or one of the 14 community colleges. Every family that qualified would receive thousands of dollars to help cover tuition costs. For those families that earned less than $32,000 a year, the student would be required to pay just $1,000 to cover tuition, fees, room and board, and books.
Pennsylvania governor Rendell urges, 2009, March 17). On the same day that Rendell was selling his tuition relief plan at Penn State, students from the University of Pittsburgh were visiting legislators at their offices in Harrisburg, asking them about the tuition relief plan and why the state-related institutions were not included (Checkeye, 2009, March 26). The next day, Pitt students joined Penn State students in a rally at the Capitol Building decrying the exclusion of the state-related universities from the governor’s tuition relief plan (Victor, 2009, March 18).

The legality of the tuition relief plan was questioned by some lawmakers. Jake Corman, a Republican Senator from Centre County, and the State Senate Appropriations Committee Majority Chairman stated that because the tuition relief plan would require that video poker become legal in the state there would be legal obstacles to overcome. One of the major questions that needed to be addressed was the issue of licensing fees. After Rendell took office, a bill passed that legalized 61,000 slot machines. Casino operators at the time had to pay a $50 million license fee to the state in order to install the slot machines, however. The proposal to legalize video poker had confused the license issue. Casino officers had paid their license fees when video poker was not legal, so did the license fee apply still? (Cirilli, 2009, March 27). A spokesman for Rendell, however, felt that the legislation could be passed. Corman said if the bill did pass that the he was sure that the state-related institutions would be included (Cirilli, 2009, March 27).

The approach of July 1.

On March 3, 2009, the presidents of the state-related institutions made their formal remarks to the House of Representatives Appropriations Committee concerning the appropriation requests of the state-related universities. In this venue, the presidents of the state-related universities were able to provide input about the appropriations for their institutions and respond
to questions about higher education funding. Interestingly, the committee talked about the
funding of higher education in general and asked questions about a variety of topics that were
affecting the state-related universities, at no time during the hearing were the appropriation
requests of the state-related universities mentioned (Presentation by Pennsylvania State-Related,
2009, March 3).

While the General Assembly began to haggle over the details of the 2009-2010 budget,
the economic situation in the state continued to deteriorate. The deficit was projected to top $2.6
billion by the end of 2008-2009 fiscal year. Projections for the next two fiscal years had the state
debt growing to $5.5 billion by the passage of the 2010-2011 budget and $9.9 billion by the fiscal year 2011-2012 (Mayes, 2009, April 17). How to deal with the potentially lucrative
Marcellus shale natural gas deposits began to be a source of contention in the General Assembly
and governor’s office. As he had proposed in his budget address, Governor Rendell wanted to
tax natural gas extraction while some Republicans, fearful that new taxes would scare natural gas
extraction companies away, recommended that no new taxes be placed on natural gas extraction, but that 390,000 acres of state forest be opened up to natural gas extraction (Reed, 2009, May).

When the Senate passed their version of the budget on May 6, 2009, the total came in at
$27.3 billion, approximately $1.6 billion less than Rendell’s proposed budget of $28.9 billion for FY 2009-2010. The Senate, controlled by Republicans, passed their version of the budget on the strength of party lines (Barnes, 2009, May 16). Their version of the budget eliminated funding for many programs and agencies including: the Pennsylvania Council on the Arts and the Grants to the Arts program (Loewenstein, 2009, May 8), $50 million from the Department of

8 The Marcellus Shale natural gas deposit is the largest on-shore deposit of natural gas in the world. The deposit stretches from western New York to West Virginia, and from eastern Pennsylvania to eastern Ohio. In Pennsylvania, the deposit covers two-thirds of the state at a depth of a mile or more beneath the surface (The League of Women Voters of Pennsylvania, 2009).
Environmental Protection (Pennsylvania Department of Environmental, 2009, May 12), $7.6 million from the Department of Military and Veteran Affairs (Barnes, 2009, May 16), slashes to the Department of Conservation and Natural Resources, the National Guard (Barnes, 2009, May 16) and $16 million in funds from workforce development and training programs (Pennsylvania senate republican budget, PR Newswire, 2009, May 15). Rendell warned that if the legislature did not deliver a more generous budget than the one passed by the Senate that could be passed and signed by July 1, 2009, that there would be days of no pay for the state’s 78,000 employees (Barnes, 2009, May 16). The House of Representatives faced the unenviable task of deciding which budget to approve or to craft a compromise between the two. As the House began to wrangle with the difficult budget decisions, partisanship began to flow. On May 26, 2009, the House Republicans boycotted legislative hearings because they felt that those hearings were being staged by the Democrats and Governor Rendell to build support for tax increases. As stated before, Rendell had proposed taxes on gas extraction, smokeless tobacco, increasing the cigarette tax, and possibly the income tax in order to provide revenues for the budget he had proposed (Bumsted, 2009, May 26).

And things were getting worse. By March the unemployment rate in Pennsylvania had grown to 7.8 percent, and maintained that level into April 2009 (Governor Rendell says Pennsylvania's unemployment, 2009, May 21). By May the state deficit had grown to more than $3 billion (Barnes, 2009, May 22). By the end of May, members of the House were using a deficit of $3.2 billion for their budget discussions for FY 2009-2010 (Bumsted, 2009, May 26). In early June, State Representative William DeWeese (D) announced that he was going to introduce a bill that would legalize table games—poker, roulette, blackjack—and others in the state. Given the cash-strapped nature of the state, DeWeese believed that legalizing table games
could add between $200 and $300 million in revenues to the state coffers. Governor Rendell however, did not want to consider legalizing table games yet because not all of the 14 slot parlors had opened and because the table games legislation would compete with the proposed legislation on video poker (Parmley, 2009, June 3). On June 7, 2009, Rendell announced that he would cut $400 to $500 million from his proposed budget, but gave no details as to where those cuts would be made (Guerriero, 2009, June 7).

On June 16, Rendell announced that he would ask the General Assembly to raise the income tax temporarily to 3.57 percent, a .50 percent increase. If raised, Rendell said the tax increase could produce $1.5 billion in tax revenue over three years. The income tax would revert to 3.07 percent after three years. Rendell’s announcement sparked Senate Republican leaders to state that the budget would not be passed on time (Micek & Kraus, 2009, June 17). Rendell’s proposal was also going to be a tough sell among members of his own party (Bumsted, 2009, June 23).

By June 19th, and only eleven days before the end of the FY 2008-09, Governor Rendell stated that if the legislature sent him a table games bill, he would consider signing it, his comments came just one day after State Representative DeWeese (D) introduced the legislation. Republican House Minority Leader, Sam Smith, called the introduction of the bill a distraction to the main issue of passing a budget by June 30 (Micek & Kraus, 2009, June 19). Rendell had earlier said that he was not interested in legalizing table games until all 14 of the casinos were operational and the issue of video poker had been resolved. Opponents to the bill felt that increasing the gambling interests in the state would end up hurting families, the poor, and make the state reliant on a socially damaging source of revenue (Micek & Kraus, 2009, June 19).
Since table games had become an issue tied to the state budget, House Republicans wanted to reform the state gaming code to close loopholes (Boyer, 2009, June 25).

**Removing the state-related universities from the SFSF application.**

On June 26, with just four days left in FY 2008-2009, Governor Rendell released $500 million in cuts to his 2009-2010 budget proposal. Rendell stated that the cuts affected nearly 80 percent of all the General Fund lines. He also stated that 53 percent of the cuts proposed by Senate Bill 850 (Senate version of the budget) were partially or completely accepted (Pennsylvania Governor Rendell announces latest round, 2009, June 26). The governor preserved the funding for K-12 education and the funding for the community colleges and state colleges and universities, but reduced the appropriations to the state-related universities by 13 percent ((Pennsylvania Governor Rendell announces latest round, 2009, June 26). He also announced that the state would be submitting its application for the federal stimulus money from the State Fiscal Stabilization Fund immediately, four days before the deadline (Pennsylvania Governor Rendell announces latest round, 2009, June 26). Of the $953 million that the state was expected to receive, 18 percent of it would be used to relieve the general budget crisis and the remainder would be used for shoring up education budgets, but none would go the state-related universities ((Pennsylvania Governor Rendell announces latest round, 2009, June 26). The governor stated that the state-related universities were not public and would not be included in the federal stimulus application (Temple University, 2009, June 30). Rendell cited the Pennsylvania Constitution that states that a non-preferred appropriation is designated for “any charitable or educational institution not under the absolute control of the Commonwealth” (PA Constitution, Article III, § 30, 1968).
For Penn State, that meant a reduction of $40 million in their appropriation which was to come on top of the 6 percent reduction ($20 million) that was cut from the FY 2008-2009 appropriation (Penn State Live, 2009, July 1). The reduction would reduce Penn State’s appropriation to $278 million, or what it had received in 1996 (Penn State Live, 2009, July 1). For Temple, the cut would mean $21 million in addition to the $10.5 million already lost from the current appropriation year (Temple University, 2009, June 30). Chancellor Nordenberg reported a similar story to the Pitt community. The proposed reduction would reduce Pitt’s appropriation by more than $30 million, returning the 2009-2010 appropriation to 1995 levels (Nordenberg, 2009, July 7).

All three institutions decried Rendell’s assertion that they were not public universities. Spanier, Hart, and Nordenberg each wrote a letter to the U.S. Secretary of Education, Arne Duncan, days after Rendell released the details of his budget cuts in which they explained that the state-related universities should not be excluded from the State Fiscal Stabilization Funds because they were public research universities and had to be included in the application to be in compliance with the ARRA. Members of Pennsylvania’s Congressional delegation wrote to Secretary Duncan as well in support of the state-related institutions, stating that the application was “at odds with the letter and spirit of the American Recovery and Reinvestment Act, which clearly notes that states are to provide funds to public institutions of higher education” (As cited in Penn State Live, 2009, July 16, ¶ 6). Despite the negative reactions of the institutions, lawmakers, and the public, Rendell remained committed to cutting the state-related universities out of the SFSF application. The decision was now in the hands of Arne Duncan.
July 1s, and no budget.

Signaling that the budget would not be passed on time, Governor Rendell announced on June 30, 2009 that ten credit unions and banks were offering state employees no-interest loans and lines of credit up to $69,000. Paychecks for some state employees could halt as soon as July 17, and given a court decision, they would be required to stay on the job (Bumsted, 2009, June 30). On July 1, 2009, the first day of FY 2009-2010 the budget had not passed—the deadline had now been missed seven times during Rendell’s tenure as governor. Despite budget negotiators having holed up at the governor’s mansion for two days, a passable compromise on the budget could not be reached by the June 30th deadline. Rendell blamed Republicans for not being willing to balance the budget without increasing taxes. Republican leaders on the other hand, lambasted Rendell for failing to pass a budget on time yet again and reiterated their commitment to not increasing taxes. Senate Majority Leader Dominic Pileggi (R), felt that the impasse could last into August (Bumsted, 2009, July 1).

Complaints from health care providers and social services administrators over the lack of a budget were immediate and they warned that the services they could offer would be curtailed as early as July 17, 2009 (Fryer, 2009, July 3; Worden & Couloumbis, 2009, July 3). Health care officials warned that 13,000 jobs would be lost in the state if the proposed budget cuts were passed (Mayes, 2009, July 14). As July progressed, Governor Rendell continued to tout his budget and defame the Senate version. Rendell visited a number of school districts in June and July to tout his version of the budget and warn the districts that the Senate version of the budget would force school districts to increase property taxes and cut programs (Pennsylvania Governor Rendell urges adequate budget, 2009, July 7; Governor Rendell joins local, 2009, July 11).
Given the uncertainty surrounding the state appropriations, Penn State’s Board of Trustees approved two different tuition schedules for the upcoming school year, with the adoption of the final schedule depending on the size and timing of the state appropriation (Penn State Live, 2009, July 10). The Board of Trustees had planned on the lowest tuition increase in modern history for the FY 2009-2010, but Governor Rendell’s proposal to cut a total of $61 million from the appropriation required calculating a less generous tuition schedule. If the final state budget cut Penn State’s appropriation by $61 million, then the institution would be forced to adopt the higher tuition schedule. The higher of the tuition schedule would raise tuition at the University Park campus by almost 10 percent for in-state students, 7.9 percent for out-of-state students, and 4.9 percent at all other campuses. If however, if the state passed a budget by July 17, 2009, at the 2008-2009 appropriation level, Penn State would raise tuition by 3.9 percent at all other campuses, 3.7 percent for out-of-state students at University Park, and 4.5 percent for in-state students at the main campus (Penn State Live, 2009, July 10).

By mid-July, the impasse had not budged and State Senator Vincent Hughes felt that there was “no projected end in sight” (Mayes, 2009, July 14, ¶ 21). The House Republicans had released a budget proposal a week before that required $1 billion in new revenue streams, but Rendell was unhappy that it also called for reductions in child health care spending and early childhood spending (Mayes, 2009, July 14). The proposed budget was scheduled for an appearance at the House Appropriations Committee on July 13, 2009, but possibly would not get to the floor until July 27 because of rules governing budget legislation (Mayes, 2009, July 14).

On that same day, House Democrats proposed a budget of $27.8 billion—a budget that stripped all funding for higher education (Bumsted, 2009, July 14). Republican leaders called the proposal a “sham” and a “transparent budget gimmick” (Bumsted, 2009, July 14, ¶ 6 and 10).
The Democrats’ proposal was to push Republicans to consider an increase of the income tax and Rendell’s video poker bill which was up for consideration the next day (Bumsted, 2009, July 14).

**Putting the state-related universities back in the SFSF application.**

Rendell’s desire to exclude the state-related from the SFSF application was denied by Secretary of Education Arne Duncan. Rendell released a brief statement on July 15, 2009 stating that the U.S. Department of Education had asked Pennsylvania to revise its State Fiscal Stabilization Fund application to include the four state-related universities (Pennsylvania Governor Rendell issues statement, 2009, July 15). The next day, Temple, Pitt, and Penn State all released statements regarding their tuition rates for the 2009-2010 school year. Penn State adopted a 3.7 percent to 4.5 percent increase depending on campus and resident status (Penn State Live, 2009, July 16). Temple University’s Board of Trustees Executive Committee announced that it would hold its tuition increase down to 2.9 percent, but reserved the ability to revisit the tuition rate if the final state budget passed with the $21 million cut intact (Temple University, 2009, July 16). Pitt’s Board of Trustees Executive Committee approved tuition rate increases from 0 to 4 percent. All students at Pitt’s four (Bradford, Greensburg, Johnstown, and Titusville) regional campuses would pay the same tuition schedule as the 2008-2009 school year, a 2.5 percent increase for out-of-state students at the main campus, and a 4 percent increase for in-state students at the main campus in Pittsburgh (University of Pittsburgh, 2009, July 15).

**A long drawn-out budget battle.**

On July 16, 2009, the Democrat budget proposal that excluded funding for higher education had been fast-tracked for debate on the floor and passage. The House voted 193-3 on the 15th of July to suspend the two-week waiting period requirement for budget legislation which cleared the way for floor debate on the 16th and potential passage the next day (Worden, 2009,
July 16). Republicans accused the Democrats of using higher education as leverage to force them to negotiate on a tax increase (Worden, 2009, July 16). July 17\textsuperscript{th} came and went and the budget was still stuck in gridlock. State employees started to feel the brunt of the stalemate, receiving only a portion of their paychecks on July 17 and none in the near future (Governor Rendell discusses more assistance, 2009, July 17; Mayes, 2009, July 17). Rendell continued to ask financial institutions to assist and be flexible with state employees. He also asked the Mortgage Bankers Association to be generous with state employees whose mortgages they hold and requested that the Pennsylvania Housing Finance Agency to restructure mortgage terms for state employees (Governor Rendell discusses more assistance, 2009, July 17).

By the end of July, approximately 77,000 state employees would not receive a paycheck and 18,000 unemployed Pennsylvanians would not receive unemployment benefits (Worden & Couloumbis, 2009, July 21). The House had rejected the House Republican budget proposal of $27.3 billion the day before and planned to vote on the Democrat version of the budget ($29.1 billion) which left higher education unfunded through the general budget, requiring that higher education be funded through a separate revenue stream (Callahan & Micek, 2009, July 17). Where the funding for higher education would come from exactly remained uncertain (Mayes, 2009, July 21).

The House passed the budget on the strength of the Democratic majority and sent it back to the Senate who immediately rejected it on Monday, July 20, and sent a counter budget proposal back to the House for them to consider (Mayes, 2009, July 21). The Senate’s budget proposal was still far below what Rendell wanted at $27.1 billion and included no tax increases and massive cuts to programs that the governor wanted left untouched such as K-12 education (Mayes, 2009, July 21). The House rejected the Senate version and a conference committee of
legislative leaders from both houses was to be created to craft a budget that reflected the funding priorities of both parties (Worden & Couloumbis, 2009, July 21).

By July 28, with the threat of tens of thousands of state employees about to go without a paycheck, Rendell stated he was considering a spending measure such as a stopgap budget to ensure that state employees get a paycheck, keep state facilities open, and pay contractors who have work for the state (Bumsted, 2009, July 28). By this time, the deficit had grown to $3.25 billion (Bumsted, 2009, July 28). Rendell’s latest budget proposal came in at about $28.5 billion, but Republicans in the Senate refused to budge. Senate Majority Leader Dominic Pileggi (R) stated that any budget above $27.4 billion would require creating a new recurring revenue stream or raising taxes (Bumsted, 2009, July 28). A stopgap budget entails having the governor sign only a portion of a budget bill to keep paychecks coming to state employees (Bumsted, 2009, August 3). The rest of the budget is discarded by using a line-item veto.

On July 30, 2009, the monthly school payment of $416 million to Pennsylvania’s 500 school districts did not occur due to the lack of a budget (First payment of more, 2009, July 30). On August 3, House Republicans stated that they would support a budget created by a coalition of conservative Democrats that had a price tag of $27.4 billion. However, a spokesman for House Democrats, Brett Marcy, stated that he doubted the House Republicans had the support from Democrats they purported to have. On July 31, 2009, a stopgap budget had not been passed and 33,000 state employees did not receive a paycheck, another 44,000 were scheduled to go without a paycheck by the end of the first week of August (Bumsted, 2009, August 3).

In weekend negotiations held at the governor’s mansion, budget negotiators made no headway on resolving their differences. Senator Pileggi characterized the negotiations as being at a “standstill” (Pa. officials planning temporary budget, 2009, August 4, ¶ 11). The conservative
Democrats’ budget which was submitted by Representative Nick Kotik, was added as amendment to the Senate’s original budget of $27.1 billion—the budget now had a $27.5 billion price tag (Pa. officials planning temporary budget, 2009, August 4). House Democratic leaders announced on Monday, August 3, that the income tax increase had been taken off the table and that they were now considering legalizing video poker and examining sales tax exemptions with greater interest (Bumsted, 2009, August 4). Senate Republicans however, were not interested in taxing items that were currently tax exempt (Bumsted, 2009, August 26). The House passed the budget on Tuesday, August 4, 2009, knowing full well that Rendell would use his line-item veto to slash all funding except for funds to keep the government going (Bumsted, 2009, August 4).

On Wednesday, August 5, 2009, Rendell released a statement saying that he had signed Senate Bill 850 into law after vetoing all program funding lines except those dealing with state payroll and public protection; the partial budget was roughly $11 billion (Pennsylvania Governor signs 'bridge', 2009, August 5). Rendell called the Senate’s version of the budget unbalanced, technically flawed, did not include needed appropriations to be in compliance with the ARRA, “but most of all” SB 850 robbed the Commonwealth of future opportunities by not providing enough funding for K-12 education. Rendell called upon the conference committee to begin work anew on coming up with a budget that protected Pennsylvanians (Pennsylvania Governor signs 'bridge', 2009, August 5).

The Pennsylvania Higher Education Assistance Agency announced that without a state budget, 172,000 Pennsylvania college students would not receive needs-based grants because of the state budget impasse. Penn State planned to provide grant money for eligible students from its own funds; Pitt, and Temple planned to do the same (Schackner, 2009, August 11).
After 55 days with no budget, Governor Rendell told the press that budget negotiators were “relatively close” to creating a state budget (Bumsted, 2009, August 24) and felt that the total would be around $28 billion (Bumsted, 2009, August 24). Senate Republicans disagreed with the governor’s assessment, stating that they were “far from the end of this process” (Bumsted, 2009, August 24, ¶ 5).

By September 1, 2009, Pennsylvania was the only state in the country besides Connecticut without a budget. State Auditor General Jack Wagner called on the governor and leaders from both houses and parties to “meet around the clock until an agreement is reached for the 2009-10 fiscal year” (Pennsylvania Department of the Auditor General, 2009, September 1, ¶ 1). On September 11, leaders from three of the four caucuses (Senate Democrats and Republicans and House Democrats) unveiled a budget of $27.9 billion for Rendell to sign, who refused, threatening to veto the budget, stating that the constitution prohibited him from signing an unbalanced budget (Pennsylvania Governor Rendell: Legislative Budget, 2009, September 12).

The latest budget proposal contained higher taxes for businesses and cigarettes as well as revenues from the legalization of table games and opening up more state lands for gas drilling, but also made cuts to K-12 education (Mayes, 2009, September 13). Rendell asserted that the revenue estimates that the legislators had produced were falsely optimistic—using table games as an example, Rendell stated the General Assembly estimated $100 million would be added to state coffers in the current fiscal year while the administration estimated that just $5 million in revenues for table games during FY 2010 (Mayes, 2009, September 13). At this point, Pennsylvania had been without a budget for 73 days and was the last state in the country to be without a budget (Scolforo, 2009, September 14). Legislative leaders felt it would take another
week to pass pieces of legislation that would make the budget work and another conference committee would be required to iron out the details of the budget so it could be sent to both chambers for an up-and-down vote (Mayes, 2009, September 13). The House Republican caucus was opposed to the tax increases contained in the budget (Mayes, 2009, September 13). Lawmakers met with Rendell to see if they could address the governor’s concerns (Scolforo, 2009, September 14).

Rendell continued to insist that the revenue projections of the budget were flawed and that he could not sign a budget that did not contain certifiable revenue estimates by the state budget secretary (Kaske, 2009, September 15). However, Rendell expected the General Assembly to be able to override his veto if the proposal made it to his desk for his signature (Kaske, 2009, September 15). By Friday, September 18, Rendell said he was cautiously optimistic that an agreement could be reached with lawmakers in the next few days. The governor and legislators were haggling over $200 to $300 million in revenues needed to pay for the budget (Micek, 2009, September 18).

**Waiting for table games.**

After 80 days without a budget, members of both chambers and the governor had agreed on a tentative $28 billion budget, but cautioned that it would take another 10 days to finalize. This version of the budget did not make any cuts to education or health care and included new revenue projections and new taxes. One of the tax increases contained in the budget called for bumping the tax on arts and cultural institutions to six percent (Konigsberg, 2009, September 22). House Republicans opposed this version of the budget as well; Rendell encouraged them to vote for the plan (Mayes, 2009, September 20).
On October 1, the budget was stalled in the House of Representatives because House Democrats said no to a 20 percent tax increase on small games of chance run by veterans and fraternal organizations and no to increasing the tax for arts and cultural institutions (Barnes, 2009, October 2). The Democrats favored a severance tax on natural gas extraction, to which the Republicans were opposed. Democrats also introduced a tax on smokeless tobacco and cigars and proposed taxing table games at 18 percent and a licensing fee of $20 million (Barnes, 2009, October 2). Rendell chided his own party for undoing the budget compromise that had been struck and hoped that he could bring the leaders yet again to resolve the stalemate that had entered its 96th day (Worden, 2009, October 4). A meeting of the six-member conference committee that was created back in July was scheduled to resolve the difference—the committee had met only twice since its creation (Worden, 2009, October 4). The House was expected to vote on legalizing table games at a tax rate of 34 percent, a figure much higher than the 18 percent touted just days earlier (Worden, 2009, October 4).

At 100 days without a budget, social services, education programs, day cares, and other agencies were suffering from the lack of the influx of new funding (Gurman, 2009, October 8). The next day, October 9, 2009, Governor Edward Rendell signed a balanced budget of $27.799 billion that decreased spending overall while increasing funding to basic education and not adding any broad-based taxes (Pennsylvania Governor Rendell signs budget, 2009, October 9). Higher education spending, which was boosted by federal stimulus money, was maintained at the same level of spending as FY 2008-2009. Out of the 657 appropriation lines that were approved for the 2008-2009 budget, 142 lines had been cut from the 2009-2010 budget and 360 other lines were reduced (Pennsylvania Governor Rendell signs budget, 2009, October 9). The budget did include a tax increase for cigarettes by 25 cents, a new tax on cigars, leasing a limited number of
acres of state land for gas extraction. The legislation concerning table games was still undecided (Pennsylvania Governor Rendell signs budget, 2009, October 9). Rendell called the budget late, but responsible. It was a budget that met the governor’s two primary objectives for the budget—one that protected education and health care spending and one that ensured that a balanced budget could be passed the next year (Pennsylvania Governor Rendell signs budget, 2009, October 9). Some House Republicans released a statement that they could not support the budget because it put Pennsylvania at risk for another deficit at the end of the 2009-2010 fiscal year (York County Republicans express concern, 2009, October 12).

However, for the state-related universities, the passage of the budget on October 9 did not get them their appropriations. As a non-preferred appropriation item, the appropriations for the state-related universities were tied to the table games legislation which had not been passed yet. The funding for the state-related universities and other non-preferred organizations would not be released until a revenue stream from table games was created. Legislators were haggling over the tax rate and the license fee (Parmley, 2009, October 17). Senate Republicans passed a bill that contained a 12 percent tax rate while the House Democrats favored a 34 percent tax rate (Parmley, 2009, October 17). Rendell said that he had called a meeting for October 19 with leaders from both parties to resolve the table games legislation by week’s end (Parmley, 2009, October 17). Those who were expected to attend were: House Speaker Keith McCall (D), House Majority Leader Todd Eachus (D), Senate Majority Leader Dominic Pileggi (R), Senate Minority Leader Robert Mellow (D), and House Appropriations Majority Chairman Dwight Evans (D). The meeting produced an agreement between legislators on a $15 million dollar license fee, but no agreement on the tax rate (Bumsted, 2009, October 20). Eight days later, the issue had still not been resolved (Parmley, 2009, October 28). Rendell called another meeting of legislative
leaders for October 27, but because of scheduling conflicts, the meeting was postponed (Parmley, 2009, October 28).

All of the presidents from the state-related universities sent a letter to the governor and state-elected leaders including the Speaker of the House, Keith McCall (D), asking them to pass their appropriation bills. They stated,

[w]hile the protracted budget delay has imposed difficulty and hardship on many throughout the state, extending that delay is perpetuating the financial consequences and uncertainty for the state-related universities, our students and their families . . . It is our understanding that there are sufficient funds in the enacted budget to pass the appropriation bills for the state-related universities (as cited in Temple University, 2009, November 4).

December and passage of the appropriation bills.

The House tried to take a vote on table games on December 8 and December 9, but ended up adjourning without any movement on the issue because House Republicans would not cooperate and engaged in delaying tactics. The state-related universities issued statements that the lack of funding could force them to enact mid-year tuition increases and adversely affect their bond ratings (Bumsted, 2009, December 10). Rendell was upset and discouraged by the delay in passing the table games legislation, stating he “never thought that we wouldn’t have table games by Dec 10. It’s insanity” (Barnes, 2009, December 9, ¶ 3). Rendell threatened that the delay could lead to more state layoffs (Barnes, 2009, December 9).

On December 14, the issue still was not resolved and the presidents of the state-related universities sent a letter to Governor Rendell stating that any further delay in approving the appropriations would cause “irreparable harm” to the universities. Rendell continued to assert
that the table games legislation needed to pass in order to make sure there was enough revenue to fund the non-preferred lines of the budget, while Republicans said that Rendell was merely holding the appropriations of the universities hostage (Bumsted, 2009, December 14a). The next day the House of Representatives passed a table games bill that called for a 16 percent tax rate until June 1, 2011, when it would be reduced to 14 percent. The license fee was set at $16.5 million for casinos at horse tracks and stand-alone casinos, and $7.5 million for a resort casino (Micek, 2009, December 16). Late that same night, the House approved the appropriations for the state-related universities, and other institutions such as arts and cultural organizations who received their funding through a non-preferred appropriation line (Guerriero, 2009, December 15).

The Senate passed their own version of the table games legislation which the House leadership said they did not have the votes to pass (Micek, 2009, December 17). The House leadership was not bluffing. With 19 members of the House absent on Thursday and concerns about the Senate version among many House members, the House failed to take a vote on the Senate version of table games legislation and adjourned for the holidays until January 5 (Seder, 2009, December 18). However, Rendell agreed to sign off on the appropriations for the state-related universities on December 17, 2009 (Seder, 2009, December 18).

President Spanier of Penn State expressed his appreciation to the Legislature “for its support and for showing that higher education in Pennsylvania is an important investment” (Penn State Live, 2009, December 18). President Hart called it “wonderful news” and felt that it was through the efforts of the larger Temple community that the appropriation was finally approved (Hart, 2009, December 17, ¶ 1). Chancellor Nordenberg called it a “big day, a long time in coming” (Schackner, 2009, December 16). After months of delay, the University of Pittsburgh
received $167.9 million for 2009-2010 ($160.4 million in state funds and $7.5 million in SFSF funds) and $8.6 million in SFSF funds to make up for the losses in 2008-2009. Temple University received a 2009-2010 appropriation of $172.7 million ($164.9 million in state funds and $7.7 million in SFSF funds) and $8.9 million in SFSF funds to restore the rescinded funds of 2008-2009. Penn State received an appropriation of $333.8 million ($318 million in state funds and $15.7 million in SFSF funds) for FY 2010 and $16.9 million to restore the lost state funding of 2008-2009 (Pennsylvania State Senate, 2009, October 2). These amounts did not include the medical funding for Pitt, Temple, and Penn State.

**Summary of the financial crisis in Pennsylvania and its effect on FY 2010.**

The FY 2009-2010 budgetary process was a drawn-out and rancorous affair. Partisan politics mixed with the economic malaise to create a bitter cup for the state-related universities to swallow; cuts and threats of more cuts, waiting until December for the passage of the appropriation bills, and fighting off adverse legislation. Below, arranged in a timeline (Figure 4), are the major events that affected the state-related research universities during the budgetary process for FY 2009-2010. These identified events became the questions that populated the interview protocol that was used in each interview. In discussing the events of the FY 2009-2010 budgetary process with the lobbyists of Pennsylvania’s research universities, I learned about the strategies and tactics that were employed to promote institutional interests during that antagonistic process. I also discovered who the lobbyists talked to, what they talked about, and how they spent their time during the FY 2009-2010 budgetary process to pursue those institutional interests. The events of the FY 2009-2010 budgetary process that affected Pennsylvania’s public research universities became more “real” to me because I could situate
actual people—the lobbyists—within those events. The findings will be discussed in the following chapters.
**Figure 4:** Timeline of State Events that Affected the FY 2010 Appropriations for the state-related public research universities from July 2008 to December 2009.

September/October 2008: The state-related universities submitted their budget requests to the state Department of Education for FY 2009-2010. Penn State had requested a 6.9 percent increase, Temple—7 percent and Pitt—8.5 percent.

October 2, 2008: Rendell orders his cabinet secretaries to cut their budgets by 4.25 percent because tax revenues had fallen below projections by 6.25 percent. For the state-related universities this meant a rescission of 4.25 percent.

Passage of the FY 2008-09 budget

December 2008: Governor Rendell ordered an additional cut of $128 from the state budget. Penn State, Pitt, and Temple learned that 6 percent of their appropriations would be held in reserve, up from the 4.25 percent announced in October.

February 2009: Rendell released his proposed budget for FY 2010. His budget included a tuition relief plan for students who attended a state school, but not the state-related universities. Legalizing video poker in the state would fund the tuition relief plan. His budget also included drastically cut appropriations for the state-related universities.

Late July 2009: The budget proposal that stripped all funding for higher education was passed by the House but defeated by the Senate.

October 9, 2009 Governor Rendell signed a balanced budget of $27.79 billion. No funds were released to the state-related universities. Rendell wanted to make sure there was enough funding would be available. He tied their funding to the passage of the table games legislation.

July 1, 2009 The first day of the FY 2009-2010 and no budget had been passed.

October 2, 2008: Rendell orders his cabinet secretaries to cut their budgets by 4.25 percent because tax revenues had fallen below projections by 6.25 percent. For the state-related universities this meant a rescission of 4.25 percent.

July 15, 2009 - Rendell was asked to include the state-related institutions in its federal stimulus application by the U.S. Department of Education.

Legalizing video poker in the state would fund the tuition relief plan. His budget also included drastically cut appropriations for the state-related universities.

June 26, 2009 Rendell reduced the proposed appropriations to the state-related universities by 13 percent and announced that the state-related institutions would not be included in the application for federal stimulus money.

July 14, 2009 The House Democrats proposed a budget that stripped all funding for higher education.

May 2009 - The state budget deficit had grown to more than $3 billion. The Senate pass their version of the budget, which came in $1.6 billion less than Rendell’s proposed budget. Rendell stated that he would not sign that budget.

June 2009 Rendell reduced the proposed appropriations to the state-related universities by 13 percent and announced that the state-related institutions would not be included in the application for federal stimulus money.

October 14, 2009 The House and the Senate could not agree on a tax rate for the table games before they adjourned for the holidays. Rendell agreed to sign off on the appropriations for the state-related universities on December 17, 2009.

July 15, 2009 - Rendell was asked to include the state-related institutions in its federal stimulus application by the U.S. Department of Education.

July 1, 2009 The first day of the FY 2009-2010 and no budget had been passed.
CHAPTER V: Examining the Events of FY 2009-2010

How the lobbyists handled the difficult budgetary process of 2010 can be characterized by the strategies and tactics they employed to bolster support for their institutions among legislators, the general public, the governor’s office, the U.S. Department of Education, and how they worked around difficult financial constraints, and lobbied for inclusion in beneficial pieces of legislation.

On the timeline shown in the previous chapter, I identified events that adversely affected the appropriation process of FY 2009-2010 for the state-related universities. Although most of the events dealt directly with the appropriations for the state-related universities, one did not. The Tuition Relief Plan that was introduced by Governor Rendell in February of 2009 was included in this analysis because it directly affected the state-related universities. In addition, it became part of a larger state budget argument—whether or not to expand gambling throughout the state, and if it was to be expanded, in what form and to what extent.

Additionally, although the events described in this section were already discussed in some detail in the previous chapter, through the interviews with the in-house lobbyists I was given information and clues that led me to re-examine the events and how the in-house lobbyists and their responses fit into the puzzle. It also led me to examine the tactics and strategies used by policymakers to push their preferences forward or block opposition because the tactics and strategies used by the lobbyists were always in response to the tactics of the policymakers. As noted in the Method chapter, I assigned the lobbyists and the institutions they serve pseudonyms (Lobbyist 1 through Lobbyist 6 and Institution W, X, Y, and Z) to protect their confidentiality. Throughout this and the following chapters, all references to the lobbyists or institutions will use the assigned pseudonym.
Two Rescissions to the FY 2008-2009 Appropriations

The lobbyists were asked about the rescissions because they affected the amount of money they received for FY 2008-2009 and the amount they would receive for the FY 2009-2010. The two cuts, which rescinded approximately six percent of the FY 2008-2009 appropriation had a profound effect on the state-related universities for FY 2010 and could have a permanent effect on the appropriation amounts they receive in the future. For FY 2011-2012 which begins on July 1, 2011 the SFSF funds will have expired, which could push back the appropriation amounts received by the state-related universities to the rescinded amount they received for FY 2008-20099.

No surprise.

According to the lobbyists, the rescissions were not unexpected. One lobbyist stated that the rescissions in October and December of 2008 were the natural result of the economic distress being experienced in the Commonwealth and that when the FY 2009 budget passed in July of 2008, the budget was just smoke and mirrors. He warned the administrators of the university he represents accordingly.

We understood. We warned the people here that when the budget was passed in July [2008], that we don’t think these numbers are going to hold up, that there is a lot of smoke and mirrors here. They [General Assembly] did it just to get out of town, and that we better start anticipating . . . we were told that informally, by people—that “you will likely be getting a letter so begin to plan, don’t think you have all this money.” and so I think that department heads [at the university] and

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9 In February, 2011, the newly-elected Governor Corbett (R) proposed cuts of 50 percent or more to the appropriations of the state-related universities and the institutions of the State System of Higher Education. The community colleges are slated to receive a 10 percent cut to their state appropriations. Whether or not the General Assembly goes along with these cuts remains to be seen (Pennsylvania Office of the Budget, 2011).
others were put on notice to be careful how you control this because we have this feeling that something like this is going to happen.

Governor Rendell and legislators fueled the smoke by their public statements following the passage of the FY 2009 budget. Rendell stated, “even in tough national economic times, this budget shows that Pennsylvania has the resources and the resilience to keep moving forward.” Representative Mario Civera Jr. (R), felt the budget was “fiscally sound” (State rep. Civera touts new state budget, 2008, July 4). Public statements of confidence in the soundness of the budget made by elected officials were misleading.

The quote from Lobbyist 5 demonstrates the importance of building alliances and networks with decision makers (Pfeffer, 1992; Bolman & Deal, 2008). He was told informally by legislators that the budget was not sound—that cuts were coming. Being connected through alliances and networks to legislators and executive branch staff members gives lobbyists access to a valuable information network—a network of information that is either not made public or only publicized after the fact. Governor Rendell did not publicly announce the first state budget cut until October 2, 2008 and the state-related universities did not announce the 4.25 percent rescission until October as well. According to Lobbyist 5 however, he and his colleague at Institution W were aware of the reality of the budget when the FY 2009 budget was passed and had made that information available to the university.

The rescissions of FY 2009 were a necessity given the economic turmoil that was occurring in the United States and around the world at the time. Lobbyist 2 stated that Institution Y could see the rescissions coming, and after the first rescission was announced, held back even more in reserve than was requested as a precaution. Lobbyist 3 stated similar ideas, “we anticipated that regardless of what the appropriated amount was going to be—adopted say in
June or July in 2008—if revenues were coming in poorly, which we anticipated, we would see rescissions.” Lobbyist 4 reiterated the comments of other lobbyists, “I don’t think we were too surprised by it [the rescissions].”

When Lobbyist 6 was asked about the rescissions, he chose to highlight the response of the university as a whole rather than his thoughts or experiences.

I’ll talk a little bit about how we handled it collectively, as a university. We felt it was important to show that we were making sacrifices as well. At the same time the state announced that rescission they [the university] did a travel ban and they also did a hiring freeze. So we did that. We instituted the same things at the university as well, and start[ed] looking at individual departments across the board and saying, okay, you know, you are going to need to do a cut as well. It’s hard to cut that late into the year, but I mean we immediately implemented our own traveling freeze and our own hiring freeze to prepare because we figured it was going to get worse.

**Message to state: We understand and are taking action.**

From his comments, it appears that implementing a hiring and travel freeze at the university was not only an economic reality, but also a political tactic—a way to show that the university was willing to follow the lead of the state and make economic sacrifices during an economic crisis. All of the universities responded by implementing cuts and freezes to curtail spending and respond to the possibility of a permanent cut to their FY 2009. The cuts and freezes became talking points for the lobbyists—a way to show the legislators the fiscal responsibility of the institution. They could state in terms of percentages cut from budgets and dollar amounts saved to show the thriftiness of the university. Lobbyist 5 stated that demonstrating fiscal
responsibility is not a new tactic, but one that is emphasized to the General Assembly year after year.

[W]e spend a lot of time talking to legislators about . . . the perception is that “oh you just take the money and keep spending, and add program on top of program,” we show them the cuts that we make internally. We had one last year that was a 2 percent recycling from each department . . . last year it was 2 percent of their operating budget to the center . . . [W]e did it in governmental affairs, everybody does it. Well, we have done that for ten years, that’s ten percent of your budget that you are giving back and giving over a period of time . . .

Discussing the fiscal responsibility of the institution was a tactic discussed by many of the lobbyists and one that was also used in the official documents of the institutions as well (Moore, 1997). In the published version of the 2009-2010 budget presentation to the General Assembly in March of 2009, Chancellor Nordenberg of the University of Pittsburgh highlighted the response of the institution to the rescissions and the national recession—distributing the cuts across organizational units and enacting greater scrutiny of hiring authorizations (although no hiring freeze) (University of Pittsburgh, 2008). Temple University’s 2009-2010 proposed budget included a five percent reduction in education and general expenditures of approximately $40 million, to be accomplished by eliminating positions, attrition, reorganizations, and adjusting faculty workloads (Temple University, 2008, September).

President Hart reiterated the $40 million reduction in education and general expenditures in her testimony before the House of Representatives Appropriations Committee on March 3, 2009 (Presentation by Pennsylvania State-Related, 2009, March 3). President Spanier in a letter to the Penn State community dated January 7, 2009 stated that he had requested a meeting with
Governor Rendell to request no more rescissions be made for the 2008-2009 fiscal year. Penn State, Spanier said, would make every effort to avoid layoffs, but would eliminate positions mainly through attrition and that savings of $2 million in administrative costs would be identified. There would also be no salary increase during the FY 2010 and endowment spending would be reduced from 4.7 percent of endowment value to 4.5 percent (Spanier, 2009, January 7). In the appropriation request for 2009-2010 which was delivered in September of 2008, Penn State highlighted that for eighteen consecutive years, the university had implemented a one percent across-the-board reduction in department operating funds. The plan for 2009-2010 targeted $7,244,000 in reductions (Pennsylvania State University, 2008, September 19).

At Temple University, President Hart chose to hold back more money in October than the state had requested and I asked in my interview with Lobbyist 6 if the lobbyists had learned from their network of supporters in the General Assembly that a second rescission would be forthcoming. I was told that they were not informed that a second rescission would follow on the heels of the first. “No, no, that was just us being prepared. You are never really going to get a legislator to say that there is going to be a deeper cut. They don’t want to . . . until it happens, no one likes to run around saying that there’s going to be more cuts. That was just our way of preparing as an institution for what could be coming down the road.” Lobbyist 3 made a similar statement, stating that although he was not surprised that the state-related institutions all received rescissions, he was surprised by the amount (approximately six percent) that was eventually rescinded. “I don’t think there was anyone that anticipated the size of the [national] economic collapse that we went through.”

Fiscal responsibility was just one of many bargaining and negotiation tactics used by the lobbyists during FY 2010. Fiscal responsibility is a value creation bargaining tactic meaning that
the lobbyists looked for ways in which to cooperate with the state in order to show the value of the institutions (Fisher, Ury, & Patton, 1991). By discussing the fiscal responsibility of their institutions, the lobbyists were being forthcoming and open about how provided state resources were used; this is part of a good strategy for a public organization to demonstrate social value and pave the way for open dialogue with state decision makers (Sebenius, 1992; Moore, 1997).

**Signs of togetherness.**

Although necessary, the rescissions sparked much competition for state funding for the upcoming FY 2010. As Pfeffer states (1981, p. 81), “as resources become scarcer, contenders for those resources are more likely to be willing to expend the energy and effort required to attempt to influence the decision through the use of whatever influence they might possess.” However, it appears that this more aggressive strategy was not exercised by the state-related institutions amongst themselves. In talking to the lobbyists they expressed praise for each other and the institutions they represented. At least for one institution, cooperation with the other state-related lobbyists was a directive from the president, but according to Lobbyist 5, cooperation with the other institutions is “good politics too. You don’t talk bad about the other guy. We say they’re great too in what they do, they’re really important and you can’t slight them either. They do the same with us.”

The rescissions did not bode well for the FY 2010 appropriation process for the state-related institutions, acting as a harbinger of the conflicts that would play out in the months to come. The rescissions became the new appropriation reality for the state-related universities because the amount they received from the state after the rescissions for FY 2009 became the starting point amount for FY 2010.
The Proposed Budget of FY 2010

The governor has tremendous position power and formal authority over the Commonwealth’s budget (Pfeffer, 1992). The state’s constitution requires the governor to submit an annual balanced operating budget for the upcoming fiscal year to the General Assembly. Although the budget must be approved by the General Assembly, the requirement to submit a balanced budget gives the governor tremendous power over the amounts that are proposed. The governor and his office determines in large measure the budget agenda, determines the alternatives that are considered in the budget, and the premises that apply to budgetary decisions. Although the budget is fought over and bargained over and ultimately passed in its final form in both chambers of the General Assembly, the governor has the last say over the budget and can choose to veto the budget bill. The Pennsylvania Constitution also gives the governor the ability to cut specific lines from appropriations bills. Thus, the governor has power over the beginning and the end of the budgetary process in Pennsylvania. This power was amply demonstrated in the contentious budgetary process of FY 2010.

Because of the length of time it takes to develop a state budget, the state-related universities submit an appropriation request in September almost a year before the actual appropriation is passed. For example, for FY 2009-2010, Penn State submitted an appropriation request for $377.3 million to Pennsylvania’s Department of Education in September of 2008, just months after the passage of the FY 2008-2009 budget and before the two rescissions (Penn State Live, 2008, September 19). The University of Pittsburgh submitted a budget request for $205.3 million in September of 2008 while Temple University submitted an appropriation request of $203.2 million (University of Pittsburgh, 2008; Temple University, 2008).
Not as bad as we thought.

When Rendell released the budget figures for the state-related universities in February of 2009, the amounts he proposed were much lower than the previous year and I wondered how the lobbyists responded to the proposed appropriation amounts. I believed that they would be upset at the amount—Penn State was to receive approximately $20 million less than the original appropriated amount for FY 2009 and the University of Pittsburgh and Temple University were to received approximately $11 million less than FY 2009. The proposed amounts for FY 2010 were what the universities actually received in FY 2009 after two rescissions. However, a number of the lobbyists expressed relief at the proposed amounts. Lobbyist 2 of Institution Y stated that there were rumors going around that the state-related universities were going to receive a 50 percent cut to their FY 2010 appropriations, so when the actual budget was released, they were relieved. Lobbyist 3 of Institution W said similarly, “it wasn’t as bad as what we had thought. In fact, there were signals that the governor was going to come in with a whopping, up to 50 percent cut.” Lobbyist 4 also felt that the proposed budget amount was not unexpected. Lobbyist 5 went so far as to say that the proposed amount was a victory in a way, “Most of us thought that the [appropriation amount] was a victory in a lot of ways considering what was going on.”

Smoking out the rumor of a 50 percent cut.

Following the second rescission in December of 2008, Lobbyist 5 stated that there were rumors going around that the governor wanted to severely cut the appropriations for the state-related universities for FY 2010. When the rumors surfaced, Lobbyist 5 discussed using the tactic of getting board of trustees members who were also close to Governor Rendell on an informal level to advocate for the institution.
One of the things that we did do as the second round [second rescission] came in and we knew that things were going to get tough—there were rumors that the governor wanted to cut even more out of us—and we got our trustees involved and one of things that we decided, we sat down with the president and said you know, who are our people closest to the governor that are trustees that understand us but yet also have complete access to him [the governor] at the informal level. People who have dinner with him, people who are friendly with him, people that go back to his years in Philadelphia with him. And so we used some of our key people on our trustees who are really close friends with the university who are also close to the governor, people who have the ability to short circuit the formal process and not get through the governor’s staff and some of the others who would just be putting up a wall of protection in front of the governor and allowing those people to sort of make those Sunday afternoon calls to the governor where we would know that he would take their call. He would take the call of the president of Institution W or Institution X, Institution Y, but it is not the same as having a friend call you and say, you know Ed, you are going to kill these guys, look what you are doing, be careful because it’s important to us, and I know you need to balance what you are doing, but don’t take it all out at one spot. People who could talk to him like that.

Like his colleague Lobbyist 5, Lobbyist 3 talked about using the network of supporters at Institution W who were close to the governor’s office to find out if indeed, they were going to receive a 50 percent cut, and if so, to convince the administration that cutting the state-related universities by that much was a bad mistake.
And, we went through a real scramble mode here—and in December [2008] and January [2009] before he actually put out his budget—with phone calls, with some key supporters of the governor who were close to the university. Trying to either smoke it out or drag it . . . get the message to him that that would be disastrous; that there would be deep and broad programmatic and relationship changes between the university and the Commonwealth if we lost 50 or 80 or 100 something million dollars.

Lobbyist 3 also felt that the governor was not pleased that they had found out about the proposed cuts, “the governor wasn’t happy when he heard . . . that we were making these phone calls.” In this case, as the threat of even greater cuts were exposed, the lobbyists at University W used their network of allies with ties to both the university and Rendell to try and protect the institution from what they viewed as potentially fatal cuts to the appropriation (Kotter, 1985).

**Threatening themselves.**

The statement of Lobbyist 3 also provides an example of another bargaining and negotiation tactic that was used by all the lobbyists throughout the FY 2010 budgetary process. Lobbyist 3 stated, “there would be deep and broad programmatic and relationship changes between the university and the Commonwealth.” This statement is an example of a value claiming tactic. As discussed in the literature review, value claiming views the bargaining process as a mixed motive game where parties are interdependent, but have heterogeneous goals. The goals of one party can be insignificant to the other. The ability to keep party B uncertain allows party A to exercise more control and credible threats can increase negotiating power (Bolman & Deal, 2008). The statement of Lobbyist 3 is an example of a credible threat—if the state does this, then the university will have to respond negatively. As will be seen throughout
this analysis, the lobbyists would use value claiming tactics to threaten the public research universities *themselves* rather than the state. If the governor cuts us by this much, we will have to raise tuition by so much which will adversely affect our students, etc.

**Other options.**

Lobbyist 6 stated that they (Institution Y) were disappointed in the proposed appropriation amount but also proactively seeking federal stimulus funding to bolster the amount received from the state.

Disappointed, but at the same time we were actively working on the stimulus package . . . We were anticipating that there would be aid in there for higher education [federal stimulus package – ARRA]. We were really very involved with our congressional delegation and others along with Institution W and Institution X. It was pretty much known that we would get back to level funding. That there would be a maintenance of effort within the stimulus package.

Whether or not the governor intended for the lobbyists to find out about the proposed drastic cuts to the appropriation amounts for the state-related universities, the rumor affected how the lobbyists reacted to the proposed budget. Additionally, it was already known that the ARRA was being debated in Congress, which would allocate money to help states maintain higher education funding, and the lobbyists were pursuing those funds. Seeing the potential for funding from the federal government, the lobbyists began building or strengthening their ties to Congressional legislators and federal officials. This is a form of upward ally-building (Kipnis, Schmidt, & Wilkinson, 1980) that was pursued by the all lobbyists. Recognizing the scarcity conditions of the state, they began to actively pursue federal money in January of 2009 according to Lobbyist 5.
The Tuition Relief Plan

When Rendell released his proposed budget in February of 2009, he introduced a proposal to provide tuition relief for Pennsylvania college students whose parents earned less than $100,000 and who attended the community colleges or the state system universities, but not the state-related universities. The proposal was applauded by Joan Finney, the vice president of the National Center for Public Policy and Higher Education, and a practice professor of education at the University of Pennsylvania who felt the proposal was a “serious, thoughtful attempt to address Pennsylvania’s college access and affordability challenges” (Finney, 2009, April 28, ¶ 7). According to “Measuring Up 2008: the National Report Card on Higher Education” Pennsylvania earned the lowest ranking on percentage of income needed to pay for college expenses minus financial aid at a public four-year institutions—requiring families to spend between 29 and 41 percent of income on college (The National Center for Public Policy and Higher Education, 2008). Temple, Penn State, and Pittsburgh also charge some of the highest tuitions in the country for public institutions (Delta Cost Project, 2010).

Rendell sells the tuition relief plan.

According to the proposal, families would be required to pay at least $1,000 a year for each child in college and could obtain as much as $7,600 to help cover tuition, room and board, and fees depending on yearly income (Rendell betting on video poker, 2009, February 18). The proposal was touted as helping more than 170,000 Pennsylvania students (PA Governor Rendell’s tuition relief, 2009, April 15). In a visit to the Community College of Allegheny County in February, 2008 Rendell discussed his tuition relief proposal and stated that the state-related universities would not be included in the proposal because the state had no control over how they spend their money. He qualified his statement however by stating, “but if the
legislature wants to include them, and has a viable way for doing it, we’ll talk” (Rendell betting on video poker, 2009, February 18, ¶ 8). On March 17, 2009 Rendell was at Penn State University for the first ever state-wide conference on higher education and while there he discussed the tuition relief plan with Penn State students why he had not included the state-related universities and private institutions. He told the students there was not enough money to fund all the institutions of higher education in the state and that there were no tuition control mechanisms that the state could use with the state-related universities (Rendell speaks with students about Penn State's, 2009, March 18). Rendell built his network of supporters and allies for the legislation by pitching his tuition relief plan again on April 5, 2009, at the Reading Area Community College; on April 14, 2009, at California University of Pennsylvania; and on April 22, 2009, at Highlands Community College in Johnstown, PA (Seder, 2009, April 5; PA Governor Rendell’s tuition relief, 2009, April 15; PA Governor Rendell’s tuition relief plan will, 2009, April 22).

**Politics makes odd bedfellows.**

Opposition to the proposal came from many sides—Democrat and Republican lawmakers, the state-related universities, private colleges and universities, gambling opponents, and casinos (politics truly does make odd bedfellows—opponents to gambling and representatives of the casinos coming together in opposition of the same bill). Part of the opposition was due to the funding source for the tuition relief proposal. Rendell wanted to pay for the plan by legalizing video poker in the state and some lawmakers and many citizens were opposed to expanding or further legitimating gambling in Pennsylvania (Seder, 2009, April 5). The state-related universities and private colleges were opposed to the legislation as originally proposed because they were not included. The 14 casinos in the state were opposed to the
legislation because they saw the legalization of video poker as a breach of the Pennsylvania Race Horse Development and Gaming Act (2004) which required the casinos to pay a license fee of $50 million and guaranteed them that they would be the only gambling operators in the state for a certain period of time (Cirilli, 2009, March 27; Seder, 2009, April 5). State Representative Curt Schroder (R) stated that representatives of existing casinos had told him in March of 2009 that they were ready to sue the state to regain their license fees should the legislation pass (Vasoli, 2009, March 11).

The name of the legislation, the Tuition Relief Act was a bit of symbolic framing done by the Rendell administration. By calling the legislation the Tuition Relief Act, Rendell and his administration used language to mobilize support from citizens and lawmakers for the initiative and provide justification and legitimation for the required action—legalizing video poker—for its passage (Pfeffer, 1981). Video poker was (and is still) illegal in Pennsylvania but existed in a number of bars and restaurants across Pennsylvania and Rendell sought to legitimize the activity and tax it; the legislation eventually called for 22.5 percent of the proceeds going to the bar or restaurant owner, 50 percent to the tuition relief program, 22.5 percent going to the game vendors, and five percent for covering administrative costs (Vasoli, 2009, March 11; Gary, 2009, July 18). Approximately 17,000 machines were already in use in Pennsylvania, mostly located in southwestern Pennsylvania and in Philadelphia (Rotstein, 2009, May 18).

**Gaming oversight committee meetings.**

During four hearings before the House Gaming Oversight Committee held on April 23, 2009, May 7, 2009, May 14, 2009, and May 21, 2009, opponents and supporters presented their views on the legislation to the committee. Two of the hearings were held at the Capitol and two were held at state institutions of higher education that would benefit from the legislation—
Westmoreland County Community College and Kutztown University. Dr. Kathleen Shaw, Deputy Secretary of Pennsylvania’s Department of Education, with responsibility for Postsecondary and Higher Education testified before the committee at the first hearing as to the need for the legislation, but remained silent on the institutions and students that would be left out and the funding source for the legislation (Hearing on Tuition Relief Act, House Gaming Oversight Committee, 2009, April 23). When asked directly why the state-related and independent universities were not included, Dr. Shaw responded that the funding source for the legislation would not produce enough funds to cover all the students, “and so, what we have decided to do is to start with the institutions that are the least expensive institutions in the state to attend and whose tuition has been kept under control” (House Bill 1317- Hearings before the House Gaming Oversight Committee, 2009, April 23, p. 29). When Dr. Shaw was asked if she would be opposed to an amendment to the bill that included the state-related universities she said two things would need to happen: additional revenue would need to be found, and second, “we would like to see from the state-related’s a commitment to keep their tuition increases at or below the rate of inflation. That’s what the community colleges have done and that’s what the state university system has done” (House Bill 1317- Hearings before the House Gaming Oversight Committee, 2009, April 23, p. 33-34).

On April 23, 2009, Dr. Anna Weitz, the President of Reading Area Community College gave testimony as to the value of the legislation and stated that while the legislation excluded a number of institutions, the bill provided “an increase in funding where it can serve the maximum number of students” (Hearing on Tuition Relief Act, House Gaming Oversight Committee, 2009, April 23). Her testimony was followed

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10 Before working for the Pennsylvania Department of Education, Dr. Shaw was a faculty member at Temple University in the Department of Educational Leadership and Policy Studies where she studied issues of access and equity in higher education for disadvantaged populations (Research for Action, 2009, September).
by Dr. David Soltz, President of Bloomsburg University who also testified to the value of the legislation (House Gaming Oversight Committee, 2009, April 23).

The May 7 hearing was held at Westmoreland County Community College where Dr. Shaw again testified before the committee and took questions. When the exclusion of the state-related universities was brought up by Chairman Santoni (D), Dr. Shaw gave similar statements as she had in April—the state-related universities needed to control their costs and tuition,

    We [the governor and the Department of Education] know that it’s possible because we’ve seen those two sectors [State System and community colleges] do it. So we would encourage those state related to do the same thing that the State universities and community colleges have done and really find ways to economize and keep the tuition increases at or below the rate of inflation (House Bill 1317: Hearings before the House Gaming Oversight Committee, 2009, May 7, p. 44).

Her testimony was followed by Dr. Joe Forrester, the President of the Community College of Beaver County and Dr. Tony Atwater, President of Indiana University of Pennsylvania who both pushed for passage of the legislation.

On May 14, 2009, a gaming oversight committee hearing was held at Kutztown University where Arthur Scott, President of Northampton Community College urged the committee to pass the legislation while more than a dozen opponents from Philadelphia and the Lehigh Valley criticized the plan, saying it would expand gambling addiction and crime (Callahan, 2009, May 15). Dr. Cavanaugh, the Chancellor of the Pennsylvania State System of Higher Education also testified and outlined how the State System has kept costs down which had translated into smaller tuition increases, but went on to say that the system had reached the limit of cost reductions that could be realized through those means and that the legislation would
provide much needed relief (House Bill 1317: Hearings before the House Gaming Oversight Committee, 2009, May 14, p. 106). The Pennsylvania Thoroughbred Horsemen’s Association spoke against the bill saying that it would adversely affect the horseracing industry in Pennsylvania (House Bill 1317: Hearings before the House Gaming Oversight Committee, 2009, May 14).

Using the committee hearings to sell the tuition relief act?

On May 21, 2009, the last hearing, Representative Schroder (R) felt that since some individuals had testified repeatedly on the proposal, the hearings had “crossed the line from inquiry and trying to get the true facts of the underlying issues in this matter and have turned more into a dog and pony show for the administration to . . . sell this issue” (House Bill 1317: Hearings before the House Gaming Oversight Committee, 2009, May 21, p. 6). Dr. Pangborn, Vice President of Undergraduate Education at Penn State testified on May 21, and was the only representative from the state-related universities to testify at the hearings. He stated that the state-related universities should be included and pointed out that the state-related universities are not like the state system or community colleges—three of the state-related universities are research universities which require different resources and provide different opportunities than the state system or community colleges.

The four public hearings of the Housing Gaming Oversight Committee is a visible example of how an agenda and the alternatives on the agenda can be a source of power (Pfeffer, 1992). The majority Chairman, Representative Santoni (D), although he did not have complete control over who testified at the public hearings, he had tremendous influence over the timing and place of the meetings, the legislation to be discussed, the order in which testimony was heard and the time allotted to those who testified, and in a way, what was said in testimony.
A public hearing requires that those who want to speak are given a “reasonable opportunity” to do so, but it is the responsibility of the entire committee to “request the presentation of testimony by any person who, in the opinion of the committee, is qualified to present pertinent and important testimony” (Pennsylvania House of Representatives, 2009a, Rule 50, ¶ 4).

Although Santoni could not control who his fellow committee members called to testify, or questions they asked, by knowing who was invited to testify, he could have a pretty good idea where they stood on the tuition relief legislation. Additionally, the Pennsylvania House of Representatives Rules require those who are going to testify at a committee meeting to file their proposed testimony prior to the hearing insofar that is possible (Pennsylvania House of Representatives, 2009a, Rule 50).

The presidents from the community colleges, the presidents from the state system campuses, Dr. Shaw from the Department of Education, the Secretary of Revenue, Stephen Stetler who also testified in behalf of the legislation—himself a former member of the Pennsylvania House of Representatives—all could be counted on to support the governor and his tuition relief plan. Likewise, Dr. Panghorn and various ant-gambling organizations could be counted on to oppose the legislation as it was crafted by the governor. Many of the speakers at the committee meetings used data and statistics to support their arguments for acceptance/rejection or inclusion in the legislation.

**The tuition relief plan dies . . . eventually.**

Although Governor Rendell’s plan was ultimately defeated, his proposal became a hotly contested component of his overall budget, causing supporters and foes alike to spend much time and resources in addressing the proposal. Although the governor does not have total control over
the budget agenda, legislation he proposed and was interested in drew much attention from the members of the General Assembly and the media.

The bill was eventually voted on by the House Gaming Oversight Committee, and was not passed out favorably on July 16, 2009 due to a tie vote. The next day however, Representative Curtis Thomas changed his vote and the bill was passed out favorably by the committee (Gaming oversight committee approves, 2009, July 17; Gary, 2009, July 18). By then, the bill also had been changed to include the state-related universities; however, the language made it improbable that few if any students at the state-related universities would receive grants under the legislation (Gary, 2009, July 18; Tuition Relief Act, H. B. 1317, 2009). The official language of the section that discussed the inclusion of the state related universities stated:

(I) No grant shall be awarded by the agency to an eligible student attending a state-related institution in any fiscal year unless sums have been transferred under Section 304 in the fiscal year in excess of sums required by the agency to make all possible grant awards under this chapter to eligible students attending other public institutions of higher education. In that event, only the excess sums shall be used to award grants to eligible students attending state-related institutions.

(II) Notwithstanding subparagraph (I), the agency may determine, in its discretion, that the excess sums available under subparagraph (I) are not sufficient to award meaningful grants to eligible students attending state-related institutions in a fiscal year. In that event, the excess sums shall remain in the fund and may be available for transfer under Section 304 in the subsequent fiscal year. (p. 38).

After being passed out favorably to the floor of the House, it was read for its first consideration on July 17, 2009 and then re-committed to the Rules Committee, re-reported back to the floor
where it was laid on the table, then removed from the table and re-committed to the Appropriations committee on September 11, 2009 where it died (Pennsylvania House of Representatives, 2009b).

**Overall, not worried.**

Although the tuition relief proposal generated fervor among many parties, it did not seem to generate too much worry for the lobbyists of the state-related universities. The response of the lobbyists to the legislation varied from distaste to disinterest, to seeing it as an opportunity. Lobbyist 1 called the legislation a slap in the face to the state-related institutions. Lobbyist 1 used rational appeals to make the case for inclusion. He argued that the state-related universities were public and should be included and that the legislation would have sent a message to potential students not to go into Science, Technology, Engineering, and Mathematics (STEM) fields because the community colleges and state system do not offer much in the way of STEM fields. His ideas are also a value claiming tactic—if this legislation passed, you will be encouraging students not to go into a STEM field (Bolman & Deal, 2008). Lobbyist 2 felt the Tuition Relief Plan was a non-issue because he said the plan would have never gotten past the State Senate who, according to him, had a history of voting no on video poker legislation. Lobbyist 3 saw the tuition relief plan as an opportunity,

Because it was the first proposed major increase in state money for higher education in decades. So we saw it as a good sign that they acknowledged and recognized that the lack of state support was leading to unacceptably high tuition.

And so, in our formal testimony, in our informal discussions, we lauded the proposal, however we were neutral on the funding mechanism [video poker]
because most of the opposition to the proposal came from people that didn’t want to expand gambling of one sort or another.

Lobbyist 3 also talked about the tactics used by the administration to get support for the tuition relief plan. According to Lobbyist 3,

[U]nfortunately, they convinced several leaders of the community colleges and the state system to go out and make those arguments as well, which really created some ill will between the state relateds and the state system and the community colleges. [T]hey were out there arguing that they do a better job controlling costs than we do. And, that they educate kids at half the price at what we do, without ever acknowledging that those are different systems, different programs—everything is different about them. And they knew better. And, the people at the Department of Education were making the same arguments and they knew better.

So that created a lot of ill will. But we . . . took that as well as we could. And we kept on pushing along, not trying to kill the program, but trying to jump on board.

He also said that by the fall of 2009, the Tuition Relief Plan had been dropped as a viable piece of legislation. Rendell still wanted the video poker bill passed according to Lobbyist 3, but the money was not to go towards tuition relief but to bolster the revenues of the general fund.

I think that we kind of exposed the fact that they really didn’t care about reducing costs for college students, they just wanted to expand video poker for the taverns and the restaurants and to collect the revenue for the general fund. That was what was really driving it all, more than anything else. But everybody, even the people of the state system and the Department of Education, and community colleges, were kind of red-faced at the end . . . they were pushing for this program and in
the end . . . the governor’s office was still pushing for it, but they weren’t going to give them any of the money.

Lobbyist 4 stated similar thoughts about the plan,

The public face we put on it was, it’s great that the governor is talking about making public higher education more affordable but . . . there were some folks in our community that had concerns about the funding source. But at the same time just that kind of . . . tuition relief was going to be available to Pennsylvania kids and ought to definitely include the state relateds.

When I asked Lobbyist 4 why the state-related institutions were excluded from the plan, Lobbyist 4 said it had to do with the lack of control over the state-related universities. Like Lobbyist 2, Lobbyist 4 felt the video poker legislation would have been difficult to pass,

No, clearly from our discussions with legislators there were a lot of concerns about that proposal from different perspectives. From the anti-gambling perspective, from the perspective of the casinos that had been licensed in the state, and so, even if you are just looking at the viability of the video poker itself, I think from the beginning we thought it would be an uphill struggle for them to get something like that through.

Like Lobbyist 2 and 4, Lobbyist 6 also felt that the video poker legislation would have been difficult to pass and like Lobbyist 4, he believed that the state-related universities were excluded because the governor lacked control over the institutions.

From discussions with legislators, the lobbyists were informed that the legislation would have been difficult to pass and spent time trying to “hop on” board the legislation rather than kill
it, which they eventually did, if only nominally. As predicted by legislators, the legislation was too difficult to pass.

Using tuition relief to pass the table games legislation?

Additionally, it appears that the video poker legislation was just one step in a larger strategy to expand gambling in Pennsylvania by the Rendell administration. Representative Schroder (R), stated at the April 23, 2009, House Gaming Oversight Committee hearing that the tuition relief plan was just a cover to expand gambling in the state to include video poker and table games. He states,

I believe that the Governor fully intends to use video poker to bring table games to the existing and future casinos. In fact, I am aware that the administration has been sounding out members and asking them what it will take to pass table games along with video poker. So while this effort is couched in terms of tuition assistance, the tuition assistance is only there as the window dressing, to make it palatable to provide political cover, just like the false hope of major property tax relief was used to pass slots. We fell for it once. Let’s learn from the mistakes of the past and say no to expanding gambling, no to many casinos in our neighborhoods, and no to a massive expansion of the most addictive and destructive gambling that there is (House Bill 1317: Hearings before the House Gaming Oversight Committee, 2009, April 23, p.12-13).

This is an interesting comment by Representative Schroder given Rendell’s stated position that it was too early to discuss legalizing table games. The Majority Whip of the House, Bill DeWeese (D) planned to introduce table games legislation and did so eventually on June 17, 2009 (HB 21) (Seder, 2009, April 5; Vasoli, 2009, March 11). Governor Rendell remained cautious about table
games, and his spokesman, Chuck Ardo said on March 11, 2009 it would be “doubtful that any legislation that has table games would reach his desk” (Vasoli, 2009, March 11, ¶ 4). A spokesman for Representative DeWeese said that he was introducing the table games bill “as a means to have a conversation on the issue,” but had no “date in mind” for it being signed into law (Vasoli, 2009, March 11, ¶ 5-6). Representative DeWeese had introduced a table games bill in July 2007 of the 2007-2008 general session where it received a hearing from the House Gaming Oversight Committee on May 15, 2008, but went no further. His purpose in introducing the bill in 2007 was, as stated before, to have a conversation on the topic (Bartizek, 2008, May 14).

However, in early April, 2008 Rendell told major investors in the SugarHouse Casino in Philadelphia that he now supported table games legislation and assured them that table games legislation would be passed before the completion of an interim gambling facility was ready for use in the spring of 2010 (Kearney, 2009, April 8; Roman, 2009, June 14). When asked why he changed his mind about table games he said, “it’s simple mathematics, over 50% of our gaming patrons are seniors, mostly woman, over the age of 60, so how much gambling will they be doing in the next 10 to 20 years . . . We can’t afford to have our younger male population leaving here to go gamble on table games at our bordering states” (Kearney, 2009, April 8, ¶ 3).

The governor acknowledged that there was heavy opposition to table games in both the House and Senate, but assured the investors that it was “all taken care of” (Kearney, 2009, April 8, ¶ 4). When asked how he accomplished that feat, he replied, “I gave them a COMP they couldn’t refuse” (Kearney, 2009, April 8, ¶ 4). According to insiders, that statement meant that the governor had made a deal with legislators not to pursue video poker legislation in exchange for the passage of table games (Kearney, 2009, April 8).
If the insiders were correct in their assertions, then it would seem that all the work that supporters and detractors did to move or block the tuition relief plan legislation was in vain. Video poker and the tuition relief act—if the statements of Kearney (2009, April 8) are accurate—were intentionally removed as a viable alternative from the legislative/budget agenda in April, negating all the work done in its behalf. Although it was still publicly debated and discussed by supporters and detractors alike for months to come, it would seem that key decision makers had already come to a determination regarding the legislation. The results seem to bear out this assertion; the tuition relief legislation languished in committee and went nowhere. The table games legislation would continue to haunt the budget process and the state-related universities and will be discussed in greater detail in a later section.

**Withdrawing the State-Related Universities from the SFSF Application**

On June 26, 2009 the governor declared that the state-related universities would not be included in the application for State Fiscal Stabilization Funds which dismayed the lobbyists at the state-related universities and drew negative responses from them all. The state-related universities had been included on an earlier draft of the application, but were removed in the June application. The June application stated that the state-related universities received limited tax support, but were “not under absolute control of the Commonwealth” (Office of the Governor, 2009, June 26; Pennsylvania State Constitution, 1968) a direct quote from Pennsylvania’s State Constitution. The Rendell administration reinterpreted the state constitution to support the decision to exclude the state-related institutions (Pfeffer, 1981). As Pfeffer (1981) states, “Decision premises are, in part, controlled by law or well established and long standing organizational policy. However, such laws and policies may be invented or reinterpreted on the spot to influence the decision in a desired direction by individuals involved in the decision
process” (p. 116). The removal was an act of coercion as well—a way to spur the Senate Republicans to create a budget with more funding for K-12 education and simultaneously coerce the state-related universities to participate in an articulation and transfer policy that would allow Pennsylvania college students to easily transfer college credits between the public institutions of higher education; something the state-related universities were opposed to because they worried that the policy would affect the quality of the curriculum and allow the state to dictate what to teach.

**Appealing to the feds, grassroots efforts, and threats.**

The lobbyists responded to this threat by going above the Rendell administration. They appealed to the U.S. Department of Education with whom they had already been working, and to the Congressional delegation of Pennsylvania for support (Kipnis, Schmidt, & Wilkinson, 1980). Lobbyist 4 sent emails to members of the U. S. Department of Education that asserted why his institution should be included in the SFSF application (Nordenberg, 2009, July 1). Additionally, all the presidents of all the state-related institutions sent letters to Secretary of Education, Arne Duncan, challenging the interpretation of the premises used by Governor Rendell and asking that different premises be applied to the inclusion decision and also provided information as to why they should be included in the SFSF application. Both sides used laws and statutes to back up their positions (Pfeffer, 1992). While Rendell cited the Pennsylvania State Constitution (1968), Spanier, Hart, and Nordenberg cited the recently passed, American Recovery and Reinvestment Act (2009), specifically Section 14002(a)(2)(ii) which required state governors to provide, “in each of fiscal years 2009, 2010, and 2011, the amount of funds to public institutions of higher education in the State that is needed to restore State support for such institutions (excluding tuition and fees paid by students) to the greater of the fiscal year 2008 or fiscal year 2009”
This maintenance-of-effort requirement for the State Fiscal Stabilization Fund required the state to maintain support “for public institutions of higher education (not including support for capital projects or for research and development or tuition and fees paid by students) at least at the level of such support in fiscal year 2006” (ARRA, 2009, Section 14005(d)(1)(B)). Spanier also enclosed a legal brief from the university’s law firm, McQuaide Blasko which provided six pages of evidence from Pennsylvania statutory and case law that Penn State University was in fact, a public institution (Courtney, 2009, June 29). In all of the letters, the presidents argued for inclusion of not only their institution, but all of the state-related universities. In yet another example of a value claiming argument, representatives of the state-related universities stated that should they be excluded from the SFSF application, severe tuition increases would be forthcoming (Schackner, 2009, June 27). Rendell expressed surprise that the presidents of the state-related universities had chosen to write to Secretary Duncan (Stripling, 2009, July 2). The lobbyists also rallied support from federal legislators to support inclusion in the application. Fourteen of the nineteen congressmen from Pennsylvania signed a letter which was sent to Arne Duncan, supporting the inclusion of the state-related institutions in the SFSF application (Thompson, 2009, July 15).

Additionally, Lobbyist 6 stated that Institutions W and X roused their grassroots networks to get alumni, staff, faculty, and students involved in petitioning the governor to reinstate the state-related universities. His university, University Y however, did not have a grassroots network in place to mobilize, but have since established one. These are examples of developing allies and coalitions at the top of the organization (The U.S. Secretary of Education) and bottom (alumni, staff, faculty, and students) to rouse support for the inclusion of the state-
related universities in the SFSF application (Kotter, 1985; Pfeffer, 1992). The institutions also used a threat—severe tuition increases—as part of their arguments to lawmakers and the media. Lobbyist 1 related,

Well, we had a lot of things going for us, one, he had submitted a couple of draft applications to the feds already which we were included in” Also, our friends at the federal level were very helpful and the feds coming back to the governor, telling him he couldn’t do that, that we were a public institution and he couldn’t all of a sudden, arbitrarily decide that we weren’t.

Lobbyist 3 also stated that the state-related universities had been included on previous drafts of the application. He said, “we had really come to a pretty good understanding with everybody that was involved in this process that not only would it include us, but it would take three years worth of funding.”

Why were the state-related universities excluded?

When asked why he thought the state-related universities had been excluded, Lobbyist 1 felt the governor chose to exclude the state-related institutions because it was a way to hurt the friends of the state-related universities. According to Lobbyist 1, the best friend of the state-related universities in recent years has been the Senate Republicans

[O]ur biggest support in the last few years has come from the Senate Republicans.
And what is the best way to torture the Senate Republicans, is to go after us—that was one way. I don’t know if he ever thought he could get away with it, I just think he was trying to move some stuff along. And sometimes you throw something out on the table just so it can be taken away in another negotiation.
You know, I’ll back off on this non-public thing if you give me this, if you raise
basic Ed . . . but yeah, it was as much a negotiating ploy as anything, and I guess he just thought hey if they do end up giving me the waiver, or saying they’re not public, I got this extra federal money to play with, but if not, at least I have another chip.

Lobbyists 4 and 5 echoed the thoughts of Lobbyist 1. Lobbyist 4 described the governor’s actions as “one of the most pathetic actions he took in his eight years.” The state-related universities were used as a bargaining chip according to Lobbyist 4 to get the Senate Republicans to act. Lobbyist 5 stated that taking out the state-related institutions from the SFSF application was a way to get the attention of the Senate Republicans. “I think that was the politics with the Senate, I think realizing that he did that, he would get their attention with how they are going to deal with it, and he knew that the Senate Republicans in particular were trying to protect the state-related universities”

Governor Rendell was indeed upset with the Senate Republicans during the summer months of 2009 especially over the Senate’s unwillingness to fund K-12 education at the level he desired. He had written his own letter to Arne Duncan in May, 2009 asking the Secretary of Education to help him obtain more funding for K-12 education which he said was being blocked by Senate Republicans. Duncan replied to Rendell’s letter on June, 18, 2009 advising the legislature to make use of its Rainy Day Fund—a fund that contained approximately $750 million and which Republicans had been unwilling to touch—to support K-12 education and threatened that if Pennsylvania drastically reduced its education budget it would be negatively impacted when being considered for competitive federal education grants (Duncan, 2009, June 18). With no direct control over the budget battle that was raging in the state of Pennsylvania,
Duncan used a threat—Pennsylvania will be negatively impacted for federal education grants—to add weight to his counsel to use the Rainy Day Fund for education.

Lobbyist 3 talked about the tension surrounding the funding of K-12 education in detail:

[I]f the governor had succeeded in removing the state-related universities from the federal funding application, it would have freed up a lot of money to spend on basic education and also freed the governor from having to maintain funding for the state-related universities at a certain level.

Another reason for excluding the state-related universities from the application according to a number of lobbyists was the inability of the state to control many governance issues at the state-related universities. As stated in the June 26, 2009 application for SFSF funds, the state (and the governor) does not exercise “complete control” over the state-related institutions. Lobbyist 1 stated, “he has no control, he can’t control us, he can’t tell us who to let in the school, who to hire, or how much to pay them, he does not have the level of control over us that he does over other entities within the budget like the state system.” Lobbyist 1 continued by saying,

We know what we’re doing and then you have people in the administration [Rendell administration] that have no background in this, that want to do something, and they’re just going to dictate to you the way that it is going to be done. And when we don’t do it, and they can’t force us to do it, it’s frustrating to them. I honestly believe that, and they have done nothing in eight years to make me think otherwise. That’s always what it is, there are things, unreasonable things that we have been asked to do and we will not do them and that’s what you get.
But I don’t think we would have been treated any better if we did every single thing they told us to do, they would just ask for more.

According to Lobbyist 3, the governor and his staff were not supporters of the state-related universities. Why? The lack of control of the institutions—the governor could not exert the control he wanted over the state-related universities.

**Rein in tuition rates and participate in the articulation and transfer policy.**

Specifically, some of the things that the state-related institutions had been asked to do by the governor were to cooperate with his articulation and transfer policy and rein in the tuition rates charged at the state-related universities. Lobbyist 6 felt that the state-related universities were removed from the application because of articulation and transfer issues as well as tuition disagreements with the Rendell administration. According to a Rendell aide, Barry Ciccocioppo, Rendell had been asking the universities to limit their tuition costs as much as possible and they had not complied (Schackner, 2009, July 2).

As for the articulation and transfer policy, in 2006, Rendell had driven through legislation that required the 14 state universities and 14 community colleges to participate in a statewide transfer and articulation system. The legislation required all 28 institutions to accept at least 30 credits from any of the other institutions. The state-related universities and private institutions were asked to participate, but the state-related universities declined with the exception of Lincoln University (Cleghorn, n.d.). The refusal to participate in the transfer system continued to be an irritant for the governor according to the lobbyists.

Lobbyist 3 stated that Rendell tried to use the SFSF funding as leverage to get the state-related universities to participate in his transfer and articulation program. In an example of coercion, Lobbyist 3 explained,
They were suggesting that, “yeah if you guys join this transfer/articulation program, we’ll put you back into the . . . [federal application].” What they did not realize was that our control of the quality of our curriculum is more important than the money. That we would just be selling ourselves, and doing immediate and long term damage to the institution if we were to give the state control of our curriculum. We would no longer be considered a quality institution. So, we didn’t fall for that at all. We ended up beating them on this issue in Washington and they were forced to put us back in.

Although it appears from the words of Lobbyist 3 that the institution responded to the coercive proposal by defying it; stating that defiance in a value claiming argument—if the institution complies, it would damage the quality of the institution—in reality the articulation and transfer issue was bargained and negotiated. Rendell’s attempt to coerce the state-related research universities to join the articulation and transfer system worked . . . to an extent. When the state general budget was passed in early October of 2009 included in it was Act 50, a provision that required the state-related research universities to accept at least 30 credits from any of the other state institutions beginning in the Fall of 2010. Additionally, the new law required the 14 state universities and the 14 community colleges to accept an Associate degree from any of the other institutions (Transfer and Articulation Oversight Committee, 2009, November 17; Pennsylvania Transfer & Articulation Center, 2010, January 15). Although Lobbyist 3 felt that the state did not get what they wanted in terms of articulation and transfer, a compromise was reached with the state-related research universities on the issue. Lobbyist 1 stated,
[W]e have had problems with the articulation and transfer issue for quite some time, and we were able to come to an agreement on that with the caucus and administration to leave us alone. We had the General Assembly on our side for two years, they completely understood the way we did things, they had no problem with it, but a couple of the members asked us to stay and negotiate with the General Assembly . . . and so we did.

As Oliver (1991) hypothesizes, given the uncertainty surrounding the FY 2010 budgetary process, the ability of the state-related research universities to resist Rendell’s articulation and transfer policy deteriorated. A compromise was reached and at least partially, the state-related research universities were forced to comply.

**Being put back in the SFSF application.**

As late as July 12, 2009 Rendell was still stating that the state-related universities would not receive any federal stimulus funding (Barcousky, 2009, July 12), but on July 14, 2009 the U.S. Department of Education informed Governor Rendell that he could not remove the four state-related universities from the SFSF application and that he would have to resubmit the application (Graham, 2009, July 14). However, the Department of Education left it up to the governor how much money the schools would receive and that he could “take into consideration the extent to which an IHE [Institution of Higher Education] agrees to limit tuition increases for in-state students” (Chute, 2009, July 16 ¶ 7). The response of the Rendell administration was short and nebulous, stating that the administration was “committed to using those funds where they can have the most impact” (Pennsylvania Governor Rendell Issues Statement, 2009, July 15). Donna Cooper, the governor’s policy secretary was more blunt; saying that allocations to the institutions had not yet been determined and that there was no guarantee that the state-related
universities would receive any stimulus funding (Chute, 2009, July 16). She did not see withholding funds from the state-related universities as a violation of the maintenance-of-effort requirements of the federal stimulus funds because she interpreted the requirement to mean public higher education in general, not individual institutions. Officials at the state-related universities remained optimistic that they would receive stimulus funding (Chute, 2009, July 16).

The Rendell administration submitted a third application in October of 2009 in which the State System schools and the state-related universities were both included and an additional $63 million had been added to make up for the rescissions to the 2008-2009 appropriations on top of the more than $93 million to bolster the appropriations for the 2009-2010 fiscal year (Chute & Schackner, 2009, October 22). Under this application, the Pennsylvania State System of Higher Education would receive $27 million to make up for the rescissions of 2008-2009 and $38.1 million for the 2009-2010 appropriation. The community colleges were to receive $21.5 million to bolster the 2009-2010 appropriation (they did not receive rescissions during 2008-2009), and the state-related universities were to receive: Penn State--$16.9 million for 2008-2009 and $15.7 million for 2009-2010; University of Pittsburgh--$8.6 million for 2008-2009 and $7.5 million for 2009-2010; Temple University--$8.9 million for 2008-2009 and $7.7 million for 2009-2010; and Lincoln University--$830,000 for 2008-2009 and $159,000 for 2009-2010 (Office of the Governor, 2009, October 20).

Waiting until December for the Appropriations

There were two versions of each institution’s appropriation bill—a Senate version and a House version. The versions of the appropriations bills for the state-related universities in the House (HB 1708, HB 1709, HB 1710, and HB 1711) never left the House, but even then there was some drama surrounding Institution Y’s appropriation bill. For Institution Z, Institution X,
and Institution W, the bills moved from the House Appropriations Committee to first and second (each bill must be considered three times before passage) consideration with no delays or problems—they were all recommitted to the House Appropriations Committee on August 3 and 4, 2009—but Institution Y’s appropriation bill was passed over on August 4, 2009 while Institutions W and X received their second consideration.

**A wake up call for Institution Y.**

The reason Institution Y was left behind was because Representatives John Taylor (R) (an alumni of Institution Y) and Mike O’Brien (D), and Senators Mike Stack (D) (serves on Institution Y’s Board of Trustees) and Larry Farnese (D) wanted to send Institution Y a “wake up call” concerning the closing of a hospital which Institution Y Health System owned. Institution Y Health System closed the hospital because it was losing money. The legislators contended that the hospital was vitally needed to the communities it served with the hospital receiving 55,000 ER visits and performing 1,800 births in 2008. The hospital was stripped of many of its services including the emergency room and became an ambulatory care center in July of 2009 (Rubinsky, 2010, September 6).

Representative Taylor stated on August 17, 2009 that he had been negotiating with Institution Y and was making good progress towards restoring some of the hospital’s services (Hunt, 2009, August 17). However, when the Institution Y appropriation bill was taken from the table for second consideration the next day, it was again sent back to the table without a vote (Pennsylvania House of Representatives, 2009, August 18). Institution Y responded to the blockage of the bill by issuing a value claiming threat—they would have to raise tuition by 45 percent if the appropriation bill was successfully blocked (Hunt, 2009, August 17). Blockage of Y’s appropriation bill by legislators was also motivation for Institution Y to create a legislative
grassroots network. According to Lobbyist 6, The Institution Y Advocate Legislative Outreach Network, staged its first grassroots campaign in response to being held back from second consideration. A petition was created which eventually drew the signatures of over 9,000 students, faculty, staff, alumni, and was sent to legislators. Calls were made and emails sent to legislators as well (Temple University, 2009, August 26). The bill eventually received its second consideration on August 19, 2009 and was sent back to the House Appropriations Committee.

The tactics used in this example reveal again, the use of coercion based in position power—legislators used a threat against the appropriation bill to get Institution Y to comply on something completely unrelated to appropriations. Institution Y for its part, issued a threat of its own—we will have to raise tuition by 45 percent—and built a network of allies from the community to make those same arguments to legislators through emails and telephone calls. Additionally, some value creation (bargaining and negotiations) occurred between the legislators and Institution Y over the closure of the hospital. Institution Y Health System sold the buildings of the hospital in August 2010 to the real estate company Haskell Acquisition Partnership, but continues to provide health care services through the ambulatory care center as part of 10-year lease agreement. Institution Y Health System also agreed to restore many of the health services with the exception of an emergency room (Rubinsky, 2010, September 6; MacDonald, 2010, August 27).

The senate versions of the appropriation bills.

The Senate versions of the appropriation bills for the state-related universities followed a similar path—a path plagued by delays. Senate bills 1036 (Institution X), 1037 (Institution Y), 1038 (Institution Z), and 1040 (Institution W) were introduced on July 16, 2009 (17 days after the start of FY 2009-2010) by Senator Jake Corman (R). Corman introduced them after Rendell
had been ordered to include the state-related universities in the SFSF application and were sent
to the Senate Appropriations Committee where all four were reported favorably (Senator Corman
is the Chairman of the Senate Appropriations Committee) and received their first consideration
on July 20, 2009, a second consideration on July 27, 2009, and were scheduled to receive a third
consideration on July 28, 2009, but ran into a snag.

_A constitutional point of order delays passage of the bills in the senate._

When Senate Bill 1036 (Institution X) was brought forward for third consideration,
Senator Costa (D) (a Board of Trustee member for Institution X), raised a constitutional point of
order. According to Costa, the Pennsylvania Constitution, Article III, Section 29 required the
Senate to give priority to general expenses over other types of expenses and since the general
appropriation bill had not yet been enacted, “consideration of any nonpreferred appropriation
bills, including Senate Bill No. 1036 through Senate Bill No. 1040” was out of order
(Pennsylvania State Senate, 2009, July 28, p. 1120). Senator Mellow (D), Senate Minority
Leader, rose and supported Costa’s motion stating that they (the Legislature) had failed the
people of the state by not passing a budget yet and that the Democrats would not agree to
“supply a two-thirds vote when we know full well . . . the money is not there to spend and there
has been no agreement” (Pennsylvania State Senate, 2009, July 28, p. 1122). Senator Pileggi (R),
Senate Majority Leader rose and defended the state-related appropriation bills, stating that two
general appropriation bills had already been passed in the Senate and that the conference
committee on HB 1416 (House version of the general appropriation bill) would meet for the first
time the next day. Regardless of the general appropriation bill, the non-preferred appropriation
bills still needed to be moved along. A vote was taken and Costa’s constitutional point of order
was not sustained and SB 1036 was again open for third consideration (Pennsylvania State
Senate, 2009, July 28). After further debate, a vote was taken on SB 1036 and failed to garner a two-thirds majority. The remaining state-related universities were passed over without a debate (Pennsylvania State Senate, 2009, July 28). The next day SB 1036 was brought out again to reconsider the vote taken the day before, but again did not receive the needed votes (Pennsylvania State Senate, 2009, July 29). A value-claiming threat had been issued by the Senate Democrats to withhold votes for the state-related universities, and one they made good on. From there the appropriation bills were tabled and did not come up for third consideration and final passage in the Senate until Oct 5, 2009 where they were passed out favorably with a 49-0 vote.

_The Senate bills move to the house._

The bills moved quickly from the House Appropriations Committee (October 6, 2009) to the floor where they received their first consideration on October 7, 2009, and second consideration on October 8, 2009 whereupon they were removed from the active calendar and sent back the House Appropriations Committee (Pennsylvania House of Representatives, 2009, October 8). The bills did not re-emerge until December because of the impasse over the table games legislation. All the lobbyists interviewed felt that the state-related universities had been used as leverage to get legislators to pass the table games legislation. Lobbyists 2 and 6 felt that the state-related universities were used as leverage because these universities enjoy widespread support throughout the state; because they enjoy much support throughout the state they are an easy target of being taken hostage for other unrelated issues.

_The effect of table games on the appropriation bills._

On August 12, 2009 the House Gaming Oversight Committee held a public hearing for House Bill 21 and Senate Bill 1033—both of which were designed to legalize table games at the
existing gaming venues in the state. Senator Tom Tomlinson (R), who introduced SB 1033 testified that legalizing table games was necessary, given the economic times facing the state. His bill called for introduction of table games at the current gaming venues (casinos and racetracks) with a 12 percent tax rate and all 12 percent going to state coffers. He said this would produce about 16,000 jobs and add $106 to $180 million in tax revenues. His bill also called for charging the casinos a $10 million fee to put table games into the facilities. Tomlinson said this would generate about $100-$110 million for the current fiscal year (2009-2010). Tomlinson believed it would take four to six months to get table games up and running and so tax revenues from table games would not be available until the 2010-2011 fiscal year. Tomlinson concluded by saying, “I think it might not be the total panacea for our budgetary problem, but it certainly could be a very key, important piece to solving this year’s budget” (House Bill 21 and Senate Bill 1033: Hearing before the House Gaming Oversight Committee, 2009, August 12, p. 15). Representative Bill DeWeese’s (D) version of the bill (HB 21) called for an 18 percent tax rate with the money going to the state’s Property Tax Relief Fund. Municipalities and counties where the gaming facilities were located would receive two percent of the tax revenues and one percent would go to agriculture and county fairs (Barnes, 2009, June 22). DeWeese also believed that table games would produce 16,000 jobs once all 14 casinos were up and running. Under his bill, at least $200 million in tax revenues would be produced, and $300 million in the first year because the facilities would be charged a $10 million license fee (Barnes, 2009, June 22).

About a week after the introduction of the bill, a spokesman for the House Majority Leader Todd Eachus (D) said that the House Democratic leadership were supportive of legalizing table games and DeWeese said he had talked to Senate President Pro Tempore Joe Scarnati (R) who had given him some encouragement for table games. Senator Scarnati stated
that table games had been “quietly percolating around the Capitol for some time” (Barnes, 2009, June 22, ¶ 22) Senator Scarnati was opposed to Governor Rendell’s plans for increased income taxes and new taxes on tobacco and natural gas, but had not dismissed taxing table games (Barnes, 2009, June 22). DeWeese had also vetted his legislation with the governor’s office in early June (Parmley, 2009, June 3). The governor’s spokesman, Chuck Ardo stated that the governor wanted all 14 casinos up and running before considering table games—“he believes it is too soon to consider the expansion of gaming to table games,” but would consider all options available to close the deficit (Parmley, 2009, June 3, ¶12).

On June 19, 2009, just two days after DeWeese introduced his table games legislation, Governor Rendell stated that if a table games bill was sent to his desk that he would consider it, but that the approximately $200 million in tax revenues generated from table games would not put a dent in the $3.2 billion deficit (Micek & Kraus, 2009, June 19). Senate Majority Leader Dominic Pileggi (R) however, was opposed to table games, seeing it as an unneeded component of the budget negotiations. Pileggi was unwilling to repeat the rushed vote to legalize slot machines that had occurred in 2004. “I don’t know what the rush is. This is something we could work on over the next several months” (Micek & Kraus, 2009, June 19, ¶ 15).

A gaming reform bill becomes a gaming expansion bill.

These two bills are important because they became central to the delay of passing the appropriation bills of the state-related universities. In the case of HB 21, it was eventually attached to Senate Bill 711 which was actually a bill introduced on June 22, 2009 by Senator Earll (R) to amend and reform the Pennsylvania Race Horse Development and Gaming Act of 2004. Senate Bill 711 called for the prohibition of political campaign contributions by organizations and individuals subject to the gaming act of 2004, barred members of the
Pennsylvania Gaming Control Board from outside employment, and extended the ban on convicted felons being able to receive a gaming license among other things (Pennsylvania Senate Republican News, 2009, June 23). The bill passed the Senate on July 7, 2009 and was sent to the House of Representatives.

Thus, in an example of political maneuvering and control over the alternatives on the agenda (Pfeffer, 1992), a gaming reform bill eventually became the vehicle for gaming expansion. On September 17, 2009, Senator Farnese (D), stood on the floor of the Senate and voiced his displeasure over including table games legislation as an amendment to Senate Bill 711. He urged those who were in discussions over the issue to keep Senate Bill 711 separate from the table games legislation, which according to Farnese, would give each legislator in both houses a way to vote for gambling reform and then make “a rational and reasoned decision” regarding table games (Pennsylvania State Senate, 2009, September 17, p. 1354). On October 6, 2009 Senator Farnese stood again on the Senate floor and stated, “members of the budget conference committee announced they had reached a budget deal. That deal included a provision to authorize table games such as blackjack, poker, and roulette at Pennsylvania slots parlors” (Pennsylvania State Senate, 2009, October 6). Farnese explained how this was accomplished; on Friday, October 2, 2009 the House Gaming Oversight Committee suspended their rules in order to amend Senate Bill 711 to include the legalization of table games. According to Farnese, over that weekend over 150 additional amendments were added to Senate Bill 711. Farnese closed by asking that since Senate Bill 711 had become a gaming expansion bill that aid be included for the communities that would be most affected by the casinos (Pennsylvania State Senate, 2009, October 6).
As Farnese had stated, on October 2, 2009 the House Gaming Oversight Committee met and passed on the strength of party lines to include table games as an amendment to SB 711. There were 14 ayes (all Democrats) and 11 nays (all Republicans) and one legislator who was not present. The committee unanimously added three more amendments to the bill that clarified language or added oversight provisions. The Minority Chair, Representative Schroder (R) made a motion to postpone consideration of Senate Bill 711 until the next day which was defeated on party lines (14-11). Schroder also introduced a motion to appeal the majority chair’s ruling that the table games amendment was not divisible, which again was defeated on party lines (14-11). On the motion to pass the bill favorably out as amended, the motion passed, again on party lines (14-11) (Pennsylvania House of Representatives, 2009, October 2).

Farnese was not joking when he said 150 amendments had been added to SB 711. On October 4, 2009 SB 711 was brought before the House for second consideration and the amendments descended like a downpour. Representative Clymer (R), one of the most vocal anti-gambling legislators (who also happens to serve on the House Gaming Oversight Committee) introduced amendment after amendment to limit the spread of table games or reduce its impact on the citizens of Pennsylvania. The debate and amendment adding continued on October 5, 2009 where the bill as amended was agreed to. The amended bill imposed a 37 percent tax on table games revenues and a $20 million dollar license fee for category 1 and 2 gambling venues and $7.5 million license fee for a category 3 venue\(^\text{11}\), far above the 12 percent passed by the Senate in SB 1033 a few days later. Representative Eachus (D) told the House that the bill would receive its third consideration the next day; it did not (Pennsylvania House of Representatives, 2009, October 5). When the House was called to order on the 6\(^{th}\), Eachus made a motion to move

\(^{11}\) A Category 1 casino is a horse-racing facility. A Category 2 casino is a stand-alone casino. A Category 3 casino is a resort casino which has lodging attached to the casino.
SB 711 from the active calendar to the Committee on Appropriations, the motion was passed (Pennsylvania House of Representatives, 2009, October 6). Senate Bill 711 did not resurface on the floor of the House until December 9, 2009. As was discussed in Chapter Four, leaders from both chambers met irregularly in October to negotiate a compromise on the tax rate and license fee for table games, but did not come to any consensus.

*Trying to pass the appropriation bills of the state-related universities.*

The House convened at 11am on the morning of December 9, 2009 and Representative Watson (R)—Bucks County tried to get the appropriation bills of the state-related universities out for third consideration by calling for a special order of business but was told by the Speaker Keith McCall (D) to withdraw her motion until the House had resolved some resolutions, she agreed. After concluding the business concerning the resolutions, the Speaker called Representative Watson up to the dais where a conference was held. Following the unrecorded conference between the Speaker and Watson, the House Majority Leader, Representative Eachus (D) called a meeting of the Democratic caucus for 1 pm, the Republicans followed suit, calling for a Republican caucus meeting also to be held at 1 pm. Floor action was supposed to resume at 2 pm, but did not resume until 6pm (Pennsylvania House of Representatives, 2009, December 9).

After reconvening, Representative Watson tried to bring out the bills for the state-related universities and was asked by the Speaker whether she was going to bring them all out at once or individually. Watson decided to bring them out individually, and began with the appropriations bill for Institution W. The House Majority Leader, Representative Eachus (D) rose in opposition to the motion stating that the Republicans had had a chance to pass the non-preferred appropriations bills yesterday and had opposed those bills, the business of interest for Eachus was resolving SB 711 (table games). He also said that the ability to choose the legislative floor
agenda of each day was the responsibility of the majority leader. Eachus assured the House that once SB 711 had been resolved that the non-preferred appropriations bills would get passed. Representative S. Smith (R), Republican Floor Leader rose in support of Watson’s motion and stated that the non-preferred bills to which Eachus referred still required a third day of consideration in the House and three days in the Senate while the appropriation bills for the state-related universities had already been passed in the Senate. He was joined by Representative Maher (R) who made an impassioned plea for the bills to be considered, “You know what the right thing is . . . how can you hold the students hostage for table games?” (Pennsylvania House of Representatives, 2009, December 9, p. 2425). Representative Civera (R), the minority chair of the House Appropriations Committee rose and stated that the money was there, that what had been stated from the governor’s office—there is not enough money without table games—was incorrect. “We have the dollars, we should support the motion, and we should carry on our business as far as our college students in Pennsylvania” (Pennsylvania House of Representatives, 2009, December 9, p. 2426).

According to Representative Reichley (R), the Rainy Day Fund ($750 million), all the money in the Health Care Provider Fund, and $100 million from the Mcare Fund had been transferred to the Commonwealth and the governor to use and would cover the appropriations for the state-related universities (Pennsylvania House of Representatives, 2009, December 9).

Representative S. Smith (R) rose again and made the argument that even if SB 711 (table games) was passed that night there would be no guarantee that the Senate would immediately pass it—they could amend it and send it back, or decide to study the issue more and not make a decision until January of 2010 (Pennsylvania House of Representatives, 2009, December 9). The House voted on the motion to bring out the appropriation bill for Institution W and the vote was 95-97,
a very close vote (a simple majority vote was needed to bring the bill out for a vote), but the motion failed. Representative Watson then tried to call up the appropriation bill for Institution Z, it failed 94-97 (Pennsylvania House of Representatives, 2009, December 9).

Like Representative Civera (R), the lobbyists did not believe that there was not enough money to fund the state-related universities without the table games legislation. As explained in Chapter Four, Rendell had been stating that he could not sign the appropriation bills for the state-related universities without the passage of table games. He used the premise of a balanced budget from the Pennsylvania Constitution (1968) to back up his arguments—the budget will be unbalanced if the appropriation bills for the state-related universities are signed without the passage of table games (Gleiter, 2009, November 23). Interestingly however, Rendell himself had earlier stated that the revenues from table games would not put a dent in the state’s deficits (Micek & Kraus, 2009, June 19). Lobbyist 3 stated, “that was inaccurate, a lie, however you want to characterize it. It was purely trying to create pressure on certain folks to pass gaming.” Lobbyist 4 said it was frustrating to have the perception “that the revenues from table games was what was going to fund the state-relateds.” Lobbyist 6 stated, “[n]o, we did not believe that. You had legislators saying that the funds were there, but once again we had become leverage at that point.” Lobbyist 2 stated similar ideas, the state-related universities had become leverage in a political game.

When Watson made a motion to release the bill for Institution X, she was joined by Representative Maher (R)—who serves on Institution X’s Board of Trustees—and Representative Gabler (R) who represented Elk County and part of Clearfield County, who supported the motion. They were again opposed by the House Majority Leader, Representative Eachus (D). The motion failed 94-98—again a very close vote, but not enough to bring the bill
out. Representative Watson then asked to bring out the appropriation bill for Institution Y and again the motion failed 95-97 (Pennsylvania House of Representatives, 2009, December 9). Finally, Representative Watson made a motion to bring out the appropriation bill for the University of Pennsylvania Veterinary School, again it failed 94-98 (Pennsylvania House of Representatives, 2009, December 9).

Speaking of the failed attempt of Representative Watson to bring out the appropriation bills for the state-related universities for a vote, Lobbyist 1 stated he asked legislators from his area of the state why they had voted against bringing out the bill for Institution X, to which according to Lobbyist 1 they replied, “well, they [legislative leaders] got a hold of me and you don’t know what it’s like in that room [caucus room]”. Political affiliation became more important than passage of the appropriation bills because of what was said or threatened in the caucus room.

**The lobbyists put increasing pressure on legislators and are misled.**

During this long, drawn-out process, the lobbyists said they were misled by legislators repeatedly regarding the passage of the appropriation bills. Lobbyist 1 stated that he was told, “Oh, we’re going to run you guys, don’t worry about it, we’re close on table games. And we’d hear that every day.” Similarly, Lobbyist 3 said, “The House Democratic leaders tried to assure us that they would ultimately pass our appropriations bills, but repeatedly delayed votes to do that. Ultimately, we kind of realized that people were giving us a snow job.”

The lobbyists discussed putting pressure on legislators to pass their appropriation bills in a number of ways. Lobbyist 3 described sending letters to the press and to all members of the General Assembly being “highly critical” of the delay and “illustrating the consequences of it.” Lobbyist 4 described using grassroots advocacy tactics by mobilizing staff, faculty, students to
send letters and make phone calls protesting the delay and describing the damage it was causing. Lobbyist 5 also described having people write letters to legislators to protest the delay. Lobbyist 5 said that these tactics started to anger the legislators,

[T]hey were getting testy with us, “you’re stirring the pot and we told you, you were going to be taken care of dammit, you don’t believe us.” It became real contentious on every side because nerves were getting frayed and so we were in the middle of all of that. And we’re trying to do it without [arousing anger] . . . “look guys, you have to understand, we have constituencies too.”

The lobbyists used a network of supporters to add to the arguments they were already making personally to legislators in order to create added pressure to move the appropriation bills forward. The lobbyists again used value claiming arguments to show the consequences that would occur if the appropriation bills were not passed.

Lobbyist 6 mentioned that the state-related universities were easy hostages to take because so many people across the state cared about them. By tying the passage of table games to passing the appropriation bills for the state-related universities, the governor and the legislative leaders hoped to garner the support of the many allies of the state-related universities to put pressure on the House Republicans to pass table games. As time went by, and the start of 2010 drew ever nearer, the lobbyists used these same allies to put pressure on the House leadership to pass the appropriation bills regardless of table games. Although some lobbyists did not mention the grassroots efforts used to push for the passage of the appropriation bills, all institutions used these tactics as the budget process dragged on without the passage of their appropriation bills. The message of these letters, emails, phone calls, and press releases was a value claiming one. Because of the delay, you are damaging Pennsylvania students, their
families, and the universities. The four presidents of the state-related universities sent a letter to Rendell in early December in which they provided rational specifics as to the damage being done—lost revenues, lost investment income, decreasing the ability to borrow and finance capital projects, as well as the potential necessity to institute a mid-year tuition increase (Bumsted, 2009, December 14b).

**Table games stall, but the state-related appropriation bills pass.**

After the aborted attempts to bring the state-related appropriation bills out, SB 711 was reintroduced for floor debate, having last been seen on October 5, 2009. It had been in the House Appropriations Committee since that time The Speaker, Keith McCall (D), in an interesting move, rescinded his announcement that SB 711 had passed second consideration (which had occurred on October 5, 2009) and announced that SB 711 was now being considered for second consideration. This he did in order to introduce amendments to SB 711 because bills on third consideration are not open to amendments except “to make the document internally consistent, to clear up an ambiguity, to correct grammar or to correct a drafting error or is necessary for purposes of statutory construction” (Pennsylvania House of Representatives, 2009a, Rule 24). McCall was immediately challenged by Representative S. Smith, the Minority House Leader on his authority to unilaterally return the bill to second consideration and wondered how members could file amendments to SB 711 if they were given no notice that the bill was on second consideration (Pennsylvania House of Representatives, 2009, December 9). S. Smith was supported by many other Republicans who lambasted the Speaker’s decision through parliamentary inquiries (Pennsylvania House of Representatives, 2009, December 9). House Majority Leader Eachus (D) arose in support of the Speaker’s decision and said that “anyone in this chamber who did not realize this was coming had to be on Mars” (Pennsylvania House of
Representatives, 2009, December 9, p. 2441). After more parliamentary inquiries by Republicans, the motion to return the bill to second consideration was voted on and passed. More parliamentary inquiries by Republicans were interspersed by the introduction of amendments by Republicans. The debate continued on until 11 pm when the House was adjourned. Nothing had been resolved on SB 711.

SB 711 resurfaced on December 14, 2009 where again, amendment after amendment was introduced and after much contentious debate, it was passed on second consideration.

Representative Watson (R) immediately called for a special order of business to bring out the appropriation bills of the state-related universities and the veterinary school at the University of Pennsylvania. She was opposed again by Representative Eachus (D), the House Majority Leader who once again said it was the majority leader’s responsibility to determine what bills and in what order were considered on the floor (Pennsylvania House of Representatives, 2009, December 14). Her motion to postpone the current debate on HB 1685 (a non-preferred appropriation bill for a museum) to bring out the state-related appropriation bills was voted on and defeated, but for some reason the vote was then stricken. The Speaker then temporarily suspended debate on HB 1685 and brought out the appropriation bills for the state-related universities all of which received the required two-thirds majority vote in the affirmative (Pennsylvania House of Representatives, 2009, December 14).

*Table games passes.*

The bills for the state-related universities were then sent to Governor Rendell for his signature who stalled for a few days in the hopes that SB 711 would be passed in the next day or two—it was not. SB 711 received its third consideration in the House the next day—the 15th of December—where Representative Clymer (R) rose and gave an impassioned speech against the
bill’s passage citing a host of social ills that would be created by allowing table games to be introduced in Pennsylvania (Pennsylvania House of Representatives, 2009, December 15). His speech was followed by a host of proponents and opponents each speaking for or against the bill, but the bill passed 103-92. The bill was then sent back to the Senate.

The Senate amended the amendments made to SB 711 in the House on December 16, 2009 and sent it back to the House where House leaders did not have enough votes to pass it as it had been amended in the Senate. The House adjourned until January 2010. With no hope of resolving the table games legislation until January, Rendell signed the bills for the state-related universities on December 17, 2009. On December 18, 2009, Rendell issued a threat to the General Assembly—if they did not pass table games by January 8, 2010 he would be forced to lay off 1,000 state employees, a threat that some Republicans said was empty and unnecessary (Mauriello, 2009, December 18). The state-related universities had been replaced as the threat of choice.

A compromise on SB 711 was finally reached on January 6, 2010 and was signed by Governor Rendell on January 7, 2010. The final bill called for a $16.5 million license fee for larger casinos and $7.5 million fee for smaller casinos. The tax rate was set at 16 percent; with 14 percent going to the state and one percent going to the county in which the casino is located, and one percent going to the host municipality. After two years, the tax rate would be reduced to 12 percent. The tax revenues generated from table games would go to replenish the Rainy Day Fund until $750 million had been raised, and then the revenues would go for property tax relief (Barnes, 2010, January 6; Merritt, 2010, January 7). Although Rendell and the Democratic leadership had repeatedly stated that the revenues from table games were needed to fund the
state-related universities, the revenues from table games wound up being were to be used to replenish the Rainy Day Fund and property tax relief.

Summary

As stated in the political perspective, political strategies and tactics become important to the decision-making process rather than the resolution of conflict. Strategies and tactics become important because in a political environment there are no clear cut solutions to the problems faced. Also, in the case of the lobbyists of the state-related universities, they do not have a seat at the decision-making table. They can influence decision makers, but cannot make decisions. Thus, the tactics and strategies that are available to the in-house lobbyists are necessarily more limited than to those who are a part of the decision-making process. They did not have control over the agenda, nor control over the alternatives that were considered. While they have formal authority to act in the name of the institutions they serve, they have no formal authority in the appropriation process for the state, nor do they have control over state resources. From the interviews it became apparent that the power of the in-house lobbyist lies in their ability to influence decision makers. Given their positions, legislators and the governor could use power and control over the interpretation of premises, control of the agenda and alternatives on it, and the selective use of information to move or block legislation and positions. As Pfeffer (1992) states, the more complex the issue, the less likely that data and analysis will resolve it; data and analysis will be used selectively to justify a decision.

Those for and against any issue that was discussed in this section used information and analysis to support their arguments, claims, and needs for more state funding or passage/blockage of a piece of legislation. Lobbyists generally used the same processes. The arguments used by the lobbyists throughout the FY 2010 appropriation process were rational
arguments framed in value creation or value claiming terms. Given the negative nature of many of Governor Rendell’s proposals during the FY 2010 appropriation process, many of the arguments were value claiming ones.

It also became apparent from the interviews that allies were important; at the statehouse, in the institution, and outside of the institution. Given the unwieldy size of the General Assembly—253 members—the importance of having well-placed allies to influence fellow members to vote in favor or against legislation that affected the state-related universities cannot be understated. Allies in the legislature also became the source of needed inside information—information about issues that would affect the university, information on members of the General Assembly that need attention from the lobbyists, information on the feasibility of passing legislation. Allies that were close to the governor also became an important way to communicate the needs of the institution to the governor on an informal basis. Allies outside of the statehouse could be used to put pressure on legislators through phone calls, letters, and emails.
CHAPTER VI: Examining Success for the In-House Lobbyists

Because the political environment is fraught with upheavals, instability, lack of complete control over decision processes, an organization will not often get what it desires. Obtaining resources from the political environment requires an organization to compete for scarce resources and defend itself from attacks from other organizations or the political environment itself (Pfeffer, 1992). This study examined how the in-house lobbyists at the state-related universities responded to specific events that occurred during the 2009-2010 state budget process and how they defined successful lobbying in general. The lobbyists of the public research universities discussed success during the FY 2010 budgetary process as being shaped by the context of that highly confrontational environment. As Heinz et al., (1993) found, success for lobbyists is “usually situation specific” (p. 351). The actions of the lobbyists were constrained by the actions of legislators and other policy makers, thus situating success as a response to events initiated by others.

Furthermore, success for the in-house lobbyists is framed by the state statutes that apply to state-related universities. State-related institutions are not included in the state general budget appropriation; each institution has its own appropriation bill that must be passed by two-thirds of each chamber before being sent to the governor. Finally, the economic crisis framed the budgetary process for all involved parties—constraining and shaping actions and responses of the many stakeholders involved in the state budgetary process.

Success of the FY 2010 Appropriation Process

When I asked each of the lobbyists if the appropriation process for FY 2010 was successful, they responded that it had been. However, some became defensive at the question
and discussed other lobbying initiatives besides the appropriation process that they had conducted in FY 2009-2010 that they felt demonstrated their success.

Assessing success holistically

Lobbyist 1 responded by saying that success is “such a relative term” and that it was a “year by year thing.” He recalled “we didn’t get our appropriation until December and [we had]. . . not only the stimulus money for FY 10, but the FY09 money was still sitting there too. So we had that money coming.” He then moved away from the appropriation and began talking about the success of other issues of concern for the institution—articulation and transfer issues, the success of defending the public status of the institution, and on a local level, the mayor of the city had tried to impose a tax on the institution which had been successfully blocked. He also mentioned changing the perspectives of a couple of state senators who wanted to introduce legislation that affected the state-related universities.

Lobbyist 3, like Lobbyist 1 said there are many issues a lobbyist deals with and success shouldn’t be narrowed to just the appropriation process.

[Y]ou have immediate needs and objectives and you have long term relationship issues and you are working them all simultaneously. You have financial issues and you have operational issues and you are working them simultaneously. So, at any point in time, we might have several dozen different active issues that we are working with—with the administration, with legislative leadership, with rank and file legislators—and so I think the only way that you can remain sane in this job is to take a holistic attitude of our relationships with the state. You can’t just say, based on any snap shot in time, based on only financial considerations that we are successful or not successful; have good relations or bad relations. So, yeah, it’s
nice when it goes well with the budget, but it all has to be considered in context. Some people within the institution would say ‘yeah, we asked for $373 million, but we only got $334 million, and consider that a lobbying failure.’ Well, in the context of what the governor wanted to give us, the $334 million was a huge win! In the context of what is happening nationwide, in the economy and other states’ budgets, what we did was tremendous.

Like the other lobbyists, Lobbyist 4 said the appropriation for FY 2010 needed to be considered in the state context in which it was passed,

[I]t was such an outlier, such a different year than any we’ve experienced, that I’ve experienced, it’s really hard to compare it and to evaluate it. But at the end of the day I think that, we did about as well as we could have in the environment we’re in. And clearly you have to always consider the context and the circumstances when you are evaluating your lobbying, government relations efforts. Here, at the end of the day, it wasn’t a great result in a vacuum, but if you put it context I think at the end of the day, it was something that we could live with financially. Certainly it caused pain, budget cuts and nobody on our campus got a raise or salary increase last year, so it certainly had negative impacts and created hardship at the university, but we were able I think to absorb that without significant impacts to our core programs and our core mission. In that respect I would say it was a success, but it was hard to feel that way at the end of the year you know.
Similar to the comments of Lobbyists 1 and 3, Lobbyist 4 said to assess successful lobbying, one must look beyond just the appropriation process and amount to other measures and other events.

I think if you were evaluating our success of our government relations efforts in Harrisburg, and I say it that way on purpose because it is not just lobbying. It’s maintaining the university’s profile at Harrisburg as well. And I do think that over the last few years that we have done a good job of that . . . I think we are much more in the minds, or at least have legislators from across the state . . . have an awareness of Institution X and our role as a research university so, in that respect I think our lobbying effort over the last couple of years has been—I mean I think that’s one success. Obviously it’s a hard one to measure.

Lobbyist 6 felt that the appropriation process was successful for his institution not because the appropriation amount they received was what they wanted, but because when his institution’s appropriation bill was held up by some legislators over the closure of a hospital that the university owned, he felt he was instrumental in moving the bill forward by initiating a grassroots campaign for the institution. Lobbyist 6 states,

I don’t know if you caught one of the things, we were actually targeted individually in July. When we were going for second consideration, [and] because our health system was closing a hospital we had a local state legislator here from [name of city] who actually was trying to block our appropriation from being passed on the state side of things . . . [s]o for a few weeks there in July and August, Institution X and Institution W, and Institution Z were on second consideration, they were ahead of us because we were targeted individually
because of some acts here in [name of city] that were taken, So that’s when we initiated our first grassroots campaign—where we were reaching out to legislators to build support specifically for Institution Y just to get us moved along so we would be in a position to be passed whenever the budget was going to be done.

Lobbyist 6 described one instance in a much larger budgetary process as an example of lobbying success—an instance where he was able to persuade the legislators to stop blocking Institution Y’s appropriation bill.

In January of 2010, Lobbyist 5 gave a presentation to the Board of Trustees of the institution that he represents in which he discussed the role of government affairs and the accomplishments of government affairs during 2009. According to Lobbyist 5, the FY 2009-2010 appropriation process had been a successful one for Institution W despite the delay and setbacks. Lobbyist 5 told the Board of Trustees,

In the end, which finally came in mid-December, Institution W’s 2009-10 Appropriation was $73 million greater than the level that had been proposed by the State as late as June 24th. This amount includes $16.9 million in federal stabilization funding to restore last year’s 6% appropriation rescission [FY 2008-2009]. This successful lobbying campaign eliminated the need for further and deeper program cuts and double-digit tuition increases over the next two years. Many of the issues that we deal with are equally complicated, sensitive and extend over a long period of time.

Lobbyist 2 stated similar thoughts—the 2009-2010 appropriation process was a success because they were able to stop deep cuts from occurring to the state appropriation.
Given the context of what was happening in the state, the appropriation process was generally viewed as being successful by the lobbyists. Although the passage of the appropriation bills were delayed until December and the state portion of the appropriation remained at the reduced amount of FY 2009, it could have been worse and the in-house lobbyists were keenly aware of that. Weerts and Ronca (2008) found that institutional lobbyists for higher education had a limited impact on state appropriation legislation “in states with poor state economies, intense budget competition, and histories of poor support for higher education” (p. 32). The lobbyists of the public research universities of Pennsylvania operated in a poor state economy with intense budget competition during FY 2010 and considered their efforts with regards to the appropriation successful. Part of the reason the process was viewed as successful was because the lobbyists were successful in obtaining funding from the federal government during a time of extraordinary economic difficulty. The funding from the federal government is temporary however and will expire at the end of June, 2011.

**Defensive victories.**

Although the lobbyists described the appropriation process as being successful for their institutions, it was a defensive success—stopping something harmful from occurring to the institution. It became apparent however, that success for the in-house lobbyists is often defensive. This is understandable given the lower level of interconnectedness of the state-related universities with the Commonwealth, the multiplicity of constituents that these institutions must serve, as well as the lower degree of external dependence on the Commonwealth for resources. As Oliver (1991) predicts, lower interconnectedness and dependence on the state, and a large number of constituents to serve, increases the likelihood that the state-related universities will resist pressures to comply with state requirements that are viewed as being detrimental to the
institutions. Lobbyist 4 put it succinctly, “In a lot of ways, with this administration [Rendell administration], we’ve felt like we’re playing defense too. I think that you hate to consider that a victory, but we’ve been able to ward off and prevent bad things from happening . . . those are victories too.” Lobbyist 3 described the president of the institution as understanding the often antagonistic environment in Harrisburg and the importance of achieving defensive victories,

[H]e understands what we were able to accomplish the last couple of years and how bad it could have been and how bad it is elsewhere. He understands how valuable that it is, that we have been able to avoid certain things and maintain the arms-length relationship we have with the state and the university’s ability to run itself.

Lobbyist 1 described the success of his office in terms of their ability to “fight off” attacks to institutional autonomy. “[T]here were all these other issues that could have been very harmful for the university.” As already mentioned, Lobbyists 2 and 5 discussed stopping deep cuts occurring to the appropriation amount as being examples of success. It will be noticed that three of the lobbyists placed blame on the Rendell administration for the antagonistic atmosphere in Harrisburg towards the state-related universities. Given the hypotheses of Oliver (1991) however, it may be that the antagonistic atmosphere in Harrisburg may continue despite the change of administration. There are 253 other individuals besides the governor who can create legislation that impacts the state-related universities. Also, legal requirements (state-related status) keep the interconnection between the state and the institutions bound to a lesser degree than the other public institutions of Pennsylvania. This lack of legal boundedness gives the state-related institutions more autonomy—which they desire—but decreases state requirements for financial support.
In addition to defending the autonomy of the institution, several of the lobbyists discussed defending and maintaining the quality of the institution from potentially invasive state requirements. Lobbyist 5 discussed protecting the quality of Institution W so students would want to attend,

If we keep the quality of our education up, people will want to be at Institution W. You could lower tuition and try to work to cut way back, but if you cut the quality then people—they may not be as happy about paying less for something that’s less. A lot of people, I think in most cases, [will] be willing to pay more to get something that is of high quality. I think one of the parameters that trustees always tell the president, whatever you do, don’t sacrifice quality.

Lobbyist 1 discussed the need to defend the state-related universities from the Rendell administration: “We are very protective of these institutions and they are very well run and they are where they are—Institution X, Institution W, Institution Y, Institution Z—they are here because of the way they’re run and who runs them.” Lobbyist 3 felt if Institution W was forced to participate in the governor’s articulation and transfer program, that they would lose control over the curriculum and would do “immediate and long term damage to the institution . . . [w]e would no longer be considered a quality institution.”

**How the In-house Lobbyists Defined Successful Lobbying**

How success was defined by the in-house lobbyists varied from the very straightforward—getting beneficial legislation passed—to the more abstract, obtaining access to legislators and building relationships.
Building relationships/seeing the future.

Lobbyist 1 felt that building relationships, continuing to learn, and the ability to anticipate things defined success for him. “I just think as long as I’m better this year than I was last year, that’s successful to me.” “I want to be able to anticipate things.” For Lobbyist 1, “anticipating things” meant being able to see where problems would arise for the institution in order to address them quickly. Lobbyist 1 stated. “[T]he more relationships I can build with the key people—within the administration, and the Department of Ed, within the appropriations committees . . . Being able to build this little network so that I can get information and have information to pass along [to the institution].” He concludes, “I know the people I need to know and I make some more friends, and I get the information back that they [administration of the institution] wanted, make sure that everybody here [at the institution] knows what they need to know.”

All about the legislation.

For Lobbyist 2 success in lobbying was simply, 1) Pass a bill that helps your institution; 2) Stop a bill that hurts your institution; and 3) Take a bill that affects your institution and produce a better outcome than expected. He felt that relationships are important to successful lobbying, but are not success in and of themselves. Lobbyist 2 stated his definition of success in deliberate, pragmatic terms. His definition was future-oriented—passing, blocking, or molding legislation for the benefit of the institution.

Determining what is doable.

For Lobbyist 3, success is a process that has several steps:

The first step is to understand what’s in the best interest of the university. And that’s a process that takes a lot of interaction between this office and the people
that are running the institution. We need to know the objectives of the people that are running the institution. And then we need to go through a separate assessment process to gauge the range of what is possible to accomplish in Harrisburg. And then, you develop a strategy to achieve as much as you can that meets your needs and your objectives based on what is possible. The more you can match up what is doable to what needs to be done, that’s successful lobbying.

When I asked how he determined what is doable, Lobbyist 3 stated,

You have to know the people, you have to know the culture, you have to know the financial situation, you have to know the history of the relationship with the university . . . the lobbyist need to know what drives the individuals that are in control in Harrisburg. What motivates them, what do they want. But you also need to know what the institutional interests are in Harrisburg, not only of the administration, but the institutional interests of the legislature, and then individually the Senate and the House. So, that’s almost always why lobbyists come from those governmental institutions they end up lobbying. They know the people, they know the culture, they know how bills can run, they know limitations, they know that sometimes a bill can move quickly through the General Assembly, they know that sometimes a bill will take decades to move through the General Assembly, they know strategies to expedite things, they know strategies to slow down things that you don’t want to happen, so it takes someone who is already schooled in that process to know what’s doable . . . It just takes effort to have a real knowledge base of the two institutions to be able to best match up where they have common interests, where they are in opposition so you
can avoid certain points. You have to know what could never be done, but you have to know, well maybe it’s not going to be done now, but certain things could happen that could change things . . . The legislature will always act in their own interests, and my strategy is to try to figure out how to convince them to do something in their interests that is also in our interests. And sometimes that means us massaging our proposals a little bit, sometimes it is just explaining to them, doing this is . . . also serves your purposes; or we work together on proposals that both meet the political interests of the legislature and the university.

Lobbyist 3 used the word “know” or “knowledge” 17 times in the above paragraph to describe what is required of a lobbyist to determine what is “doable” in Harrisburg. Successful lobbying, according to Lobbyist 3 requires an extensive knowledge of institutions (government and higher education), processes, cultures, and individuals. This knowledge is then used to align goals and interests of the institution with the goals and interests of the legislature—making the lobbyist a matchmaker of sorts between the state and the institution. Although some of the knowledge described by Lobbyist 3 is accessible to any interested party—the appropriation history between the Commonwealth and the state-related universities for example—much of the knowledge described by Lobbyist 3 is not easily accessible to an outsider. Knowing the culture of Harrisburg, the people in Harrisburg, and how to slow down or speed up the passage of a bill cannot be learned from a distance. Thus, such knowledge not only becomes useful in determining what is “doable” in Harrisburg, but also is a source of power for the lobbyists in working with their respective institutions and the Commonwealth (Pfeffer, 1992).
Raising the profile of the institution.

Lobbyist 4 stated, “I think you gotta look at the environment, the circumstances that you are operating in, and evaluate success in that context. I mean certainly you have to look at substance, what we were trying to accomplish.” Beyond achieving an objective, Lobbyist 4 felt that successful lobbying was raising the profile of the institution among legislators.

I think you have to look . . . at the context, what you are asking for, what you are looking for, and what portion, are you able to achieve it, are you able to achieve part of it . . . We’ve worked hard like I said, over the last number of years to [help] legislators understand not just how important Institution X and Institution W and the other state-relateds are in educating Pennsylvania students and giving them the best opportunities, but also how critical we have become to our regional economy . . . Institution X and the Institution X health system are just, the major economic engines in western Pennsylvania, so we have worked hard to make legislators, not just in our own region, but across the state, try to understand that. And I think we have made inroads, but you know, they get so much [legislators]—there is so much on their plates, on their desks, that [it] is a constant battle. They are always changing [new members are being elected] and so we’re always trying to do that [raise the profile of Institution X] with the new members as they come in, but that, like I said, been a big a big part of what we’ve tried to do over the last couple years. And I think we have had success there, but that’s probably even harder to measure as we talked about.
More relationship building, getting access, and making the value case.

Lobbyist 5 simply stated that good governmental affairs is relationships. For Lobbyist 6 success in lobbying is access. When I asked Lobbyist 6 to explain what he meant by that, he said,

You need to be able to get to the decision maker and talk. It’s access, but it’s the information that you bring to the table. I’ve been a contract lobbyist [in the past] so I’ve had several different clients, it’s not hard to advocate for higher education. So your message for higher education is good, but particularly when I was a contract lobbyist, you come in and there is two sides of an issue. I would have legislators say to me, well okay, what would the other side say about this? And, you do that. The flipside to this is that no one is going to say to you, okay, we don’t want to support higher education in Pennsylvania. No one is going to say that. So it becomes a matter of making the value case of why it should be supported at a certain level. And that’s what we are going to need to figure out over the next few years is, is making our values case as to why it matters for the Commonwealth of Pennsylvania to support the state-related universities and that it fits into the state system of higher education. Higher education, according to Lobbyist 6 enjoyed widespread appeal and so does not face the opposition from legislators that lobbying for other types of organizations did.

When I asked what was the value case for Institution Y, he responded that

For Institution Y, and I think for Institution W and Institution X too—is a lot of our students are of course from Pennsylvania, so we are not exporting our high school students, we are keeping them here . . . A lot of students leave for other places and stuff, but our students stay and they become productive members of
the society and they become leaders in business and industry and across the board
. . . We are past the time, well past the time where a high school diploma is
getting it done. A four-year college degree is the minimum for things—so and
when you are looking at Institution Y, and Institution W . . . here . . . our five
county area, one out of every eight college graduate in this area, is a Institution Y
graduate.

The definitions of successful lobbying varied between the in-house lobbyists, but the desired
results of successful lobbying—as stated so succinctly by Lobbyist 2—was to obtain resources,
pass beneficial legislation, or block harmful legislation. Lobbyist 1 tried to forecast the future in
order to stop bad things from happening—meaning blocking the passage of legislation that
harmed Institution X. Lobbyist 3 determined what was doable in Harrisburg in order to secure
more resources or favorable legislation for his institution from the Commonwealth. What the in-
house lobbyists were able to block, pass, or obtain however, was shaped by the context of what
was happening in Harrisburg. As Lowery (2005) stated much of lobbying, “is probably not about
securing or blocking specific laws or regulations” (p. 19). In this study, the desired results were
important, but where the lobbyists spent their time was in teaching legislators about their
institutions and learning about the changing context of Harrisburg and how that context affected
their institutions. In order to teach legislators about their institutions required that the in-house
lobbyists understood the context of the budgetary process during FY 2009-2010, the culture and
individuals that make up the General Assembly as well as the objectives, culture, and individuals
of the institutions they represented. Armed with such knowledge, the in-house lobbyists were
able to teach legislators about the institutions they represented and their value to the
Commonwealth as well as explain why a piece of legislation would be beneficial or harmful.
Underlying all the definitions of success described by the in-house lobbyists, was the importance of building relationships. Although building relationships was not in and of itself successful lobbying, it was an important component. According to Nownes (2006), building relationships with legislators is important because legislators are more likely to seek out the advice and knowledge of lobbyists they know. Building relationships with legislators gave the in-house lobbyists the opportunity to teach them about their institutions as well as learn more about the culture and the changing context of Harrisburg.

**Individual Attributes and Behaviors that help Build Relationships**

From the interviews it became apparent that the ability to build relationships with legislators required that the in-house lobbyists possess or develop a number of individual attributes. Building relationships and getting access to legislators seemed to be a multi-faceted process.

**Face-to-face and getting along.**

Personal contact and the ability to get along seemed to be a requisite behavior/characteristic of building relationships and gaining access to legislators (Pfeffer, 1992). Lobbyist 5 stated, “I think that it’s really important to spend personal contact, [so] they get to know us . . . you can’t lobby from a distance. They have to know you, you have to be a known quantity. If the legislature is there at 11:45 at night, you need to be there at 11:45 at night. They need to see you.” Lobbyist 1 talked about bringing the president of the institution he served around to meet legislators and having the legislators “laying it on thick” for the president, telling the president what a good lobbyist he had in his employ. “‘[t]his guy’s the best, you’re lucky to have him up here’ and he’ll laugh and he’ll walk away and he’ll say ‘I guess they like me, if they really liked me they would give us more money’ . . . but then, he also knows that some of these
guys are good enough friends of mine that they wanted him [the president] to know that, that we’d developed a relationship.” Lobbyist 2 said the last thing you want to do is introduce yourself to a legislator and then ask for a favor—something he has had to do on occasion, but is not recommended. He said he gets out there and get to know them. “Relationships take work and time.” The studies of Berry (1977) and Nownes (2006) both confirm the importance of face-to-face contact with decision makers for lobbyists.

**Sensitivity.**

Personal contact with legislators allowed the in-house lobbyists to learn about them—their motivations, interests, and positions on issues—and to develop sensitivity. Sensitivity as defined by Pfeffer (1992) means to understand the people involved in a decision making situation—“who they are, their position on the issues, and how best to communicate with and influence them” (p. 172). As Lobbyist 3 said, “You have to know the people, you have to know the culture, you have to know the financial situation, you have to know the history of the relationship with the university . . . the lobbyist need to know what drives the individuals that are in control in Harrisburg—what motivates them, what do they want.” Lobbyist 5 stated, “We have to live and know both institutions, they are completely different culturally and you have to be able to translate both of those and there was one lobbyist one time that described the job of a lobbyist as being like a spider weaving a web linking completely different organizations.” Lobbyist 1 stated,

"It’s like anything else, you gotta know your audience and you have to anticipate that there are different philosophies out there. There’s the guys—the very, very conservative guys and the very, very liberal guys—and everything in between and you also have to know something about where they are from and their"
constituency and know that they are hired [elected] by those people every two years and they are going to have their interests at heart.

Lobbyist 5 stated a similar argument, “to the conservative you are talking about more economic development and obtaining a degree so they can contribute and raise their families and be good tax-paying citizens and that kind of thing. And... to the liberals you are pointing out that, look at, this is access, this is upward mobility.” Based on what the in-house lobbyists learned as they interacted with legislators and appointed officials in Harrisburg, they were able to develop tactics and strategies to communicate with and influence them.

**Engaging in conflict and “reducing the temperature.”**

Because the political perspective views conflict and disagreement as normal, the in-house lobbyists had to be willing and prepared to engage in conflict with legislators and state officials (Pfeffer, 1992). This willingness to engage in conflict was described by the lobbyists as needful behavior in order to effectively promote the institutions they represented. Pfeffer (1992) states that some people will acquiesce to the wishes of others or avoid bringing conflict into the open in order to avoid stress or discomfort. Such behavior however, would not allow a lobbyist to effectively promote the served organization. Lobbyist 5 related that they (he and his colleague) will learn that a legislator is angry with their institution for some reason and then it becomes a matter of trying to “reduce the temperature.” They will go to the angry legislator and say, “Can we talk about it?” And sometimes it works, and sometimes it doesn’t. We have been working on a couple of people for years and at best you get them to a point of neutrality. You won’t get them to be your champion, but you try at least. . . reduce the temperature a little bit so it won’t become a problem and maybe they see you in a different light.
Although Lobbyist 5 stated that he would try to reduce the temperature with unhappy legislators, he was not afraid to bring up the source of conflict or tension and try to help the unhappy legislators see the institution in a different light (Kotter, 1985).

Lobbyist 1 stated that he confronted legislators who hindered the appropriation bill of his institution from being brought out for a vote by changing their vote from yes (bring out the appropriation bill for a vote) to no. “I said, why did you vote no this time, ‘well, they [Democratic House leadership] got a hold of me and you don’t know what it’s like in that room [caucus room],’ I go, ‘you don’t know what it’s like in this room out here.’” Lobbyist 1 continued,

I’ve had to tell some people some stuff they didn’t want to hear before and I’ve taken some verbal beatings, been banned from a few offices for a while, it’s part of the job . . . the best training I ever had for this job was when I was in high school and college and I was a waiter. Because I just learned to take abuse for things that weren’t my fault and not take it personally.

Engaging in conflict can have negative consequences—as in being banned from a legislator’s office—but according to Pfeffer (1992) those who are willing to engage in it, are more likely to obtain power and accomplish objectives.

Lobbyist 3 discussed the ill will that was created in Harrisburg when members of the university would use the state’s dwindling financial support as a “whipping boy” to promote university development goals. He stated simply, “We take the brunt of that.” Lobbyist 5 talked about the anger that was created in Harrisburg when the state-related institutions began to pursue more public means of motivating the legislators to pass their appropriation bills as the year dragged on. “[T]hey were getting testy with us, ‘You’re stirring the pot and we told you, you
were going to be taken care of dammit, you don’t believe us.’ It became real contentious on every side because nerves were getting frayed and so we were in the middle of all of that.” The experiences of Lobbyists 3 and 5 reiterate the need to engage in conflict despite the consequences and the necessity of not taking things personally.

**The Importance of Friends at Harrisburg**

The purpose of developing relationships with legislators and appointed government officials or gaining access was discussed in detail by the lobbyists. “Friends” in the legislature were important to getting favorable legislation passed or negative legislation blocked, learning insider information (what was discussed in caucus meetings), learning who might be angry or have a problem with the institution, and to create widespread support in both houses for the institution’s appropriation. Building friendships with legislators also gave the in-house lobbyists the opportunity to teach legislators about the institutions they served and the value of them to the Commonwealth.

Lobbyist 5 described the importance of friends in both chambers and in all four caucuses, (House Democrats, House Republicans, Senate Democrats, Senate Republicans):

[S]ince we’re state related universities we are all in the same boat and we need 2/3 vote to get our appropriation bill through the legislature so we can’t have any caucus mad at us . . . as a governmental affairs professional, you’re always on thin ice because you can’t have one caucus upset with you because they can stop the whole process. If the House Democrats get mad at us for some reason, we’ve offended them, we’ve done something they didn’t like, they can say—if they’re united as a caucus and their leadership tells their people—“we got to send a
message to Institution X or to Institution W or to Institution Y, we’re going to hold their appropriation bill.” And one caucus can do it . . .“Friends” would tell the lobbyists who among the legislators had a problem with your institution and why. Again from Lobbyist 5,

Where we get help is—a lot of our really good friends in the legislature will let us know [which legislator has a problem with the institution] and will tip us off. They will have a caucus meeting, and that’s private, no one gets in there in the caucus, no press, nothing reported, and they’ll tip us off, sort of off the cuff, off the record. They’ll say, “so and so legislator over in this part of the state, they’re really angry with you guys or they don’t believe a word you guys are saying about this issue. You need to work on that because they are pissed.” And we don’t even know it, because they haven’t said anything to us or they haven’t said anything publicly . . . you are in a sense almost trolling constantly to find out if there is a hotspot and how you need to address it and talk to it. So you are talking to people all the time, or you are getting emails and you are always reaching out to your friends—“Anything I need to know? Are you hearing anything that we should know about?” And your friends will tell you.

Lobbyist 1 stated that friends could be relied upon to tell you the truth about what was really going on in Harrisburg. “I have a handful of members that will always tell exactly where everything is. I kind of save them for last, after I go see everybody else, I call them my dose of reality. And that’s all I want, the truth.” As mentioned already by Lobbyist 5, friends would provide the lobbyists with information that was not public yet, “tip them off.” Lobbyist 1 stated that he would bump into one of his friends and get a little bit of information a couple of days
before anyone else found out. Friends also provided the lobbyists with good advice according to Lobbyist 5,

[T]here must be like a dozen of them [legislators] throughout the House and the Senate that we’ll ask advice[of]. “Who do you think we could get to help us with this issue? Who else do you think has an interest? Who do you think we should be cultivating more than maybe we’re not or that we’re missing the boat, or who feels neglected because there are a couple of us and there is 253 of you? Anybody you get any sense of?” And then they’ll say, “well, let me check,” and then they’ll get back to us. So you have a group of people willing to contribute to the team because they believe in the cause.

**Who do the lobbyists befriend in Harrisburg?**

The lobbyists described the importance of building relationships with legislative leaders and their staffs on both sides of the aisle because they controlled what was on the floor and how the caucus voted. As stated by Lobbyist 5, the leadership of a chamber can decide to “send a message” to a state-related university for whatever reason. Lobbyist 5 described being told by rank and file House Democrats that they were not going to release the appropriation bills for the state-related universities for a vote because they were “going to stick with our leadership.” Lobbyist 5 felt that the rank and file House Democrats were threatened by the House leadership with reprisals if they didn’t vote with the leadership to not bring out the appropriation bills for the state-related universities.

According to the lobbyists, the greatest friends of the state-related universities in recent years have been the Senate Republicans. Senator Jake Corman (R) and Senator Costa (D) although not a Republican were often mentioned as being good friends of the state-related
universities. “We are fortunate that the last few years that some of our friends are in a position that they can help us. Senator Corman, Senator Costa come to mind” (Lobbyist 1).

Now, we are fortunate to have Senator Corman, who is the chairman of the majority Republican appropriation committee in the Senate—major actor, major player in the whole process. And he gets it [the importance of the institution], he understands, he knows what it means—it’s not just undergraduate education, it’s good for the economy because it employs professors and people here, and dorms are filled, and everybody’s busy, but he recognizes the research contribution that this university makes (Lobbyist 5).

Lobbyist 4 also related, “I think the Senate Republican caucus has been supportive of the state-relateds.” Lobbyist 3 described the Senate Republicans as being protective of the state-related universities. The lobbyists from Institution Y did not mention who their friends were from the legislature other than to say that the friends of Institution Y hail from the part of the state where the institution is located (Lobbyist 2).

**Lots of friends needed in the legislature.**

Apart from legislative leaders, the lobbyists talked about the need to befriend as many of the 253 legislators as possible because of the turnover in the General Assembly, the ability of any legislator to introduce legislation that affected the state-related universities, and the need to have broad-based support to pass their appropriation bills. Additionally, because of the high turnover in recent years in the General Assembly, relationship building is a constant endeavor. “[T]hey are always changing and so we’re always trying to do that [educate legislators about the benefits of Institution X] with the new members as they come in, but that, like I said, [has] been a big a big part of what we’ve tried to do over the last couple years” (Lobbyist 4). Lobbyist 1
said that in 2010 he made 100 individual visits from April to June not including group meetings or dinner meetings to expand the exposure of Institution X. Although these visits were not made during the FY 2009-2010 budgetary process, they are indicative of Lobbyist 1’s schedule to promote the institution he served. The necessity to teach legislators about the value of institution was a iterative and constant process according to Lobbyist 5. He related that two-thirds of the legislature had changed in the last four years. “[I]t’s wildfire turnover. And so you are constantly getting those people educated about what this is [the benefits of the university].” Lobbyist 5 continued, “you’re always working to get the new people involved, get them convinced.”

**Friendship can be a double-edged sword.**

During the budgetary process, a number of lobbyists discussed being put off by or having their appropriation bills held up by their “friends.” Lobbyist 1 related,

I was there [The Capitol building] through the summer and a couple days of week we would go and I would meet with certain members that are friends of ours that are in leadership and say, “Where are we at? Why are you still holding us up?”

“Oh, we’re going to run you guys, don’t worry about it, we’re close on table games.” And we’d hear that every day, and I’d sit there, and there’s no other issue.

Lobbyist 1 also described watching friends in the House vote not to discharge the state-related appropriation bills for a vote. “That’s, that’s disappointing. You would wish that your friends had a little more heart sometimes and stand up for you in a situation like that, but it didn’t happen.”

As described earlier, Institution Y’s appropriation bill was held up by members of the House and Senate from its own geographic area—the purported friends of Institution Y—when
it was discovered that Institution Y had chosen to close an unprofitable hospital. The legislators from the area were concerned that many of their constituents would have to travel further to receive hospital care.

As the end of 2009 drew near and the appropriation bills were still held up, Lobbyist 3 described how tired he became of hearing that they would be taken care of by their “friends.”

Most of the time when your friends are screwing you they want you to be quiet about it. They say “look, sorry I can’t help you, but look, don’t worry, we’re your friends, we’ll take care of you.” They don’t want you to squawk. Well, we kept quiet and polite about it until it got to a ridiculous point. And then at that point, we said “you know what, we have to respond” to this and so we were directly critical of them, their strategy, and the consequence of it. And then it really started to get bad.

The reason behind the stalling of course, was the leadership had other priorities on the legislative agenda they wanted to pursue, and the state-related universities were an easy hostage because of the widespread support they have in the Senate. Lobbyist 5 related,

We’re always ripe for being held hostage. That’s what happened to us this last year with the long drawn out budget . . . The House Democrats said we can take the Senate hostage by not passing the non-preferreds for the state-related universities. “Even though they are not the issue, we don’t disagree that they should get that money and eventually they will, but they are not going to get it until we get what we want in table games.”

Lobbyist 5 also said he was told by the House leadership that, “it is not against you guys, and you will get your money because this is eventually going to pass so don’t beat us up too much
because we are doing this because this is politics right now.” Lobbyist 3 concludes that sometimes “your friends screw you as bad as your enemies do.”

**Value Creation Arguments**

The lobbyists used value creation tactics in describing what is successful lobbying. Value creation tactics involve creating win-win solutions for the involved parties (Fisher, Ury, & Patton, 1991). The lobbyists would teach legislators how their respective institutions served the goals of the Commonwealth (Moore, 1997). The value creation tactics used by the lobbyists were similar in many ways—they discussed the students that were served at their institutions, the economic impact of the institution, the beneficial research that was conducted. Lobbyist 3 discussed the value creation arguments he uses with legislators in general terms:

My strategy is always to try to figure out how to convince them [the legislature] to do something in their interests where it coincides with our interests. And sometimes that means us massaging our proposals a little bit, sometimes it is just explaining to them, doing this . . . serves your purposes; or we are working together on proposals that both meet the political interests of the legislature and the university.

For Lobbyist 6—who defined successful lobbying as getting access—the purpose of getting access was to be able to present the value case for Institution Y.

[I]t’s the information that you bring to the table . . . So it becomes a matter of making the value case of why it [state-related universities] should be supported at a certain level. And that’s what we are going to need to figure out over the next few years is, is making our values case as to why it matters for the Commonwealth of Pennsylvania to support the state-related universities.
Educating the young adults of Pennsylvania was the stated value creation argument of Lobbyist 6. He made it a point to tell legislators that 1 out 8 college graduates in a five county region were graduates of Institution Y. Educating students was a value creation argument used by several lobbyists.

For Lobbyist 4, the value creation arguments used were: educating students and the economic impact the university had on the region and Commonwealth.

We’ve worked hard like I said, over the last number of years to [help] legislators understand not just how important Institution X and Institution W and the other state-relateds are in educating Pennsylvania students and giving them the best opportunities, but also how critical we have become to our regional economy . . .

Lobbyist 1 discussed the economic impact of the state-related research universities as a value creation argument as well.

Institution X, Institution W, Institution Y are such a large part of the economy here [in Pennsylvania]. I mean they are research institutions and they are some of the better research institutions in the country. We know, we bring in over a billion and a half dollars a year between the three of us in outside research funding.

There is no company doing that here.\(^{12}\)

He then discussed the economic impact of his specific institution; “[r]ight now, it’s over $4 dollars, we’re bringing in just the research money for every dollar that the state gives us.”

Lobbyist 5 similarly, talked about the students served as well as the economic impact of the state-related universities and the institution he served specifically. He stated that at his

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\(^{12}\) Lobbyist 1 is correct. Between the three state-related research universities, they bring in over $1.5 billion in research expenditures (University of Pittsburgh, 2010a; Temple University, 2010a; Pennsylvania State University, 2010c).
institution, “defense related research is really significant here. We are talking well over $120 million, $130, over $140 million dollars of DoD [Department of Defense] research.”

**Using members of the university to make value creation arguments.**

Lobbyists 5 and 1 discussed using personnel from the university to make value creation arguments for the institution. Lobbyist 5 discussed this tactic in great detail.

We try to get them [legislators]—every time there is a home football game, we know that’s an attraction, we know that we can get legislators, bring some guests up. When we do that, we don’t just have them come up and see a football game, we have a little pre-game brunch in which we have some area of interest to the university, sometimes it’s the . . . the College of Engineering . . . and then we try to match up the interests for the group of legislators who are coming and then they spend that morning, we have a brunch, alcohol-free . . . a brunch with ham and eggs kind of thing. And they talk and intermingle with Institution W staff, we get faculty researchers, we get graduate students in, and undergraduates we have there. A mix of Institution W people that meet with these legislative people—legislative staff, members and people from the governor’s cabinet—to spend sort of informal, social time . . . just talking about, “oh yeah, what do you do, and we work on this.” They start talking about their interests, take them over to watch the football game. So the football game attracts them, but it is an opportunity for us to just kind of get these guys to understand that we’re not just this black box up here where you have to send a bunch of money.

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13 Lobbyist 5’s estimate was actually low. Institution W recorded over $170 million in research expenditures for the Department of Defense in FY 2010.
He also discussed taking faculty members and researchers to Harrisburg to testify about their area of expertise.

We’ll bring guys doing research down so they can talk . . . So we have to get our people here working on clean coal technology or the Marcellus shale people—which is so important, the drilling . . . So we get people down all the time, “these people are accessible to you,” and then they [legislators] start realizing, these people are really amazing. “This guy, he’s the world’s expert on Marcellus shale and he knows” . . . and we say, “yeah, that’s what we have up here. This is your treasure, your resource.”

All of the lobbyists discussed their value creation arguments in rational terms—number of students served, so many research dollars brought in, the economic impact of the institution on the region and/or state, and fiscal responsibility. In essence, the value creation arguments highlighted how the institution served the local area and state, the economic impact of the university, and the expertise the institution could provide on a wide variety of topics.

Summary

Given the difficulty of the FY 2010 budgetary process, the lobbyists all felt that the process was nevertheless a successful one for their institutions. Despite the long delay, the appropriations they received included stimulus funding from the federal government for FY 2009 and FY 2010, and Rendell had not been able to deeply cut their appropriations. Context, according to the lobbyists is key to understanding successful lobbying, a finding supported by past research (Heinz et al., 1993).

Most of the successes that were achieved during the FY 2010 budgetary process were defensive in nature—stopping Rendell from removing the state-related universities from the
SFSF application, being included in the tuition relief plan at least nominally, and not receiving deep cuts to the appropriation amounts—and were all viewed as examples of successful lobbying.

Success was defined in a variety of ways by the lobbyists, but underlying many of the definitions was the importance of building relationships. Building relationships allowed to the in-house lobbyists to learn about the ever-changing context of Harrisburg as well as teach legislators about how the institutions they served benefitted the Commonwealth. A number of characteristics assisted the lobbyists in building relationships with legislators and government officials. Additionally, the importance of building “friendships” with legislators—leaders and rank-and-file members—was described by the lobbyists. Building relationships was also described as being a constant process due to legislator turnover. Also, friendship can be a double-edged sword if legislators feel that the conditions require it. Finally, in describing success, a number of lobbyists discussed their institutions in terms of value creation arguments—how their institution improved the state and local area in a number of ways.
CHAPTER VII: Conclusion, Implications, and Limitations

The purpose of this last chapter is to: 1) provide a summary of the findings; 2) discuss some of the findings that were not included in the findings chapters because they did not directly answer the research questions, but nevertheless are important to this case study; 3) discuss the implications for practice and 4) the implications for research; 5) discuss the limitations associated with this study; and 6) provide some concluding remarks.

Summary of Findings

The budgetary process of FY 2010 provided a unique case study to examine the response of the in-house lobbyists of the state-related research universities in Pennsylvania to the actions of the state. The case also exposed how success for higher education lobbyists is contextualized by and contingent upon events that are beyond their control. This study asked the following research questions: 1) How do the lobbyists at the state-related public research universities of Pennsylvania address a severe economic recession as it affected the appropriation process for FY 2010; and, 2) How do in-house lobbyists at the state-related public research universities of Pennsylvania define success, particularly during an economic crisis?

The in-house lobbyists at the state-related research universities faced a lobbying environment for the FY 2010 appropriation process that was characterized by turmoil, uncertainty, attacks, and a severe economic recession. They responded to the events of the budgetary process for FY 2010 in a variety of ways with the primary purpose of protecting the institutions they served. They used information and analysis to create rational arguments, arguments framed in value claiming and value creation terms. These arguments involved bargaining and negotiation tactics used by the lobbyists. They challenged the premises used by the state in making the decision to remove the state-related universities from the SFSF
application. They developed and used allies—in Harrisburg, in Washington D. C., in the institution, and throughout the state to help move or block legislation throughout the FY 2010 budgetary process. Allies in Harrisburg were useful to finding out inside information, learning which legislator might have a problem with the institution, and gauging the feasibility of passing specific pieces of legislation.

Success, on the other hand, was shaped and defined by what was occurring in the state and in Harrisburg at the time. All of the lobbyists described the appropriation process as being successful for their institutions based on the fact that they were able to prevent drastic cuts occurring to the appropriation. The successes of FY 2010 were defensive in nature, but successes nonetheless. Successful lobbying was defined in a number of ways by the lobbyists, but the importance of building relationships with legislators and decision makers undergirded them all. Relationships were built through developed personal characteristics of the lobbyists, through the value creation arguments used, and by spending time in Harrisburg. Developing relationships was viewed as being a constant process given the large size of the General Assembly, the high turnover that has occurred in that body, and the necessity to have a broad base of support to pass the institutions’ annual appropriation.

Other Findings

Beyond how the institutions and lobbyists handled the events of the FY 2010 budgetary process, how they defined success within that context and how they defined success generally, this study revealed several other pertinent findings: the freedom and constraint of the state-related status, and the power of the governor and General Assembly over the state budgetary process.
State-related status.

For the state-related universities, the yearly appropriation has become a smaller and smaller part of each institution’s total revenues, but still represents a significant amount of unrestricted funding\(^{14}\). The three state-related universities included in this study are also classified as research universities—two are classified RU-VH (research universities – very high research activity) and the other RU-H (research universities – high research activity) —two are also members of the Association of American Universities (AAU). As such, they serve a wide host of constituents both internally and externally. This produces conflicting requirements and needs with which to comply. According to Oliver (1991), given the multiplicity of constituents that the state-related universities serve and the decreasing dependence on the state for funding increases the likelihood that these institutions will resist complying with state initiatives or legislation.

The state-related designation also contributes to the likelihood of the universities to resist pressures from the state. Although the state-related universities are still connected to the Commonwealth of Pennsylvania, it is a looser connection than that of the state system of higher education or the community colleges. On the one hand the state-related universities enjoy the increased autonomy over governance issues that the designation provides. Lobbyist 4 stated that the governor could not tell Institution X “what to do or control our institutions or control our hiring practices, or admissions.” Lobbyist 1 made similar comments, “You have people in the

\(^{14}\) For FY 2009-2010, Penn State received a total of $338.3 million, the University of Pittsburgh received $170.7 million, and Temple University received $175.5 million not including medical funding (Pennsylvania Office of the Budget, 2008). According to Penn State Live, (2008, July 7) the 2008-09 appropriation accounted for less than 10 percent of Penn State’s total budget. Temple University (2008, October 17) stated that the state appropriation made up approximately 25 percent of Temple’s budget, and Pitt’s state appropriation comprised 11 percent of the total budget (Nordenberg, 2008, July 22).
administration that have no background in this [higher education], that want to do something, and they’re just going to dictate to you the way that it is going to be done. And when we don’t do it, and they can’t force us to do it, it’s frustrating to them.” Lobbyist 3 stated, “We don’t have the legislature setting our tuition like they do in a lot of states for public universities in places like Wisconsin and others. So we have some autonomy.”

On the other hand, the designation leaves the institutions vulnerable to attacks on their appropriations and being held hostage from legislators and the governor’s office. The designation of state-related also removes their funding from the state’s general budget and defines it as “non-preferred” which requires the passage of a separate appropriation bill for each institution that requires a two-thirds vote in both chambers before being sent to the governor. The non-preferred designation also carries no legal requirement for funding. Lobbyist 3 explained, “we have the unfortunate name of non-preferred appropriation which some people translate in their own mind to mean non-important appropriation or non-required.” Lobbyist 5 related, “We are not a public university in the truest sense, but we are not a private university. We are a hybrid and so we feel like we need to be treated that way.”

One might wonder if the state-related universities traded in some of their autonomy for more state oversight, whether that would translate into more state funding. According to Knott and Payne (2004), states that highly regulated their flagship public research universities appropriated less money to these institutions than states who exercised a low level of regulation. In short, there is no guarantee that greater state oversight would translate into more state funding for the state-related universities. Additionally, the researchers found that public flagship institutions in highly regulated states obtained fewer research dollars than their less-regulated counterparts (Knott & Payne, 2004).
The state-related designation will continue to be interpreted and reinterpreted by legislators, the governor, and the lobbyists alike according to the context of the decision being made. For example, if the state-related universities feel a piece of legislation infringes on their autonomy, the public nature of the institution will be downplayed, while if the Commonwealth would like to cut the appropriations to the state-related universities by a certain amount, they will highlight the fact that the state-related universities are not truly public. The state-related status will be a continued source of tension especially during economic downturns.

Power of the governor.

Through the document analysis this study also exposed the arguments, tactics, and strategies used by the governor to move his priorities forward during the FY 2010 budgetary process. Although the purpose of this study was not to examine the tactics and strategies used by the governor and his administration during the FY 2010 budgetary process, the arguments and tactics that Governor Rendell used to move his priorities forward became the “events” that the lobbyists had to respond to. Specifically, this study confirmed that the governor has significant power over the state budget process and shapes higher education funding (Weerts & Ronca, 2006, 2008; Tandberg, 2007). The governor of Pennsylvania wielded power over the state budget during the FY 2010 budgetary process, and shaped the agenda in such a way as to push his priorities forward. He used sources of power and tactics and strategies such as: position power, control over the premises, control over the agenda, control over the alternatives on the agenda, location in the communication network, bargaining and negotiation, framing, and data and analysis to move his desired objectives.

With regards to the state-related universities, due to the financial crisis, Rendell rescinded six percent of the FY 2009 appropriations from the state-related universities, which the
institutions had to absorb through various cost cutting initiatives. Although never stated publicly, he also proposed to cut the funding for the state-related universities by up to 50 percent. Whether or not he intentionally wanted that information known is moot; the state-related lobbyists spent time and resources in trying to find out if the proposal was indeed a real threat and expressed relief when Rendell released his budget for FY 2010 in February which left the six percent rescission from FY 2009 in place. He proposed a tuition relief plan that excluded the state-related universities, which sparked a lot of controversy and created ill will between the state-related universities and other sectors of public higher education in Pennsylvania. The proposal also introduced legislation to legalize video poker throughout the state, which also fanned the flames of controversy surrounding the tuition relief plan and opened the way for the legalization of table games. He decided to exclude the state-related universities from the state’s SFSF application, calling them not public, which required the lobbyists to defend the public status of their institutions. He eventually tied the appropriations for the state-related universities to legalizing table games at the casinos already in the state, which led to delaying the passage of the appropriation bills for the state-related universities until December of 2009. Although the lobbyists at the state-related public research universities successfully blocked or diminished the impact of the governor’s proposals that negatively impacted their institutions during the FY2010 appropriation process, his proposals and decisions greatly affected how the appropriation process unfolded for the state-related research universities. Each proposal and decision of the governor that affected the state-related universities had to be addressed and dealt with; how the lobbyists dealt with these events became how the lobbyists defined success during the FY 2010 appropriation process.
The state-related universities enjoy more autonomy—and protect that autonomy vigorously—than the other public universities in Pennsylvania, however, the governor can exercise tremendous power over the state-related universities through the appropriation process, and get them to negotiate on issues completely unrelated to the appropriation; the articulation and transfer agreement policy\(^\text{15}\) for example. The state-related universities had been unwilling to participate in Rendell’s articulation and transfer policy because they believed that it would negatively impact the quality of their institutions while Rendell saw the policy as a way to minimize the need of Pennsylvania college students to have to re-take courses when they transferred between public higher education institutions in Pennsylvania.

This case study not only demonstrated the power of the governor over the budget process, but also revealed the education priorities of Governor Rendell (Weerts & Ronca, 2006). According to the lobbyists and my own document analysis, K-12 education was the education priority of Governor Rendell, and he funded and protected it accordingly.

The majority of the lobbyists described Rendell as being antagonistic to the state-related universities over his entire tenure. “[I]f you look back on the years of Rendell you can see how he’s treated the state-relateds” (Lobbyist 4). Lobbyist 1 suggested that the Rendell administration had tried to make the state-related universities comply with a number of initiatives over his tenure which would have negatively affected them, and when they did not comply it created ill will between the governor’s office and the state related universities. “They [the Rendell

\(^{15}\) In 2006, the General Assembly passed legislation that required the 14 state universities and 14 community colleges to participate in a statewide transfer and articulation system. The legislation required all 28 institutions to accept at least 30 credits from any of the other institutions. The state-related universities and private institutions were asked to participate, but the state-related universities declined with the exception of Lincoln University (Cleghorn, n.d.). However, when the state general budget was passed in early October of 2009 included in it was Act 50, a provision that required the state-related research universities to accept at least 30 credits from any of the other state institutions beginning in the Fall of 2010. (Transfer and Articulation Oversight Committee, 2009, November 17; Pennsylvania Transfer & Articulation Center, 2010, January 15).
administration] have done nothing in eight years to make me think otherwise. That’s always what it is, there are things, unreasonable things that we have been asked to do and we will not do them and that’s what you get.” Lobbyist 3 reiterated the thoughts of Lobbyist 1—Rendell had introduced a number of pieces of legislation viewed as being detrimental to the institution over his eight year tenure that he and his colleagues had successfully defended against.

The antagonism of the governor may very well stem from his inability to get the buy-in of these institutions on initiatives he felt were important—articulation and transfer issues and control over tuition increases. The comments of the lobbyists and document analysis support this view. According to the lobbyists, the reason for the governor’s antagonism was the lack of control over the state-related universities. Because he had no control over many governance issues and the tuition rates set at the state-related universities, he was less likely to support the state-related universities through funding and legislation.

**Power of the general assembly.**

This study also demonstrated the power of the General Assembly, specifically the leadership in the General Assembly to shape the budgetary agenda process and the alternatives on it (Weerts & Ronca, 2006). They too used control of the agenda, the alternatives on it, information and analysis, premises, and bargaining and negotiation to move their priorities forward. Although the House Democratic leadership had no intention of withholding the funds for the state-related universities, they were successful in linking the funding to table games—which legislative leaders argued was needed to balance the budget—to the passage of the appropriation bills for the state-related universities until December and eventually led to the passage of the table games legislation which the majority of House Republicans were opposed to. Like the governor, legislators can threaten to hold up the appropriation of a state-related
university in order to get them to act on another issue. Institution Y’s appropriation was held up by a number of legislators in order to get them to negotiate about the closure of a hospital.

This study provides qualitative evidence in line with the findings of Weerts and Ronca (2008) who found that “the forces shaping higher education appropriations work largely at the state level” (p. 32). Although each state-related university submits an appropriation request each year, the actual amount they receive depends on the decisions of the governor and General Assembly. Also, for the state-related universities, the appropriation process can be used as a stick to prod the institutions—a way to make one or all of the state-related universities to act on an issue completely unrelated to the appropriation request.

**Implications for Practice**

The findings of this case study have implications for the practice of the in-house lobbyists at the state-related research universities. The iterative nature of the appropriation process (Rosenthal, 2001), requires the state-related lobbyists at the research universities to lobby for the passage of the appropriation on a yearly basis. However, the state environment is in a constant state of flux—changing political actors, changing economic environment, changing priorities—which provides new opportunities for the lobbyists to influence and teach legislators.

Weerts and Ronca (2008) found that “increases in appropriations were associated with republican governors, rather than democratic ones” (p. 29). Given the election of Tom Corbett (R) in November, 2010 as governor of Pennsylvania, it may prove beneficial to develop relationships with the incoming governor and his staff. Given the power of the governor over the state budgetary process, building a good relationship with Corbett could have positive benefits for the state-related universities. Additionally, several lobbyists discussed using “grasstops”—successful alumni or board of trustees members—who are connected to the institution but also to
the governor. Using these individuals will facilitate access to the governor on the informal level. The lobbyists can also encourage the appointment of personal friends of Corbett to the respective boards of trustees.

Additionally, both the House and Senate of the General Assembly have Republican majorities now, which means that the leadership for the House and its committees will change. Since the Senate Republicans have historically been the friend of the state-related universities, there is a need to develop relationships with the new leadership in the House. Leadership should not be the sole focus of relationship building however, as a two-thirds vote is required to pass the appropriation bills of the state-related universities. As discussed by a number of Lobbyists (4, 5, and 1), raising the profile of the institution among legislators is a constant endeavor, but one that can have positive outcomes (Weerts & Ronca, 2006). The high turnover in the General Assembly should be viewed as an opportunity to foster pro-higher education (specifically state-related institutions) legislators regardless of party. Lobbyists 2 and 6 both discussed that fact that lobbying for higher education is easy in the sense that legislators are not opposed to funding higher education. The challenge will be, as Lobbyist 6 observed, making the value case for funding for the state-related universities at a specific level. The value case used by a lobbyist will vary depending on the legislator. Lobbyist 5 discussed modifying the value case argument used with legislators and executive staff based on party affiliation (Republicans want to hear about economic benefit of the institution for example). Sensitivity however, will call allow the lobbyists to use more nuanced value case arguments to legislators and executive branch appointees.

There are a number of findings that negatively impact the state-related universities, of which the lobbyists should be aware. Given the importance of the state-related universities to the
state and the state-related designation, the state-related universities remain susceptible to being used as leverage or held hostage by the governor or General Assembly regardless of the quality of relationships or which party has control of each house of the General Assembly and the governor’s office—friendship can be a double-edged sword. Also, for the state-related public research universities, an economic downturn will increase the likelihood of receiving a cut to the appropriation amount (Rizzo, 2004; Weerts & Ronca, 2006; Weerts & Ronca, 2008). Given the continuing effects of the recession and the loss of federal stimulus funding for the next fiscal year (FY 2011-2012), I wonder if the non-preferred designation will lead legislators and/or the governor to consider non-preferred to mean non-essential.16

It may be time to begin a dialogue with state decision makers to define how tuition is set at the state-related universities. Angelo Armenti, the president of California University, has made public comments and a presentation to his fellow presidents of the state system, that the state system should adopt a market-based tuition policy. Such a policy would require students from wealthier families to pay more in tuition while their less wealthy counterparts pay less (Ansberry, 2010, December 28). Such a policy would also require the state to surrender some of its authority to set tuition rates over the state system, which would require legislative action. It may be beneficial to become part of the dialogue on the market-based tuition policy in order to encourage a larger dialogue about the relationship between public tuition rates and state funding. Such a dialogue would also be a way to show legislators and the governor’s office that the state-related universities are committed to lowering tuition rates.

16 As stated in Chapter V, Governor Corbett (R) proposed cuts of 50 percent or more to the appropriations of the state-related universities and the institutions of the State System of Higher Education. The community colleges are slated to receive a 10 percent cut to their state appropriations. Whether or not the General Assembly goes along with these cuts remains to be seen (Pennsylvania Office of the Budget, 2011).
Finally, the lobbyists often referred to the value creation ability of their institutions—the number of students served, the economic impact of the institution, and the impact of the research conducted—but did not highlight at least to me, the impact of their public service and outreach, which is extensive. As discussed earlier, from the comments of the lobbyists, it would appear that a number of legislators and the governor view the state-related universities as receiving state funds, but unwilling to submit to state initiatives, in a sense, making them a private good. Highlighting the public service accomplishments of the institution may be a way to garner more political support and demonstrate that the institutions do in fact, serve the public good (Weerts & Ronca, 2006).

Implications for Research

This study sought to add to our understanding of how in-house lobbyists at public research universities responded to an economic crisis as it impacted the FY 2010 appropriation process. It also added to the scarce research on the political processes and actors that affect higher education institutions and funding at the state level (McLendon, 2003). Additionally, this study expanded our understanding of successful lobbying; that it is a context-bound process based in forming relationships. Lowery (2005) stated “lobbying success needs to be redefined,” and this study expands the definition beyond securing or blocking legislation (p. 19).

This study prompts a number of suggestions for continued research. This study discussed the importance of building alliances in the statehouse with members of leadership as well as rank-and-file members and the governor’s office. Further research could be conducted to better

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17 Institution W boasts that the outreach initiatives and programs of the institution serves more than 5 million people a year; serving individuals in all 67 counties of Pennsylvania, all 50 states, and 80 countries. Institution X was named one of the top universities in the 2009 edition of Saviors of Our Cities: A Survey of Best College and University Civic Partnerships while Institution Y was named to the President’s Higher Education Community Service honor roll by the Corporation for National and Community Service for contributing more than 65,000 hours of service time to the surrounding community (Pennsylvania State University, 2011; Temple University, 2010c; University of Pittsburgh, 2010c).
understand the relationship between state allies and passing favorable legislation for higher education. Additionally, all of the institutions used grassroots initiatives to get friends, alumni, students, staff, and faculty to email or call legislators and the governor to promote the interests of the institution. How effective are higher education grassroots campaigns in swaying the opinions of state decision makers? Also, is it effective to use these “grasstops” individuals to informally lobby the governor in behalf of the institution?

This study used the political perspective as described by Pfeffer (1981, 1992), Oliver (1991), and Bolman & Deal (2008) and others to analyze the actions of the lobbyists as they responded to the events surrounding the FY 2010 budgetary process; using a different perspective would add to our understanding of how higher education lobbyists address the appropriation process and define success. For example, the rational perspective, cultural theories, or a critical perspective would presumably yield different understandings, implications, and conclusions.

Another direction for research would be to construct a similar study, but to seek the input of state decision makers and also institutional actors such as the presidents of the institutions or members of his/her executive team to gain their perspectives on higher education lobbying and the actions of the higher education lobbyists. This would enrich the case and add meaning and dimension to the examination of the events. It might be insightful to construct a case study that compares the lobbying activities of higher education lobbyists from different institution types—research universities, Masters universities, and community colleges—as it relates to the appropriation process. One would assume that lobbyists from different institutions would use different value creation arguments with lawmakers. Similarly, one could investigate the experiences of in-house lobbyists versus contract higher education lobbyists.
The lobbyists described developing relationships with state decision makers as an integral part of successful lobbying, and the individual attributes played a part in the development of those relationships. An interesting line of research would be to investigate the personal attributes of lobbyists, how they are developed, and how they affect relationship development. If the key to relationships is sensitivity, then how is sensitivity defined by lobbyists and how is it developed?

Finally, the lobbyists explained that the appropriation process was just one aspect of what they do (Lobbyists 1, 3, and 4), and also discussed the defensive nature of their work—defending the institutions from unfavorable pieces of legislation. Defensive success was a finding of this study and may be a fruitful avenue of research. Are most successes for higher education lobbyists defensive in nature? Or is defensiveness a function of the context? Does it vary by higher education institution type?

Limitations

As stated in the method chapter, a limitation of conducting a qualitative case study is inability to generalize the findings to other individuals, groups, or situations (Maxwell, 2005). Generalizing the findings of this study to other in-house state higher education lobbyists would not be advisable as this study examined the response of the in-house lobbyists of the public research universities of Pennsylvania to an economic crisis as it affected the FY 2010 budgetary process.

Secondly, my biases may have affected the analysis and interpretation of the data. Having served two state senators and worked with two of the lobbyists in this study on a professional basis, I may have been influenced by my experiences as to how I viewed lobbyists and their actions. I increased objectivity by conducting member checks and by constantly reviewing the data and my interpretations of it.
Thirdly, by choosing the political perspective to analyze the transcripts of the interviews (Bolman & Deal, 2008), I purposefully excluded analyzing and interpreting the data from a different perspective such as the structural, human resource, or symbolic frame or other perspectives (Bolman & Deal, 2008). I chose to use just one perspective to make conducting the study more manageable and because I felt the perspective would serve best to understand the actions of the lobbyists as they addressed the FY 2010 budgetary process.

Fourth, I interviewed all the in-house lobbyists at the three public research universities, but did not interview top administrators at the institutions, legislators, and members of the governor’s staff to gain their perspectives on the in-house lobbyists and how they addressed the budgetary process of FY 2010. Capturing the perceptions of these other actors would have enriched my understanding of the case and the political behaviors of the in-house lobbyists.

Another limitation of this study resulted because I asked the lobbyists to discuss sensitive subject matters, the lobbyists could have given answers that: they felt I wanted to hear, portrayed them in a good light, or exaggerated their influence or success. I asked follow-up questions to probe and clarify, but did not have any control over what the lobbyists chose to say or not say, or how they chose to portray events and themselves.

Conclusion

The in-house lobbyists at the state-related public research universities of Pennsylvania operate in a competitive state environment where state funding is competed for against other public higher education institutions and other state entities. The FY 2010 appropriation process was particularly stressful and contentious due to the economic crisis which required the lobbyists to defend their institutions from a number of detrimental initiatives. Successful lobbying during the FY 2010 appropriation process was shaped by the environment in the state and the political
actors who control the budgetary process. Given their importance to the state and their legal designation, the state-related universities are particularly susceptible to being held as hostage or used as leverage by state lawmakers. However, the designation also affords the state-related research universities a level of autonomy not shared by other public institutions in the state.

These realities—competitive state environment, a poor economy, the importance of the institution, and legal designation, a desire for governance autonomy—will not be changing any time soon. Add to those realities the loss of federal funding for FY 2012 and a recipe has been mixed for a very contentious FY 2012 appropriation process for the state-related public research universities\textsuperscript{18}. The time seems ripe for a statewide dialogue to discuss how the Commonwealth funds public higher education. None of the lobbyists discussed creating such a dialogue between the state-related universities with legislators and the governor’s office; maybe because creating such a dialogue is beyond their purview. The yearly budget battle requires them to lobby for an appropriation amount that is not created solely by them, but rather, largely involves the work of other institutional actors. Likewise, the Commonwealth’s proposed appropriation amount for the state-related universities does not involve the lobbyists, but requires them to work in response to the proposed amount. Unattached, as they are to the creation of the appropriation amount, their focus is on obtaining what is possible to receive from the Commonwealth. During the FY 2010 budgetary process, the House Appropriations Chair, Dwight Evans (D) proposed that such a dialogue take place between the Commonwealth and the state-related universities. In the House Appropriations Committee meeting of March 3, 2009, Representative Evans told the four

\footnote{Governor Corbett has proposed to cut the appropriations of the state-related universities and the universities of the State System of Higher Education by 50 percent or more which has drawn heavy criticism from across the Commonwealth. In May, 2011, the chairman of the House Appropriations Committee, Representative Bill Adolph (R), introduced an amended version of Governor Corbett’s budget which would increase the appropriations for the state-related universities by 25 percent over the governor’s proposed amounts. In June, Senator Corman (R) introduced legislation to appropriate 85 percent of what the state-related universities received in FY 2011. The General Assembly is expected to finalize the budget in advance of the June 30\textsuperscript{th} deadline (Temple University, 2011, May 16; Smeltz, 2011, June 17).}
presidents of the state-related universities, “[i]t is time that we collectively have some type of broad-based discussion about what we do and how we do handle higher ed and the cost of it . . . this has been a challenge that we have been dealing with for a long time” (Presentation by Pennsylvania State-Related, 2009, March 3, p. 12). The four presidents welcomed the idea of such a dialogue taking place, but from what I could find no such dialogue ever occurred. If such a dialogue does not take place, the time of lobbyists will be spent in defending their institutions rather than engaging in creating value that is beneficial to the state and the institutions.
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APPENDIX A
Letter of Participation

Letter of Participation for Social Science Research
The Pennsylvania State University

Dear __________,

My name is Ty Glade and I am a doctoral student in the Higher Education program at Penn State University. I am writing you to ask you to be a part of a qualitative study on in-house higher education lobbyists at the Pennsylvania state-related research universities and their response to the Fiscal Year (FY) 2010 appropriation process. I am also investigating how in-house lobbyists at these institutions define successful lobbying for themselves and the institutions they serve within the constraints of FY 2010. This study is being conducted for research purposes and is affiliated with Penn State University. It also fulfills a part of the requirements for a doctoral degree (EdD) in Higher Education. I would be deeply grateful for your participation.

I want to include you in this research study because you serve as an in-house lobbyist that focuses on state issues for your institution. As such, you will have an intimate knowledge of the state of Pennsylvania appropriation process and in particular, the difficulties of the FY 2010 appropriation process. I would greatly appreciate your insights and observations concerning those events.

Participation in this study will include:

An interview that will last 60 minutes and will be conducted at time and a place of your choice. Prior to the interview, I will send you a timeline that depicts the state events that affected the FY 2010 appropriation process for your institution, as well as the questions I will be asking. The interview will be recorded with a digital recorder and I will also have a notebook with me on which to take notes of the conversation. If needed, I will follow-up with you via email and/or by phone to check the accuracy of my notes and to ask follow up questions after I have reviewed the transcript of our interview.

Participation in this study is completely voluntary and you may choose to withdraw from the study at any time. If you agree to participate, your identity will be kept strictly confidential. Your name and the name of the institution you serve will not appear in the study—both will be referenced by a pseudonym. The audio transcripts will be stored in a password-protected folder on my laptop and will be destroyed after three years. Written transcripts will be stored in a locking filing cabinet in the home of the researcher for three years and then be destroyed as well.

A written record of the interview will be provided to you if you so desire to ensure that the record accurately reflects your comments during the interview. Additionally, if you identify statements within the written record that you would like removed for confidentiality reasons,
they will be removed and will not be used in the dissertation. My advisor and I will be the only individuals to have access to the data produced by your participation.

I am responsible for this research and can be contacted at: (814) 937-9404, with questions, complaints or concerns about this research. You can also contact me by email: thglade@gmail.com or by mail: 132 Long Meadow Ln, State College, PA 16803.

Sincerely,

Ty Glade
APPENDIX B
Interview Protocol

1. Did the administration give you objectives to aim for with regards to the FY 2010 appropriation process? What were they?
2. Do you help the administration determine an appropriation amount to submit to the state? If so, how does that process occur?
3. How would you characterize the identified events on the timeline, does it capture the FY 2010 appropriation process?
4. Did I miss any events relating to the FY2010 appropriation process that were particularly difficult? If so, what would you add?
5. Which three events required the most investment of time and energy of your office?
6. How did you handle these events? (Ask questions specific to each event they identify as being most salient)
7. In general, would you characterize what you accomplished for the FY 2010 appropriation as successful? If so, why?
8. Looking specifically at the events you identified as requiring the most time during the appropriation process, how would you characterize your success? (Ask questions specific to each event they identify as being most salient)
9. How did the institution characterize the overall success of the FY 2010 appropriation process?
10. How did you define success to the administration/school you serve for the FY 2010 appropriation process?
11. In general, how does the institution assess your success/efforts?
12. How do you define success in lobbying?
APPENDIX C
Timeline of State Events that Affected the FY 2009-2010 Appropriation Process

Timeline of state events that affected the FY 2010 appropriations for the state-related public research universities from July 2008 to December 2009.

September/October 2008: The state-related universities submitted their budget requests to the state Department of Education for FY 2009-2010. Penn State had requested a 6.9 percent increase, Temple-- 7 percent and Pitt-- 8.5 percent.

October 2, 2008: Rendell orders his cabinet secretaries to cut their budgets by 4.25 percent because tax revenues had fallen below projections by 6.25 percent. For the state-related universities this meant a recission of 4.25 percent.

February 2009: Rendell released his proposed budget for FY 2010. His budget included a tuition relief plan for students who attended a state school, but not the state-related universities. Legalizing video poker in the state would fund the tuition relief plan. His budget also included drastically cut appropriations for the state-related universities.

June 26, 2009: Rendell reduced the proposed appropriations to the state-related universities by 13 percent and announced that the state-related institutions would not be included in the application for federal stimulus money.

July 1, 2009: The first day of the FY 2009-2010 and no budget had been passed.

July 15, 2009: Rendell was asked to include the state-related institutions in its federal stimulus application by the U.S. Department of Education.

November 2008: Governor Rendell ordered an additional cut of $128 from the state budget. Penn State, Pitt, and Temple learned that 6 percent of their appropriations would be held in reserve, up from the 4.25 percent announced in October.

December 14, 2009: The presidents of the state-related universities sent a letter to Rendell saying that delaying their appropriations would cause “irreparable harm” to their institutions.

May 2009: The state budget deficit had grown to more than $3 billion. The Senate pass their version of the budget, which came in $1.6 billion less than Rendell's proposed budget. Rendell stated that he would not sign that budget.

July 14, 2009: The House Democrats proposed a budget that stripped all funding for higher education.

October 9, 2009: Governor Rendell signed a balanced budget of $27.79 billion. No funds were released to the state-related universities. Rendell wanted to make sure there was enough funding would be available. He tied their funding to the passage of the table games legislation.

October 12, 2009: The state budget deficit had grown to more than $3 billion.

The House and the Senate could not agree on a tax rate for the table games before they adjourned for the holidays. Rendell agreed to sign off on the appropriations for the state-related universities on December 17, 2009.
APPENDIX D
Informed Consent Form

Informed Consent Form for Social Science Research
The Pennsylvania State University

Title of Project: FY 2010: The Response of Higher Education Lobbyists at the State-Related Research Universities of Pennsylvania to an Economic Crisis

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1. Purpose of the Study: The purpose of this research study is to examine in-house higher education lobbyists at the Pennsylvania state-related universities and their response to the FY 2010 appropriation process as well as how they define successful lobbying for themselves and the institutions they serve.

2. Procedures to be followed: If you participate in the study, an interview will be scheduled to take place at a time and place of your convenience. The interview will be recorded and transcribed to ensure the accuracy of the collected information. To facilitate the conversation during the interview, the researcher will send you a list of the questions he will be asking prior to the interview for your review. If needed, a follow-up interview will be scheduled and will occur by telephone or email. If the interview is conducted by telephone, the phone call will be recorded and transcribed.

3. Discomforts and Risks: There are no risks in participating in this research beyond those experienced in everyday life. Some of the questions are personal and might cause discomfort.

4. Benefits: The benefits to society include the development of a conceptual framework that explains how success for a higher education in-house lobbyist is framed by the organization (public research university) and the larger environment within which it operates. The context of the current economic recession will expose the tension between the state and the institution that exist in the appropriation process. The institution of higher education as represented by its in-house lobbyist(s) has a desired end in mind, but the environment of the state may or may not permit or allow such a result to occur. The lobbyist may have to push for an alternative to the desired outcome which the state environment will allow. Success on the other hand, will be viewed differently by various stakeholders. The institution may be disappointed that the desired outcome (appropriation amount) was not achieved, but the lobbyist and the larger state environment may see their interactions as successful.

5. Duration/Time: The interview will last 60 minutes. Follow-up questions (if needed) will be asked via email or phone.
6. **Statement of Confidentiality:** Your participation in this research is confidential. To ensure your confidentiality, your name and school will not be used in the dissertation, it will only be known to the principal investigator. Pseudonyms will be used for participants (Lobbyist 1, Lobbyist 2, etc.) and institutions (Institution 1, Institution 2, etc.) to report the results of the study. To protect the data that is collected, a number of precautions will be taken. The audio transcripts will be stored in a password-protected folder on the principal investigator’s laptop and will be destroyed after three years (in the year 2013). The principal investigator, his advisor, and a transcriptionist (if one is employed) will have access to the audio files. If a transcriptionist is employed, they will be asked to sign a confidentiality agreement prior to beginning the transcription process in order to maintain the security of the audio files. The transcriptionist will only have access to the recordings during the transcription process and will return and/or destroy all audio files given to them by the principal investigator upon completion. Written transcripts will be stored in a locking filing cabinet in the home of the researcher for three years and then will be destroyed (in the year 2013). A written record of the interview will be provided to you to if you so desire to ensure that the record accurately reflects your comments during the interview(s). Additionally, if you identify statements within the written record that you would like removed for confidentiality reasons, they will be removed and will not be used in the dissertation. The principal investigator, his advisor, and possibly a transcriptionist will have access to the transcripts produced by your participation. Again, if a transcriptionist is employed they will be asked to sign a confidentiality agreement prior to transcribing the audio files, and will have access to the transcripts only for the duration of the transcription process. The transcriptionist will be required to give all transcripts to the principal investigator upon completion of the project. If follow-up questions are asked and answered through email, your confidentiality will be kept to the degree permitted by the technology used. No guarantee can be made regarding the interception of data sent via the Internet by any third parties.

The Pennsylvania State University’s Office of Research Protections and Institutional Review Board, and the Office for Human Research Protections in the Department of Health and Human Services may review records related to this project. In the event of a publication or presentation resulting from the research, no personally identifiable information will be shared.

7. **Right to Ask Questions:** Please contact Ty Glade at (814) 937-9404 with questions, complaints or concerns about this research. You can also call this number if you feel this study has harmed you. If you have any questions, concerns, problems about your rights as a research participant or would like to offer input, please contact The Pennsylvania State University’s Office for Research Protections (ORP) at (814) 865-1775. The ORP cannot answer questions about research procedures. All questions about research procedures can only be answered by the research team.

8. **Voluntary Participation:** Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer. You can request that the digital recorder be turned off at any point during the interview. Refusal to take part in or withdrawing from this study will involve no penalty or loss of benefits you would receive otherwise.

You must be 18 years of age or older to consent to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this consent form for your records.
Participant Signature  

Date  

Person Obtaining Consent  

Date
VITA of
TYRONE H. GLADE

EDUCATION

- **Doctor of Education in Higher Education** • Penn State University • College of Education • University Park, PA • Expected: August 2011. Cognate: Educational Leadership
  DISSECTATION TOPIC: *FY 2010: The Response of the In-house Lobbyists at the State-Related Research Universities of Pennsylvania to an Economic Crisis.*
- **Master of Arts in Mass Communications** • Brigham Young University • Provo, UT, 2004.
  THESIS: *11 September, 2001: An Individual Media Dependency Perspective*
- **Bachelor of Arts in American Studies** • Brigham Young University • Provo, UT, 2002.
  MINOR: Spanish

ACADEMIC/PROFESSIONAL EXPERIENCE

**Research Assistant**, Penn State Student Affairs Research and Assessment, May 2010-August 2010
- Developed code books and analysis tools for open-ended responses for surveys sent out by Student Affairs Research and Assessment. Surveys covered a variety of topics such as the experience of transfer students to Penn State, how to improve the parent’s program, etc.
- Coded large open-ended datasets and analyzed results. Created reports of the findings that were distributed to relevant university offices.
- Cleaned quantitative datasets and ran analyses using SPSS. Created reports to disseminate the results to relevant university offices.

**Allan & Roberta Ostar Graduate Fellow**, Pennsylvania State University, 2008-2009
- Worked with Alan Janesch, the Director of Penn State’s Grassroots Network
- Wrote stories for an e-newsletter that has a circulation of more than 35,000 about state legislative issues that affected Penn State University.
- Created a database to track the campaign contributions of distinguished Penn State alumni over a ten-year span.
- Researched regulations and legislation that affected Penn State University.
- Assisted in staging events for the grassroots network on the campus of Penn State and also in the state capitol building.

**Research Assistant**, Penn State University, Higher Education Program, 2006-2009
- Conducted reviews of literature on such topics as issues in higher education administration and the effectiveness of college transition programs for disadvantaged students.
- Created and managed a dataset for a study that examined the reading and reasoning ability of law students at a selection of law schools across the country.
- Created and distributed survey instruments to assess the program offerings of the Center for Advanced Language Proficiency Education and Research (CALPER) and analyzed the collected data. Conducted interviews with program participants and analyzed their responses.
- Participated in the assessment of a PA statewide program for disadvantaged college students (Act 101) by interviewing administrators, staff, and students and analyzing their responses.