

DECIDING WHO EARNS HOPE, PROMISE, AND SUCCESS:  
TOWARD A COMPREHENSIVE MODEL OF THE  
MERIT AID ELIGIBILITY POLICY PROCESS

By

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For my beloved wife and our unborn son

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## CHAPTER I

### INTRODUCTION

#### Context

By virtue of the tenth amendment of the U.S. Constitution, education is largely a state enterprise.<sup>1</sup> For higher education, the result is a state-level governance system and financing scheme. Over the past three centuries, the American states have funded higher education in essentially two ways: direct appropriations to institutions and financial aid to students on the basis of need. However, in the last decade or so in response to broader higher education finance issues, a new form of funding has emerged from the states: merit-based student financial aid.

In the last ten years, tuition increases have well out-paced inflation, an alarming trend documented in a recent spate of national reports (Advisory Committee on Student Financial Assistance, 2001, 2002; Callan, 2002). From 1993-94 to 2003-04, the average tuition (in real dollars) at public four-year universities has increased by 47 percent (College Board, 2004). This tuition increase has disproportionately affected students from low-income families, especially given that the buying power of Pell grants has diminished from 77 percent of total cost of attendance at a public four-year college in

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<sup>1</sup> Of course, the federal government has also provided funding for higher education, especially for research and student financial aid. The latter can be traced initially to the 1944 Serviceman's Readjustment Act, or GI Bill, a policy designed to repay soldiers for their national service during World War II. The 1965 Higher Education Act (HEA) then expanded financial aid to low income students and in subsequent reauthorizations broadened its scope to include college loan provisions for all students irrespective of income. The federal government also encouraged state-level student financial aid spending through a provision in the 1972 reauthorization bill to provide states with federal matching funds for state-financed need-based student aid, State Student Incentive Grant (SSIG). These modest matching funds helped to spawn need-based financial aid programs in all 50 states by 1979 (Heller, 2002b).

1979-80 to 41 percent of total costs in 2002-03 (King, 2003). Additionally, federal student aid policy has shifted precipitously from grants targeted at low-income students, such as Pell, to loans available to students irrespective of financial need (Hearn and Holdsworth, 2004). Further exacerbating these trends of rising college costs, the proliferation of merit aid programs, many argue has supplanted increases in state need-based aid programs (Heller and Marin, 2002, 2004).

In 1993, this new type of financial aid emerged when Georgia enacted the HOPE Scholarship program.<sup>2</sup> This merit-based scholarship program covered college costs equivalent to public college tuition for all students who graduated high school with a 'B' average and who continued to maintain a 'B' average in college. In the following decade, twelve states enacted similar programs. As outlined in Appendix A, these programs vary greatly by state with regard to both revenue source and initial eligibility criteria. Revenue sources include state lotteries, tobacco lawsuit settlements, state general funds, land leases and sales, and video gambling revenues. The eligibility criteria generally include a combination high school grade point average (GPA) and standardized test scores (i.e., ACT, SAT); however, some states determine eligibility by class rank or college GPA.

This shift to merit-based scholarships required a different and expanded rationale from the need-based aid concept of simply funding needy students. Heller (2002a) offers three motivations for states' enactment of these programs: (1) to increase college access and educational attainment, (2) to encourage and reward academic achievement, and (3) to stanch the 'brain drain' of excellent students to out-of-state colleges. Each of these

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<sup>2</sup> Georgia was not the first state financial aid program to reward academic achievement, but it was certainly the most broad-based. According to the Annual NASSGAP Survey 2002-03, the non-need aid proportion of total financial aid was less than 10 percent in 1993. In 1995, when the Georgia HOPE program had matured the proportion increased to 13 percent. Currently, the national proportion of non-need based aid to total aid is greater than 23 percent.

motivations, to varying degrees, is enhanced by the increased attention of researchers and policymakers on the challenges to college affordability.

### Problem

As states continue to implement merit aid programs, despite the well reported social ills of such programs, the research literature is surprisingly void of any systematic consideration of how states determine eligibility criteria for these scholarships. While the merit aid phenomenon has attracted considerable attention from researchers, most studies focus on the effects of merit aid (Heller and Marin, 2002, 2004; Henry and Rubenstein, 2002; Dynarski, 2000; Dee and Jackson, 1999) rather than the policy processes whereby such programs have been established. This is particularly surprising given recent attention by scholars to the policy process in other higher education contexts (Leslie and Novak, 2003; McLendon, 2003a, 2000; Martinez, 2002; deGive and Olswang, 1999; Cook, 1998; Trow, 1998; Hannah, 1996).

With regard to merit aid programs, the policy process is only mentioned to the extent that scholars urge policymakers not to adopt such inefficient programs. However, the selectivity of merit aid eligibility criteria can be as important as whether or not such programs are adopted. If merit aid programs have broad, easily-attained initial eligibility criteria, then a large proportion of high school graduates, including low-income and under-represented students, will gain eligibility. On the other hand, if the criteria are more rigorous, then a smaller proportion of students, likely those already planning to attend and with the means to afford college, will be eligible. Thus, it seems that a better

understanding of how states determine merit-based scholarship eligibility would serve to compliment studies that aim to evaluate the effects of merit aid programs.

### Purpose and Research Questions

The purpose of this dissertation is to deepen the conceptual understanding of the process by which states determine merit aid scholarship criteria. This study does not intend to focus on the causes or antecedents of merit aid program's rise on the state's policy and political agenda, rather the intent is to explore how specific eligibility criteria for participation in these programs become codified by state legislatures.

Scholars have long relied on a variety of theoretical frameworks to explain complex policy process phenomena. Guiding this particular study are three theories: *advocacy coalition framework*, *multiple streams*, and *electoral connection*. Instead of attempting to identify one theory exclusively as having the greatest explanatory power, this study aims to identify prospectively the elements of each theory that may explain the policy making process in the context of state merit aid programs.

The two overarching research questions guiding this study both lead to a descriptive understanding of the process through which state merit aid programs emerge and reveal conceptual implications for policy process theories.

1. How do states determine the initial eligibility criteria for merit aid programs?
2. How will three theoretical frameworks—advocacy coalition, multiple streams, and electoral connection—explain the process by which states determine merit aid eligibility criteria?

## Significance and Implications

The significance of this study rests on its conceptual implications for researchers and practical implications for policy analysts and policymakers. For the scholarly research literature, this study may add to the descriptive and conceptual understanding of the policy process through which these merit aid programs emerge. Practical implications may also emerge for those who seek to influence merit aid policy through its descriptive account of policy formation in three states that enacted broad-based merit aid scholarship programs.

As mentioned earlier, a review of recent public policy literature in the higher education sector reveals few studies that aim to test or refine theoretical frameworks. Those that do exist typically test a single theory on a single case (Martinez, 2002; Pusser, 2003), multiple theories on a single case (Mintrom and Vergari, 1996), or a single theory on multiple cases (Gittell and Kleiman, 2000). These research designs, while vital in the accumulation of theory development, do not offer as robust implications as do studies considering multiple theories applied to multiple cases (McLendon, 2000, 2003a). Additionally, these implications may be relevant not only to merit aid programs, but to other higher education contexts, and also possibly K-12 education and other policy sector contexts.

As McLendon (2003b) suggests, scholars stand to benefit from the application of “conceptual underpinnings” borrowed from political science, such as advocacy coalition and multiple streams. While such studies have often included Kingdon’s (1995) multiple streams framework, the advocacy coalition framework remains rarely utilized by higher education researchers. Further, this study offers a new framework, electoral connection,



to the higher education research community. This well established notion that policymakers' policy decisions can be traced directly to their desire to be reelected presents an elegant alternative conceptual understanding that may have implications for other policy issues and may complement other public policy conceptual frameworks.

Additionally, researchers interested in the social consequences of merit aid programs may gain from this study's description of the policy process through which scholarship criteria are determined. Political popularity is often cited as the primary reason for merit aid proliferation; however, this notion has not yet been sufficiently explored. It could be that these programs were as politically popular among constituents from low-income and minority citizens as they are among middle and upper income citizens, who are commonly reported as the primary beneficiaries. Or, on the other hand, states could intentionally craft the scholarships to a small portion of exceptional students knowing that such a policy would only exacerbate college access for students already under-represented in higher education. These two plausible scenarios would better set the context for evaluators of merit aid programs, specifically these programs' intended and unintended effects on individuals and states. Indeed, this study's focus on eligibility criteria creation will complement researchers' efforts to evaluate merit aid programs through its account of policymakers' intentions and the influences that shape these objectives.

This study may also yield implications for policy and practice. Through this study's exploration of the influences on higher education policy, specifically merit aid, scholars may evaluate strategies to inform the policy making process. For example, Wright (2003) suggests that information tied directly to legislators' districts has the

greatest impact on policy outcomes. Therefore, scholars may choose to disaggregate policy analysis to the district-level.

More broadly, the description of the policy process in this study reports the extent to which policymakers utilize technical information. Undoubtedly, this use of information includes both the scholarly criteria of merit aid programs and the practical information gathered from other states' experience with similar merit aid programs. Understanding the calculus through which policymakers balance this information is vital for policy analysts. By clearly identifying the sources of information and influence of internal and external phenomena, this dissertation aims to inform policymakers and researchers of the effects of information and influence on policy outcomes. Researchers, especially scholars who aim to influence policy, could use this understanding to better craft compelling testimony and policy reports. Furthermore, policymakers may find this explicit framework of information and influence helpful in sorting through future policy issues.

## CHAPTER II

### THEORETICAL FRAMEWORK

#### Overview

While higher education scholars have contributed little to the conceptual body of literature, political science and public policy scholars have developed rigorous, multifaceted frameworks of the policy process (Berry and Berry, 1999; Sabatier and Jenkins-Smith, 1999, 1993; Kingdon, 1995; Baumgartner and Jones, 1993; McCubbins and Schwartz, 1984; Lindblom, 1968, 1959; Simon, 1957). In the most recent decades, the previously popular framework of *stages heuristic* (Anderson, 1984; Jones, 1984), many of these public policy theories have been applied to the higher education context, yet few studies have considered multiple theories. The three theoretical frameworks considered in this dissertation include: *advocacy coalition*, *multiple streams*, and *electoral connection*.

#### Background of Stages Heuristic

Given the aim of this study, to understand the policy process through which merit aid eligibility criteria are determined, it is first necessary to briefly outline the lens through which the public policy process has historically been considered and to set parameters for this dissertation. As noted earlier, public policy scholars have long questioned the precision of the stages heuristic approach to policy research. Indeed, Sabatier (1993) cites six limitations of this approach, including its descriptive inaccuracy,

top-down focus, temporal unit of analysis, and inability to test empirically (p. 3).

Kingdon (1995) also questions the stages approach due to his fluid conceptual understanding of the policy process. Despite these challenges, however, Sabatier (1993) recognizes the contribution of stages heuristics in providing “a useful disaggregation of the complex and varied policy process into manageable segments” (p. 2). Indeed, deLeon (1999) argues that this was the primary intent of the stages approach, a heuristic to categorize a seamless understanding of the policy process. Policy researchers continue to use the stages outline as a perfunctory means to delimit the phases of the policy process. While the public policy literature has developed consensus on the limitations of the stages model since no stage can be studied without overlap into other stages, scholars continue to set their frameworks in the context of these five phases.

Public policy researchers most often cite two tomes, by Jones (1984) and Anderson (1984), when defining the policy formulation stage. This phase of the process, between agenda setting and implementation, includes two distinct steps: (1) alternate policy proposals are put forth for consideration, and (2) one specific policy proposal is selected for adoption. Anderson (1984) notes the importance of which policy actors (agency officials, elected officials, interest groups) are involved in the proposal step and outlines ‘decision criteria’ and ‘styles of decision making’ in the policy adoption step.

Although scholars generally agree on the alternative proposals and adoption steps, there are multiple references for what Jones (1984) refers to as the policy formulation phase, these include: alternative specification (Kingdon, 1995), policy estimation and selection (Brewer and deLeon, 1983), and policy formation and adoption (Anderson, 1984). Recognizing that the policy formulation stage is not the same for each case and

that it will inevitably include phenomena that occur in the agenda setting phase, this study is primarily interested in the policy process used to determine scholarship eligibility criteria. In some cases, this may have been decided when the issue of merit aid initially rose to the agenda. For others, however, a merit aid scholarship program may have been proposed in general terms with the eligibility criteria not determined until after merit aid was on the agenda. As for the end point, this study is bound by enactment, a signed bill, of the merit aid program, thereby excluding consideration of the implementation stage.

Each of the three conceptual frameworks considered in this study extend beyond one policy stage. The advocacy coalition framework claims that policy change must be considered over a period of a decade or more due to the cyclical nature of the policy process, thereby extending the framework's scope to include all stages of the policy process. Multiple streams is also a fluid framework with problems and solutions in constant motion, however, Kingdon (1995) primarily considers the stages prior to policy adoption, or enactment. The electoral connection framework also considers all stages based on their constituencies' satisfaction with policies. Again, this study will focus exclusively on the pre-enactment phases of the policy process, which may or may not include the agenda setting stage.

Undoubtedly, the merit aid criteria selection process is cyclical as many states have altered their eligibility criteria, primarily due to fiscal constraints or windfalls. Future studies may wish to consider the cycle through which merit aid programs evolve from agenda setting through program evaluation and back to alternative selection, especially as more states reconsider their scholarship eligibility criteria. For now, however, few states have implemented significant changes in eligibility requirements,

therefore, the focus of this dissertation remains exclusively on the initial policy process through which merit aid scholarships emerged.

### Advocacy Coalition Framework

Sabatier and Jenkins-Smith (1993, 1999) advance the *advocacy coalition framework* as an alternative conceptualization of the public policy process based primarily on the roles of common belief systems, stable over time, among coalitions of policy actors. Seeking to borrow from extant policy process theories, advocacy coalition emerged as a means to: (1) find an alternative to the dominant perspective, stages heuristic (Anderson, 1984; Jones, 1984), (2) synthesize the best aspects of top-down and bottom-up theories of policy implementation (Sabatier, 1986); and, (3) advance the role of technical information in the understanding of the policy process (Sabatier and Jenkins-Smith, 1999). Scholars have applied this framework, using both qualitative and quantitative designs, to many contexts, such as: K-12 education (Mintrom and Veragi, 1996; Mahwinney, 1993), airline deregulation (Brown and Stewart, 1993), water politics (Munro, 1993), communications policy (Barke, 1993), energy (Duffy, 1997; Jenkins-Smith and St. Clair, 1993), and environmental policy (Leschine, Lind, and Sharma 1999; Sabatier and Brasher, 1993).

Sabatier and Jenkins-Smith (1993) define an *advocacy coalition* as, “people from a variety of positions (elected officials, agency officials, interest group leaders, researchers, etc.) who share a particular belief system—that is, set of basic values, causal assumptions, and public perceptions—and who show a non-trivial degree of coordinated activity over time” (p. 25). Advocacy coalition extends the iron triangle notion of elected

officials, agencies, and interest groups, to include other actors, such as journalists, researchers, policy analysts, and governmental actors at all levels. In further contrast to previous policy process theories, advocacy coalition suggests that multiple coalitions may exist within a policy subsystem. For example, considering the federal health care deliberations, two distinct coalitions may exist: (1) elected officials favoring user pay models, interests from doctors, pharmaceutical corporations, and health maintenance organizations; and, (2) elected officials favoring government subsidized models, advocacy interests on behalf of uninsured or low income citizens, and interests opposed to rising health care costs. This polarized example of coalitions illustrates the importance of external events and parameters on policy process. The diagram in Figure 1, as published in *Policy Change and Learning: An advocacy coalition approach* (Sabatier and Jenkins-Smith, 1993), outlines the fundamental components of the advocacy coalition framework and their direction of influence.

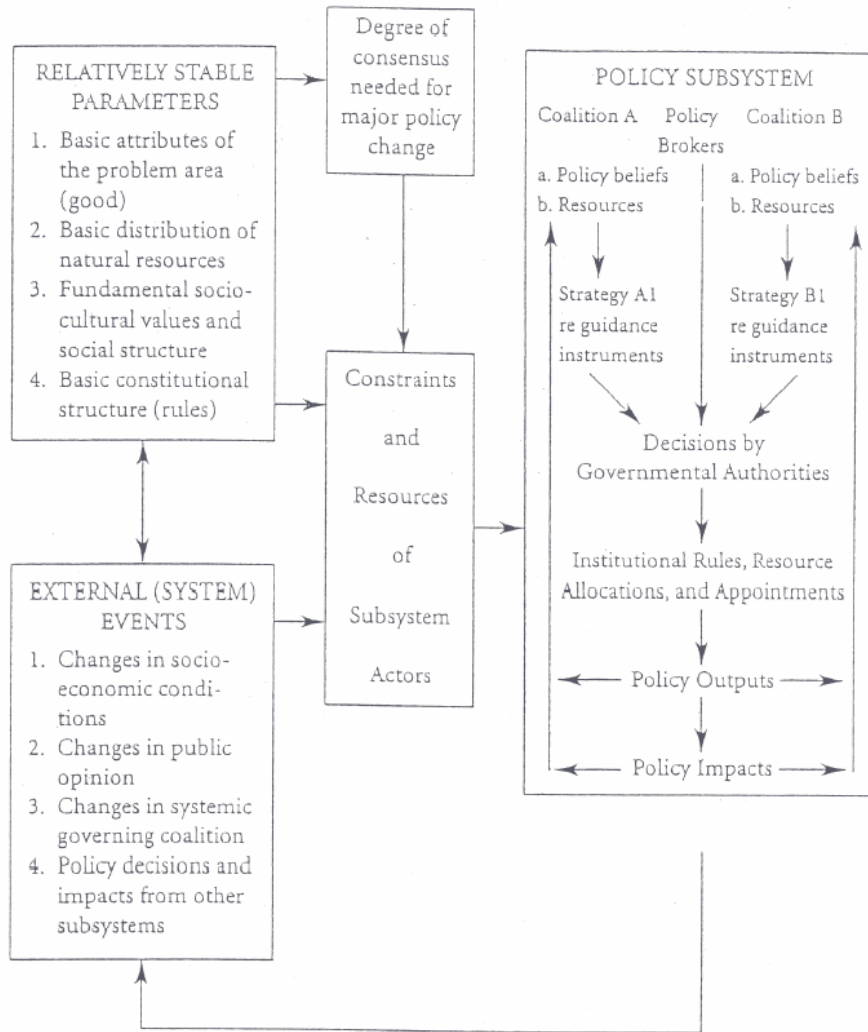


Figure 1. Advocacy Coalition Framework

According to this framework, four relatively stable parameters exist within the advocacy coalition model: (1) basic attributes of the problem area, such as the degree to which the area is susceptible to quantitative measurement, (2) basic attributes of natural resources, which can affect the feasibility of policy options, (3) fundamental cultural values and social structure, such as the concentration of political power among upper income, majority race, and large organizations; and (4) basic constitutional structure



(rules), which impact the extent to which policy can be influenced through legislative or judicial means (Sabatier and Jenkins-Smith, 1993, p. 20-22). These parameters constrain policy options due to their stability over time. For example, consider the prospect of increasing federal influence of colleges and universities. Such a policy change would be limited by: (1) lack of large-scale quantitative measures to gauge institutional value added, (2) the availability of federal resources, which would likely need to come from other sectors (i.e., social security, Medicare, defense, etc.), (3) influence of collective interests of colleges and universities exerted both by individual institutions on their local Congressmen and Senators and by college associations representing national coalitions of similar institutions (e.g., ACE, NASLGC, AASCU, AAU, AACC, NAICU), and (4) constitutional authority, which rests in the states.

In addition to the above stable parameters, four external (system) events influence the policy process. First, changes in socio-economic conditions, such as the impact of the increased price of oil on alternative energy sources. Second, changes in public opinion as illustrated currently by the steady increase of public support for stem-cell research. Third, changes in systemic governing coalitions marked most often by “critical elections” (Burnham, 1970) such as the Republican revolution in 1994. Fourth, policy decisions and impacts from other subsystems, such as the decreased budgetary priority for defense after the Cold War which led to increased appropriations for domestic social programs (Sabatier and Jenkins-Smith, 1993, p. 22-23). Changes in these external events will inevitably affect the stable parameters identified above and could affect the policy subsystem depending upon the constraints and resources of sub-system actor. As with all

aspects of advocacy coalition, external events are most likely to influence policy change if they affect policy belief systems.

The crux of the advocacy coalition framework rests on three structural categories of policy belief systems. The *deep (normative) core* of fundamental and ontological axioms, such as the nature of man as good or evil, relative priority of ultimate values (i.e., freedom, power, health, knowledge). This category of beliefs is extremely difficult to change. The *near (policy) core* represents fundamental policy positions designed to accomplish normative tenets of the deep core. The desired scope of governmental versus market activity, identification of most critical social groups, and orientation on substantive policy conflicts such as excellence or access in higher education represent illustrative components of the policy core. This category of beliefs is difficult to change, but change can occur with experience of changes in the external events. Finally, *secondary aspects* of belief systems are relatively easy to change. This category consists of specific policy considerations and alternatives necessary to implement the policy core, including administrative rules, budgetary allocations, and seriousness of policy problem (Sabatier, 1993).

Advocacy coalition contends that policy change is not likely to occur in the absence of a power shift within a policy subsystem or significant changes external to the subsystem. Instead, controversies within a subsystem tend to be stable over time, especially with regard to the *policy core*. In the event of policy disagreements, actors or rival coalitions will give up *secondary aspects* of the belief system rather than admit to weaknesses in the policy core. Furthermore, learning is most likely to occur across coalitions when a moderate level of conflict exists, especially if limited to secondary

aspects of each coalition, and each have technical resources to engage in debate. The prospect of learning is greater if agreed upon quantitative and theoretical data exist rather than subjective and anecdotal evidence. Ultimately, learning across coalitions is most likely to occur when a forum is prominent enough to include professionals from different coalitions to participate and when the forum is dominated by professional norms.

The implications of advocacy coalition on the study of scholarship eligibility are essentially three. First, since student financial aid is an issue that will likely overlap competing coalition's *deep core* and *policy core*, thereby limiting the debate to *secondary aspects* of belief systems (the most likely belief system for policy change to occur). Second, technical information plays a crucial role in the policy debate due to the availability of quantitative data on the potential impact of various criteria proposals on students by academic qualifications that can be disaggregated by income level, legislative district, and race. Finally, due to the critical mass of states with merit aid scholarship programs (and their political popularity) and the established scholarly criticism of such programs, conditions are ripe for a professionalized forum with experts from opposing coalitions including policy analysts from merit aid states and researchers with evidence of the social ills of merit aid.

### Multiple Streams

Based on the notion of an ambiguous and multifaceted policy process, the *multiple streams* framework suggests that policy decisions are influenced by a combination of problems, policies, and politics. Cohen, March, and Olson's (1972) garbage can model of college decision-making serves as the foundation for this theory of

“organized anarchies.” Kingdon’s (1995) revised garbage can model was then applied to the national government in various contexts to explain how issues rise to the agenda and how policy alternatives are generated. Recently, Zahariadas (2003, 1999, 1998) further revised the Cohen, et al. and Kingdon’s “revised-Garbage Can” framework based on his case studies in an international context. However, given its setting in state governments, this dissertation considers Kingdon’s framework with a select few of Zahariadas’s modifications as depicted in Figure 2, which is borrowed from *Ambiguity and Choice in Public Policy* (Zahariadas, 2003).

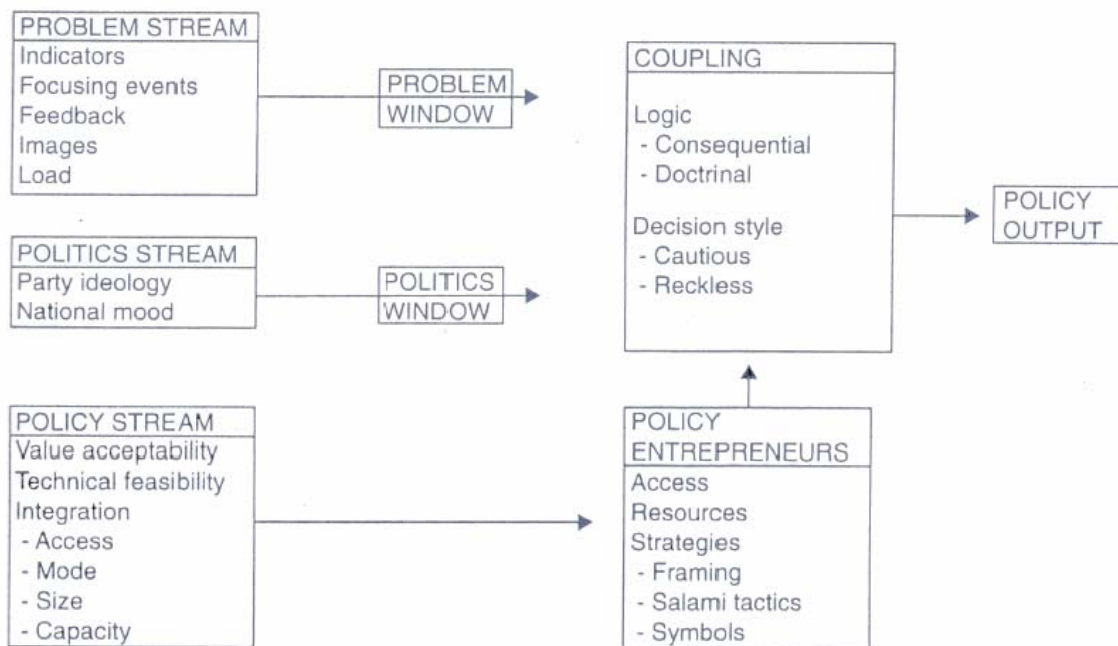


Figure 2. Multiple Streams Framework

The three fluid streams of processes (problems, policies, and politics) represent the fundamental aspect of the multiple streams framework. As Kingdon (1995) states, “People recognize problems, they generate solutions for public policy changes, and they

engage in such political activities as election campaigns and pressure group lobbying” (p. 87). Not all problems, however, emerge in the *problem* stream. Kingdon maintains that there are three mechanisms by which conditions become problems: (1) through systematic indicators; (2) dramatic events; and, (3) feedback based on programs, citizen input, and previous experience.

Kingdon identifies the *policy* stream as the process in which policy alternatives are considered in a sort of “policy primeval soup.” These policies are generated from a variety of sources, including executive and legislative staff, interest group communities, researchers, and bureaucrats. As these solutions interact with one another, sometimes splitting, sometimes combining, certain solutions are “selected out” as they couple with the problem or politics stream. Kingdon notes that the solutions receiving serious consideration do so on the basis of technical feasibility, values acceptability, and anticipation of future constraints.

The *politics* stream accounts for the many influences external to the specific problems and policies. The national mood, public opinion, political culture, electoral turnover, and interest group activity represent the most common elements. Kingdon maintains that this stream may exert the most influence, especially as policy decisions are made among the alternatives. Indeed, one of Kingdon’s respondents suggests that regardless of the specific policy recommendations, decisions ultimately come from the preferences or proclivities of powerful committee chairmen.

As these separate streams flow through the policy process, phenomena affect each stream independently until for “serendipitous” reasons a policy actor is able to “couple” an issue across streams. According to Kingdon, for coupling to be most sustainable, an

issue must be connected between all three streams. That is, an identified problem is matched with a plausible solution in a politically favorable context. This essential coupling aspect of the multiple streams framework can happen during only a brief period of time, or policy window.<sup>3</sup> At such time, *policy entrepreneurs* seize the opportunity to advance their pet issues or solutions and gain political support. Kingdon's notes that three qualities contribute to an entrepreneur's success: a claim to hearing (expertise or authority), political connections or negotiating skill, and persistence. These skills are often utilized in the policy stream as these policy actors "soften up" the system for policy change, then once the timing is right, successful entrepreneurs pounce with their solutions or issues. Figure 2 graphically outlines the three streams along with the notions of coupling and policy entrepreneurs.

Returning to the notion of policy windows, both Zahariadas and Kingdon recognize that differences exist depending on which stream they emerge from, the problem stream or political stream. Kingdon (1995) notes that essentially windows emerge in either the problem or political stream and thereby lead to participants coupling with the policy stream for alternatives or solutions. However, Zahariadas (2003) amends this logic to suggest that unlike problem windows, which he agrees leads to coupling with the policy stream, political windows lead to the reverse—coupling with the problem stream upon which to apply an existing solution. Zahariadas (2003) offers four explanations for this tendency: (1) electoral victory is usually seen as broad public approval or mandate; (2) easier to find solutions for problems since policymakers deal with more problems and have relatively fewer solutions due to time and resource

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<sup>3</sup> Zahariadas (2003) suggests that the timing of these windows can be manipulated by policy actors through mechanisms such as calling for elections in a parliamentary system. However, this amendment to Kingdon's theory, does not appear as relevant to this study set in the state government context.

limitations; (3) technological change is often an impetus for more sophisticated solutions and reveals previously unidentified problems; and, (4) spillover from other policy contexts promotes more doctrinal coupling.

Two types of participants emerge in the policy process outlined by the MS framework—those in a *visible cluster* and a separate *hidden cluster*. The *visible cluster* receives broad public recognition and media attention based on the high-profile participants such as executives and their cabinet members, legislative leaders, and, especially during election cycles, political party leaders and media. The *hidden cluster* includes researchers, staff members of elected officials, and career bureaucrats. Kingdon notes that the *visible cluster* is most effective in setting the agenda, while the *hidden cluster* more often generates alternative solutions. With this dissertation's emphasis on the determination of specific scholarship eligibility criteria, the interaction between the visible and hidden cluster participants will be considered. For example, financial aid researchers have identified many potential policy alternatives such as income cap requirements and early education outreach initiatives. At the same time, policymakers must contend with problems such as rising college costs and the rising electoral influence of middle class families.

In addition to the visible and hidden cluster implications for merit aid eligibility criteria determination, there are two major implications of this framework: the effects of coupling and policy entrepreneurs. Undoubtedly, the effect of coupling will differ by states perhaps due to phenomena in the political stream. In fact, as Kingdon and Zahariadas suggest, whether the window for merit-based scholarships emerges in the problem or political stream may significantly impact the enacted scholarship criteria. For

example, if a broad-based merit aid program rose to the policy agenda in a state due to mounting concern of rising college costs, then the policy alternatives considered would more likely be designed to meet these cost concerns. On the other hand, if the merit aid program emerged due to the ambition or insight of an elected official, then a pre-determined policy solution (i.e., scholarship criteria) would be applied to the problem stream (i.e., brain drain of brightest students). The latter scenario also addresses the effect of policy entrepreneurs.

In the study of the policy process, policy entrepreneurs have been recognized primarily for their roles in the agenda-setting stage (McLendon, 2003a; Kingdon, 1995; Baumgartner and Jones, 1993) and their effect on policy innovation (Mintrom, 1997; Polsby, 1984). However, these consequential policy actors may also significantly influence which policy alternative is ultimately enacted. Indeed, this may take two opposite forms. First, a policy entrepreneur may so indissolubly link the merit aid criteria with the larger state problem (e.g., minimal eligibility criteria so that college costs are defrayed for the most students) that other policy alternatives are not fully considered. Undoubtedly, this would also take persistence and political acumen on the part of the entrepreneur. Second, a policy entrepreneur may focus the broader goal of enacted a merit aid program regardless of the policy alternative necessary to do so. That is, a policy actor may decide to compromise on the specific eligibility criteria so long as a merit aid program comes to fruition. In this case, political connections and persistence may be tantamount since many policy alternatives would likely be considered.



## Electoral Connection

Are legislators elected to serve as delegates or trustees of the citizens who elected them to office? This fundamental debate dates back to James Madison's Federalist Paper Number 39, which argues that representatives ought to be entrusted to act in their constituents best interests, as opposed to delegates required to vote in accordance with constituency preferences. In addition to the historic scholarly consideration this core issue, the final framework, *electoral connection*, is derived from two preeminent political science theories based on the notion that legislators' preferences are shaped by reelection concerns, and thereby their constituents' preferences (Fenno, 1978; Mayhew, 1974). Indeed, Mayhew's (1974) premise of legislators as "single-minded reelection seekers" and Fenno's (1978) theory that legislators "internalize constituents" both argue that legislators' behavior in office is directly related to reelection. In this way, the electoral connection framework offers more of a rational choice perspective than either advocacy coalition or multiple streams.<sup>4</sup> While this dissertation combines Fenno's and Mayhew's classic studies into one framework, each theory is outlined separately.

Richard Fenno's (1978) seminal work, *Home Style*, offers a theory of representation which suggests that members of the U.S. House of Representatives often "internalize constituents," therefore legislators' behavior in their districts affects their voting and committee behavior in the capital.<sup>5</sup> Fenno (1978) categorizes district constituencies in four concentric circles of influence: (1) "geographic," demographic population with many divergent opinions; (2) "reelection," citizens most likely to vote for

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<sup>4</sup> Both Mayhew and Fenno cite Downs (1957), *An Economic Theory of Democracy*, and aim to apply this rational actor theory to individual legislators rather than at the political party level.

<sup>5</sup> Fenno's (1978) consideration of legislators' ultimate reelection goal extends upon the three goals he outlined in *Congressmen in Committees* (1973). The other two goals, in addition to reelection, are to gain influence in Congress and to make good public policy.

the legislator; (3) “primary,” core or base supporters; and, (4) “personal,” close friends and supporters. According to this theory, each circle of constituencies influences legislators’ voting behavior with each issue determining which circle’s influence is maximized. Fenno’s (1978) primary finding is that regardless of whether legislators are better classified as delegates or trustees, their ultimate objective to gain or increase the trust of their constituency.

David Mayhew’s (1974, 2004) classic, *Congress: The Electoral Connection*, revolutionized the study of legislatures with its elegant, simple theory that, “reelection underlies everything else” (p. 16).<sup>6</sup> This theory holds for legislators that Mayhew identifies as both “marginals” and “nonmarginals.” The marginals are those representatives that serve districts fairly evenly divided among parties and, therefore, are more likely identified as “district-oriented” or “delegates” than nonmarginals.<sup>7</sup> However, the inverse is not true for nonmarginals. Mayhew maintains that no legislative seats are as safe as they seem and, more importantly, “The ultimate concern here is not how probable it is that legislators will lose their seats but whether there is a connection between what they do in office and their need to be reelected” (p. 36-37).

Given this premise, Mayhew identifies three types of activities in which legislators engage for electoral ends. First, *advertising*, which has remained ubiquitous among elected officials, consists of developing a brand-type appeal to constituencies based on little substantive issues. Second, *credit claiming* entails taking personal

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<sup>6</sup> In Mayhew’s (2004) preface to the recent second edition, he notes that the electoral connection was an “intended caricature.” Rather than advance a comprehensive and nuanced theory, Mayhew sought to thoroughly outline a simple theory for its explanatory value.

<sup>7</sup> It should be noted that fewer divided districts exist today than there were in 1974 when *Congress* was originally published. As a result, marginals today may be more affected by the executive’s public approval rather than national or statewide partisan shifts.

responsibility for causing the government or some other entity to do something seen as a beneficial. This has the effect of constituents believing that their legislator will continue to “make pleasing things happen.” Third, *position taking* involves the public proclamation of anything that might be of interest to political actors. This activity includes not only taking official positions in roll-call votes or floor speeches, but also includes taking positions on “hot button” issues that are rarely addressed in legislation (e.g., abortion, gay marriage, gun control, political scandals).

The electoral connection framework offers several useful implications and one limitation on this dissertation. Given this framework’s rational choice elements, electoral connection offers a plausible and simple explanation for how legislators determine merit aid eligibility criteria—constituent preferences. Merit aid programs generally receive broad-based public support, so it would not be surprising if Fenno’s “reelection” constituents pressured their legislators to craft criteria in a manner that would maximize benefits to students and families in their district. Alternatively, Mayhew’s *credit claiming* activity may suggest that many legislators ultimately want to take credit for a popular scholarship program (especially if the criteria were determined as the program rose to the agenda) regardless of how the program affects their constituents. That is, legislators may not want to risk the potentially negative attention they might receive for opposing merit-based scholarships.

The limitation of the electoral connection framework rests in the sole lens through which it considers the policy process—legislators. While the primary benefit of the electoral connection framework is its elegance, by limiting policy decisions to only those processes that involve legislators many other policy actors will not be fully considered.

For example, governors have historically played a significant role in garnering support for merit aid programs. In these cases, governors would undoubtedly have a major role in crafting the eligibility criteria.<sup>8</sup> The electoral connection framework would capture this influence only to the extent that it affected legislators. Nevertheless, all broad-based merit aid programs will ultimately have scholarship eligibility criteria determined through legislation. Consequently, while the electoral connection framework does not fully consider all policy actors, perhaps this perspective will bring greater attention to role of legislators.

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<sup>8</sup> According to Barrilleaux and Berikman (2003) and Crain and Miller (1990), governors are more likely to be influenced by a broader statewide constituency as compared to legislators influence of their local districts.

## CHPATER III

### RESEARCH DESIGN

Given the purpose of this study, to deepen the conceptual understanding of the process by which states determine merit aid scholarship criteria, this dissertation follows a qualitative research design. As Cresswell (1998) notes, qualitative studies most often start with research questions asking *how* or *what* rather than *why* and often result from a topic that needs to be explored with a detailed view (p. 17). Based on the “bounded system” within which decisions on merit aid criteria take place—a single state during a limited period of time—the case study line of inquiry is employed.<sup>9</sup> This section outlines the broad research strategy, sample selection strategy, data collection and analytical techniques, and limitations of the study.

#### Research Strategy

The primary research strategy for this study follows a comparative case study method. Qualitative methodologists (Yin, 2003; Cresswell, 1998; King, Keohane, and Verba, 1994; Miles and Huberman, 1994) suggest a case study design for studies that aim to understand or explain processes or phenomena in a bounded system, rather than to predict or show causality. Furthermore, the multiple comparative case study models are seen as more robust than single case studies and, therefore, these designs’ reliability and

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<sup>9</sup> Undoubtedly, to fully understand the context in which merit aid criteria are determined each state’s higher education policy community must be explored. This will include a historic overview of higher education issues and other social, political, and economic trends. However, the time in which these policy decisions are made is finite.

trustworthiness based on the replication of analysis within and between cases. Indeed, political scientists and public policy scholars rely often on this method of inquiry, especially in their efforts to test and build conceptual frameworks that explain the policy process (Leslie and Novak, 2003; McLendon, 2003a, 2000; Sabatier and Jenkins-Smith, 1999, 1993; Baumgartner and Jones, 1993; Cobb and Elder, 1983).

### Sample Selection

Following the qualitative research design notion of *purposive sampling* and Yin's (2003) 'replication logic,' this dissertation considers multiple case studies that substantively differ from one another and reveal different perspectives on the topic. This strategy is similar to the use of multiple experiments in scientific research, which yield robust findings, and therefore increased generalizability, due to the theoretical replication of research analysis on cases that differ on a few key dimensions. This study applies five criteria to select case study states.<sup>10</sup> *First*, each state must have a broad-based merit aid program that awards scholarships to more than 10 percent of the statewide graduating high school class. This criterion ensures that programs of similar scope are compared. *Second*, each state's merit aid program must allow students to retain their scholarships, based on academic performance, for multiple years of postsecondary education. The purpose of this criterion is similar to the first one listed above. *Third*, the merit aid programs must have been created with a new source of revenue, such as a state lottery or tobacco lawsuit settlement. This criterion is necessary due to the implications of differences in policy formulation process dynamics based on policy type—distributive, redistributive, or regulatory (Lowi, 1964). For example, if a merit aid program was

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<sup>10</sup> For more information on how the states meet these criteria, refer to Appendix A.

created without new money, then it would inevitably lead to budget reductions or program eliminations in other areas, which may lead to more contentious policy and political dynamics than if the program were created with its own earmarked revenue source. *Fourth*, each state must have substantively different initial eligibility criteria. This criterion aims to maximize variation among sample states.<sup>11</sup> *Fifth*, Georgia’s HOPE Scholarship program will not be considered. As the original broad-based merit aid program, the dynamics of this initial policy conception will likely differ greatly from those that followed, especially since Georgia’s program, to varying degree, influenced each of the twelve subsequent merit aid programs.<sup>12</sup> These criteria leave three remaining states to serve as the sample of this study—New Mexico, Tennessee, and West Virginia. Table 1 provides an overview of the characteristics of each state’s merit-based scholarship program.

Table 1. Summary of Sample State Scholarship Programs

State	Name of Scholarship Program	Year of Criteria Adoption	Revenue source	Initial eligibility criteria
New Mexico	Success	1996	Lottery	College GPA 2.5 after first semester
West Virginia	Promise	2001	Gray machines (video poker)	3.0 GPA and 21 ACT
Tennessee	Hope	2003	Lottery	3.0 GPA or 19 ACT (890 SAT) 3.75 GPA and 29 ACT (1280 SAT) 2.75 GPA and 18 ACT (860 SAT) and AGI < \$36,000

<sup>11</sup> King, Keohane, and Verba (1994) suggest sample selection that allows variation on the dependent variable. In this dissertation, eligibility criteria of merit aid programs in effect serves as the dependent variable and, therefore, sample states have been selected to ensure variability in their initial eligibility criteria.

<sup>12</sup> Since the selection of case study states, Massachusetts become the fourteenth state to implement a broad-based merit aid program—John and Abigail Adams Scholarship Program.

The New Mexico Lottery Success Scholarship program was enacted in 1997 through funds generated by a new state lottery. The criteria for these scholarships are based on students' academic performance during their first semester at a New Mexico college or university. To earn a Success scholarship, worth the total cost of full tuition fees at public institutions, students must enter college in fall immediately after high school graduation, take a full course load, and maintain a 2.5 grade point average (GPA). To retain the scholarships, students must maintain a 2.5 GPA and enroll continuously as a full-time student.

The Tennessee Education Lottery Scholarship program, also funded through a new state lottery, was enacted in 2003. This merit aid program includes five award types with varying GPA and ACT score requirements and some with family income thresholds. The base award, named HOPE after Georgia's HOPE Scholarship program, provides \$3,000 to students who earn a high school GPA of at least 3.0 or earn at least a 19 ACT score (or 890 SAT score). Two supplemental awards, both worth an additional \$1,000, are available for students with financial need and for students demonstrating high academic performance.<sup>13</sup> The Access award targets students who fell just short of the HOPE award criteria. If students earn a 2.75 GPA and 18 ACT score (or 860 SAT score), they are eligible for a \$2,000 award. The renewal criteria are the same for all awards: 2.75 GPA at the end of the first year of postsecondary education and 3.00 GPA at the end of each subsequent year.

The West Virginia PROMISE scholarship program was authorized in 1999 and funded through proceeds from state operated video gambling (gray machines) in 2001.

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<sup>13</sup> For the Need-based Supplement, students' annual family adjusted growth income must be less than \$36,000. For the General Assembly Merit Scholarship, students must earn a 3.75 GPA and 29 ACT score (or 1280 SAT score).



The criteria for PROMISE include a 3.0 GPA and 21 ACT score (or 1000 SAT equivalent). The awards are worth full tuition at public institutions or the equivalent amount (roughly \$3,000) at a West Virginia private college or university. The renewal GPA criterion for PROMISE is a 3.0 GPA.

### Data Collection

Based on the comparative case study research design, data were collected from interviews with policy actors in each sample state and from relevant documents and archival materials. This section outlines the identification of informants, the interview protocol, and the collection of archival materials and documents.

#### *Identification of informants*

The study identifies informants in two stages: (1) *targeted informants* based on preliminary archival analysis, and (2) additional informants recommended through the *snowball procedure* of asking each of the target participants to identify other key actors in policy process. *Target informants* were identified based on their formal position and through local media coverage of the merit aid programs creation. These individuals were identified primarily from three different data sources: (1) local media coverage in the sample states, including capitol city newspapers: *Tennessean*, *Albuquerque Journal*, and *Charleston Gazette*; (2) the *Chronicle of Higher Education*, especially the *Legislative Almanac* series; (3) websites of government agencies, including scholarship administrative agencies, state legislatures, and offices of the governor; and, (4) conversations with individuals familiar with sample states.

The second stage of identifying informants will follow the *snowball procedure* recommended by qualitative methodologists (Lincoln and Guba, 1985; Erlandson et al., 1993). By asking informants to recommend other individuals involved in the policy process, this technique identifies individuals that may not have been mentioned in public accounts of the scholarship criteria determination process. Informants were also asked to identify individuals that may offer a different perspective on the policy process, which will serve to ensure that diverse viewpoints are represented.

This study includes participants from varying backgrounds, including legislators and their aides, governors and senior staff members, statewide governing or coordinating board officials, higher education system and campus leaders, researchers and consultants. Table 2 summarizes informants by category in each sample state.

Table 2. Distribution of Interview Participants

	New Mexico	Tennessee	West Virginia
Governors and staff	2	2	5
Legislators and staff	6	5	5
Campus / System officials	3	6	6
State agency officials	4	3	3
Researchers and observers	2	2	2
TOTAL	17	18	21

### *Interview protocol*

A *semi-structured* interview protocol is used in order to explore consistent themes between participants and also to allow for follow-up questions on topics important to each interviewee. As Rubin and Rubin (1995) suggest, case study interviews, while following an *a priori* protocol, should remain fluid in order to capture emerging themes. Appendix C provides a list of 7 open-ended questions, along with relevant probes, that

will serve as the interview protocol. During the interviews, informants were asked questions that most directly relate to their position or expertise and to their involvement during the policy process (informants will not necessarily be asked every question on the list). Of course, new questions or probes were also be asked in order to follow-up on relevant themes or issues that arise during the interview.

In addition to a transparent interview protocol, the interview procedures followed in this dissertation aim to enhance the study's trustworthiness. The average length of each interview was approximately 50 minutes, ranging from 20 minutes to two and half hours. The interview location was left to the respondent's preference and most often occurred in the participant's office. Every effort was made to conduct interviews in person. However, 11 telephone interviews were conducted representing less than 20 percent of all interviews. Respondents were sent a waiver to consent letter outlining the purpose of this study and clarifying the degree of confidentiality. All respondents were given the option of confidentiality through the use of pseudonyms or, if they chose, could be identified by name or title. Interviews were audio-recorded, with the respondents' permission, and transcribed fully. In addition, the author recorded extensive field notes during the interviews.

#### *Archival materials and documents*

In an effort to corroborate interview data, this study considers documentation and archival records as additional sources of evidence (Yin, 2003). Such evidence includes legislative bills, committee meeting and hearing minutes or transcripts, governmental reports or studies, governmental and campus correspondence, speeches, articles, or

reports attributed to policy actors, scholarly publications, and local and national print media coverage. Furthermore, informants' recollections of events likely included "rationalizations and reconstruction" due to *recall error*. Thus, this wide array of documents serves to *triangulate* the data and add to the reliability and validity of the study. Additionally, archival documents and artifacts establish a systematic temporal sequence of scholarship criteria determination in each of the states.

### Data Analysis

Data analysis relies on both *deductive* and *inductive* strategies. The *pattern matching* technique is applied to interview and archival data to deduce themes from data collected in each state. At the same time, an *analytical framework*, consisting of operationalized analytical dimensions used to test the three theories, induces the data with an analysis of how the core dimension of each theory relate to data collected in each state (Yin, 2003; Miles and Huberman, 1994).

#### *Within-case and cross-case analysis*

Analysis includes *within state* and *cross state* consideration. Within each sample state, analysis will be conducted in three stages: (1) background context and history of the state, both with regard to financial aid programs and the policy decision structure; (2) narrative chronological account of the policy process used to determine scholarship eligibility criteria; and (3) case analysis of data along several key dimensions. Analyses include interview data, documentation, and archival materials for each stage. The coding system to categorize data chunks will include essentially three topical areas: (1) policy

actors' behaviors and preferences; (2) subsystem influences, such as organizational and governance structure, policy goals, and partisanship; and, (3) external influences, such as public opinion, technical information, and interest group activity.

After these three state analyses, cross-site analysis reports first the data patterns emerging from each state then derives an aggregate, complementary conceptual model that aims to explain the merit aid eligibility determination process in the states.

According to King, Keohane, and Verba (1994), “descriptive inference” materializes from analysis of the observable facts collected by utilizing scientifically tested procedures. Based on the maximum variation type of purposeful sampling, the cross-case analysis utilizes the “multiple exemplars” strategy, which ultimately produces a conceptual *synthesis* (Miles and Huberman, 1994). Additionally, *variable-oriented* analysis is utilized to capture common patterns across cases.

### *Analytical Framework*

In order to systematically analyze interview data and archival content, the analytical framework outlined in Appendix C is utilized. This framework, including six dimensions, provides the structure to analyze the competing conceptual lenses of the advocacy coalition framework, multiple streams, and electoral connection. As mentioned in the data collection section, the analytical framework guides the interview protocol for respondents. Additionally, this framework serves as the basis for the coding system to be used in data analysis.

The six dimensions of the analytical framework, along with operationalizing questions, are as follows:

1. Rationality of policy actors' behaviors and preferences. To what extent were policy actors' motivations and preferences "rational"? Did policy actors have explicit goals toward which their activities were aligned? Did policy actors support certain policy alternatives based on either their constituents' preferences or based on what they determined to be "good public policy"? If neither, did policy actors support certain policy alternatives for more political reasons, such as bolster power or credibility in the political arena?
2. Clarity of program goals. Was there one commonly agreed upon goal of the state's merit aid program? Were there competing goals for the merit aid program? To what extent did program goals influence the proposed policy solutions?
3. Stability of policy coalitions over time. Were policy actors grouped into coalitions based on core beliefs? If so, for how long? A decade? Longer? Were policy actors grouped in a more fluid manner based on issues?
4. Influence of elected officials versus non-elected policy actors. Did elected officials dominate the policy process? To what extent did non-elected policy actors influence the policy process? Were they more involved with generating policy alternatives? What was the effect of the political structure in each state? For example, legislative professionalism, governors' powers, higher education governance structure?
5. Availability of technical information. Did interest groups provide information on higher education issues? Was technical information available to support more than one policy solution? To what extent did policy actors utilize technical information?
6. Effect of external influences. Did other higher education issues affect the policy deliberations of merit aid eligibility criteria? Did other state/regional/national issues

affect the policy deliberations of merit aid eligibility criteria? To what extent did public opinion influence policy deliberations of merit aid eligibility criteria?

*Validity and Reliability*

To guard against threats to validity and reliability and to ensure case quality, this dissertation employs Yin’s (2003) four tests: *construct validity*, *internal validity*, *external validity*, and *reliability*. The following chart, derived from Yin’s *Case Study Methods* (2003, p. 34), summarizes the case study tactics employed to ensure case quality.

Table 3. Case Study Tactics for Four Design Tests

<b>Test of Case Quality</b>	<b>Case Study Tactic</b>	<b>Phase of Research</b>
Construct validity	Multiple sources of evidence	Data collection
	Informants review of case chapters	Composition
Internal validity	Pattern matching	Data analysis
	Rival explanations	Data analysis
External validity	Multiple cases selected through "replication logic"	Research design
Reliability	Followed case study protocol in the collection and documentation of evidence	Data collection

The first test, construct validity, is a common criticism of case study research and can be best avoided by establishing sound operational measures for the concepts being studied. This dissertation meets this test by utilizing multiple sources of evidence and asking respondents to review the report.

The second test, internal validity, deals with the spurious effects often cited in causal or explanatory case studies. Since this dissertation is a descriptive case study, the

test is not as significant of a threat its validity. Nonetheless, this study uses the pattern matching analytic tactics, which Yin (2003) identifies as means to address internal validity.

The third test, external validity, considers the generalizability of the cases in a research project beyond this case study. Yin (2003) and King et al. (1994) note that multiple case designs are more generalizable than single case studies. This dissertation analyzes three cases and utilizes Yin's recommended "replication logic" in selecting these sample states.

The final test, reliability, is similar to the quantitative research hallmark that if future researchers followed the same methodological procedures then they would arrive at the same findings. In case study research, this is best addressed by following case study protocol and by documenting each of the stages of data collection. This dissertation follows case study protocol and maintains detailed documentation throughout the data collection and data analysis stages of research.

### Limitations

This study will be limited primarily in two respects: (1) generalizability due to research design, and (2) effects of the participant observation technique. The generalizability of this study is bounded by the qualitative case study method, which does not yield empirical results as would a quantitative research method. While purposive sampling maximizes transferability, the study would better explain phenomena by considering the population of merit aid programs. Future case studies on the eligibility



criteria development policy process may mitigate this limitation and eventually provide the opportunity for empirical analysis.

Another limitation is that the use of participant observation data in one state. As a policy analyst for Tennessee's coordinating board during the lottery scholarship criteria determination process, the author observed legislative deliberations and was privy to more intimate policy discussions regarding criteria development. This limited engagement with Tennessee may lead to a deeper understanding of the context and setting in which the policy process took place than in New Mexico and West Virginia. However, despite the inconsistent use of sources of evidence, analysis in each state includes multiple data sources allowing for the *triangulation* of data, as Lincoln and Guba (1985) and Yin (2003) suggest.

## CHAPTER IV

### NEW MEXICO LOTTERY SUCCESS SCHOLARSHIP PROGRAM

#### Introduction

In 1996, New Mexico became the second state to adopt a lottery-funded scholarship program. Just two years after Georgia citizens voted to enact a statewide lottery with proceeds earmarked, in part, for college scholarships, public support rose in New Mexico for a similar program. However, based on the personal experience and steadfastness of one newly-elected state senator, the eligibility criteria crafted for the New Mexico Lottery Success Scholarships remain the outlier among the population of broad-based merit aid programs. The New Mexico case illustrates the importance of the state's historical context, the relevance of a decentralized higher education community, and the influence of political strategy and perseverance.

Three sections comprise this chapter. The first section summarizes the governmental and educational structures in New Mexico and reviews financial aid trends leading up to the creation of a merit aid program. The second section outlines a narrative chronology, highlighting seminal events or actors, of the eligibility criteria determination policy process of the New Mexico Lottery Success Scholarship. This section relies heavily on interview data, which are presented in large segments at times, and archival documents for background and corroboration of interview data. The final section presents an analysis of the New Mexico case by utilizing the six dimensions of the analytic framework drawn from three public policy theories.

## Overview of State Context

### *Executive branch*

Based on the statewide election of multiple offices, New Mexico has a “plural executive.” In addition to the governor and lieutenant governor, who are elected together on one slate, eight other executives are elected to office every four years, including: Secretary of State, State Auditor, State Treasurer, Attorney General, Commissioner of Public Lands, and three Corporation Commissioners. All state executives can serve two consecutive four-year terms based on an amendment to the state constitution in 1986. Prior to this constitutional change, executives were limited to one four-year terms, however, no limit, then or now, existed for the number of non-consecutive terms served (Office of Secretary of State, 1995).

The plural executive of New Mexico government also contains numerous agencies, boards, and commissions. The governor appoints slightly more than 30 cabinet-level Secretaries and Directors in addition to directing more than 300 boards and commissions. In addition, at the time of the Lottery Success Scholarship program adoption, the State Corporation Commission collected roughly \$55 million in revenue to fund seven departments charged to protect the New Mexican customer, public interests, and industry. The seven departments are Administration, Corporations, State Fire Marshall’s Office, Insurance, Transportation, Pipeline Safety, and Telecommunications (Office of Secretary of State, 1995).

With regard to the governor’s statutory power, the New Mexico governor ranks slightly above the national average of governors’ powers. According to Thad Beyle’s

(2004) index of governor's institutional powers, New Mexico's total score on a five-point scale is 3.7 compared to the national average of 3.5. This index provides a score (1 – 5) for state executives along six indices: separately elected executive branch officials, tenure potential, appointment powers, budget power, veto power, and gubernatorial party control. New Mexico scores average on three categories, above average on two, and below average on one. With regard to tenure power and veto power, the New Mexico governor had an index score of 4 and 5 respectively. As mentioned above regarding the tenure of New Mexico governors, executives may serve two consecutive terms. With regard to veto power, the New Mexico governor has line-item veto power and a supermajority vote of two-thirds of legislators present is required to override a veto. At the time of the Lottery Success Scholarship program adoption, the governor's party controlled neither chamber of the legislature. As a result, party control was the one category with a below average score.

In 1994, Gary Johnson defeated the incumbent governor, Bruce King, on a platform anchored by his anti-tax stance. In fact, during the election season best known for the Republicans gaining the majority in the U.S. House of Representatives and their "Contract with America," Gary Johnson was initially considered a long-shot to win the Republican nomination. However, his simple message opposing taxes and reducing the role of government resonated with New Mexico voters. While both state houses had been under Democratic control for 50 years prior to the 1994 election,<sup>14</sup> the governor's office changed party 10 times and the state's U.S. Senators were split by party since 1983. Likewise, in the preceding presidential elections, New Mexico's electoral votes went to Bill Clinton in 1992 and to George H.W. Bush in 1988.

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<sup>14</sup> The Republican-controlled Senate from 1986-87 is the one exception to this trend.

### *Legislative branch*

The New Mexico Legislature is a “citizen” legislature by any definition. Legislators draw no salary. Legislative sessions are limited to 90 calendar days every biennium. And, the legislative staff is comprised of fewer than 100 employees. As a result of this structure, most legislators have full-time employment outside of their public service and bring these practical experiences with them to the Capitol.

The New Mexico Legislature includes a 70-member House of Representatives and 42-member Senate. House members are elected every two years and Senators every four years. During the 1995 legislative session, the Democratic Party controlled both branches of the New Mexico Legislature. In the Senate, the margin was 27 Democrats to 15 Republicans. Democrats controlled the House by a margin of 46-24 (Office of the Secretary of State, 1995).

With regard to the legislative committee structure, during the 1995 legislative session, the Senate operated 9 standing committees and the lower chamber operated 15. The lieutenant governor by title also serves as President of the Senate. However, the Senate also elects a President Pro-Tempore to preside in the lieutenant governor’s absence. The President Pro Tempore also serves as chair of the Committee on Committees, which makes all Senate committee members and chairpersons. The Speaker of the House appoints all committee chairs and members for the lower chamber (CSG, 2002).

On Squire’s (2000) scale of legislative professionalism, the New Mexico Legislature ranks 49<sup>th</sup>. As such, legislative salaries, session length, and legislative staff among the lowest of all states. While senators and representatives receive no annual

salaries, members do receive a modest per diem of up to \$136. Neither the President Pro Tempore of the Senate nor the Speaker of the House receives additional compensation. As mentioned earlier, the legislative sessions are relatively short in duration—60 calendar days during the odd-numbered years and 30 calendar days during the even-numbered years (Office of the Secretary of State, 1995).

Legislative staff resources are also limited. In fact, only three states have fewer permanent staff members than New Mexico (Squire, 2000). State House and Senate members only have legislative staff available in the Capitol during the session. Committee staffers are also available only during the session with the exception of two interim committees—Legislative Finance Committee (LFC) and Legislative Education Study Committee (LESC). These committees serve as a stabilizing influence characterized by joint memberships of House and Senate members and by professional employees with longevity in the leadership roles. Regular meetings of both committees are held throughout the year with members traveling to the Capitol in the interim between sessions. The LFC included more than 40 legislative members and a staff of nearly an equal number. The LESL was comprised of more than 25 legislative members and a professional staff of 10 full-time employees. The difference in the number of legislator and staff members that serve each committee reflects their respective scope as the LFC considers all aspects of the New Mexico state budget while the scope of the LESL is limited to education issues, generally not including higher education.

### *Higher education institutions and structure*

The New Mexico public higher education system included three research universities, three comprehensive universities, nine independent community colleges, and ten community colleges affiliated as branch campuses of public universities. In Fall 1996, the total public headcount enrollment was 99,988. The research universities accounted for nearly 40 percent of the total enrollment: University of New Mexico (22,643), New Mexico State University (14,749), and New Mexico Institute of Mines (1,461). The three comprehensive universities (Eastern New Mexico University, New Mexico Highlands University, and Western New Mexico University) had an average enrollment of roughly 2,750. The enrollment in community colleges ranged from 15,942 at the Albuquerque Technical-Vocational Institute to six two-year institutions with fewer than 1,000 students. The remaining 12 institutions' average enrollment is roughly 3,000 (NMCHE, 1997).

The state has a small private higher education sector. The New Mexico Independent Association of Colleges and Universities included only three institutions: College of Sante Fe, College of the Southwest, and St. John's College in Santa Fe. In 1995, the combined total enrollment of these three colleges was roughly 3,000 students.

Statewide governance of public colleges and universities is highly decentralized. The state constitution provides autonomy to all public four-year institutions and two of the two-year institutions with the governor appointing members to each of their respective governing boards.<sup>15</sup> In fact, in addition to all six universities, each of the nine independent community colleges has their own governing board and the power to set tuition pricing. Furthermore, all public two-year institutions, with the single exception of the constitutionally established Northern New Mexico Community College, could issue

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<sup>15</sup> Governing board members for the remaining community colleges are elected by their local communities.

bonds (Martinez, 2002). With such a decentralized higher education community, state coordination has been a perennial challenge.

The primary function of the New Mexico Commission on Higher Education (CHE), and its predecessor the Board of Educational Finance, is to provide funding recommendations for all public higher education institutions to the legislature. However, based on the universities' constitutional autonomy and long-standing practice of employing lobbyists to advocate their budget and policy interests, end runs around the coordinating board drastically limit the Commission on Higher Education effectiveness. In fact, during the 1990s public institutions created two new associations advocate their interests to the legislature. Only two years prior to the Lottery Success Scholarship deliberations, the New Mexico Association of Community Colleges was formed to highlight the relevance and contributions made by the state's two-year institutions. Based partly on the success of the Association of Community Colleges, in 1998, public universities established the Council of University Presidents in an effort to coordinate their policy interests and draw attention to the economic impact that universities have on the state (Martinez, 2002). While these two voluntary associations serve the institutions' interests with the legislature, their role in coordinating a statewide policy agenda is far more dubious.

At the time of lottery scholarship deliberations in the mid-1990s, the Commission on Higher Education benefited from a widely respected executive director, Dr. Bruce Hamlett. While statewide coordination remained challenging, both the legislature and governor relied on Dr. Hamlett and CHE staff for information and recommendations with regard to this new form of student financial aid.



### *Statewide financial aid*

Even before the adoption of the Lottery Success Scholarship program, New Mexico had a healthy statewide commitment to student financial aid. In 1993-94, New Mexico ranked in the top half of all states in most indicators. In undergraduate financial aid per FTE student, the New Mexico estimated amount (\$222) was significantly below the national figure (\$350) and ranked New Mexico 19<sup>th</sup> among all states. Similarly, considering the need-based financial aid per undergraduate FTE, New Mexico ranked 16<sup>th</sup> with an estimated amount of \$219 as compared to the national amount of \$315. On another measure—financial aid expenditures as proportion of all higher education appropriations, New Mexico ranked 24<sup>th</sup> with 4.42 percent allocated to financial aid compared to 7.11 percent nationally (NASSGAP, 1994).

### Narrative History of Events and Policy Actors

This section provides a narrative chronology of how the New Mexico Lottery Success Scholarship eligibility criteria were determined. Upon the passage of a public referendum changing the state constitution to create a statewide lottery, the criteria determination process included essentially two stages. First, an Education Lottery Task Force was created to research other state merit aid programs and recommend a set of baseline criteria for the scholarships. These criteria, then, in the form of legislation, navigated through the legislative process. Before describing the seminal events and actors in each of these stages, this section first provides the necessary context as background to the lottery scholarship criteria debate.

*Antecedents to New Mexico Lottery Success Scholarship Program*

During the decade preceding the creation of the New Mexico Lottery Success Scholarship program, state-sponsored gambling became a hot-button issue both in New Mexico and nationally. Prior to 1985, less than one-half of U.S. states (19) operated lotteries. Ten years later, New Mexico became the 38<sup>th</sup> state to adopt a lottery. Two national trends coincided with this lottery boom. First, states began to earmark lottery revenues for education, and, thus, linked the politically divisive issue gaming trend to an overwhelmingly popular societal good. Second, Native American communities began to successfully advocate for the right to operate casinos on their federally protected reservations. Both trends inform the policy process through which New Mexico adopted a lottery and determined the eligibility criteria for the scholarships it would fund.

*The emergence of the “education lottery”.* At the time New Mexico considered implementing a lottery, 19 of the 37 lottery states earmarked proceeds for education. However, studies of the Illinois and Florida lotteries began to show that lottery revenues simply supplanted general fund appropriations to education. Not only did education not receive net increases in funding, Borg and Mason (1990) report that total state support for education actually decreased in Florida once lottery revenues replaced appropriations. Based partially on this evidence, when Georgia voters approved a referendum to enact a statewide lottery, the statute explicitly stated that lottery funds would “supplement, not supplant” existing state support for education and created new programs to fund K-12 school construction, early childhood (Head Start) education, and the HOPE Scholarship program.

The Georgia HOPE Scholarship program altered the education lottery beneficiary landscape. The simple message that all students who earned a “B average” would receive free in-state tuition resonated with voters, students, and families. Its popularity, in fact, led to the creation of a federal tax credit program for tuition payments, which used the same HOPE name. While the HOPE program later faced scholarly scrutiny for the disproportionately smaller share of racial minority and low income students who were eligible, in its first two years of existence, lottery revenues far exceeded the education expenditures. In New Mexico, therefore, state legislators and higher education officials quickly looked to the Georgia HOPE model as a framework for a similar lottery-funded scholarship program. However, the issue of gaming in New Mexico was not limited to the prospect of a state lottery. Native American tribes and pueblos had been pressing for the right to operate casinos on their land only to be vetoed by then Governor Bruce King.

*Native American gaming compacts.* The proliferation of state lotteries during the late 1980s and early 1990s was matched by the exponential growth in gaming on Native American lands. Two federal decisions in the late 1980s sparked this trend. First, the *California v. Cabazon Band of Mission Indians* (1987) U.S. Supreme Court decision determined [that Native American tribes must negotiate gaming “compacts” in order to operate casino-style gambling.] In the following year, the U.S. Congress enacted the Indian Gaming Regulatory Act, [which created the Indian Gaming Commission to regulate the industry...]. Beginning in 1989, Native American tribes in New Mexico pressed to state to negotiate compacts; however, Governors Gary Carruthers and Bruce King were opposed to this form of state-sanctioned gaming and refused to negotiate. In the 1994 gubernatorial campaign, Republican candidate Gary Johnson announced his

support of Indian gaming compacts and negotiated them during his first month in office. As with the lottery referendum, this decision was subsequently ruled unconstitutional by the state Supreme Court, then became law again by virtue of legislation passed during the 42<sup>nd</sup> New Mexico Legislature (Heild, 2005).

*“We don’t want to become another Las Vegas”*. As a result of the 1994 election, it seemed that New Mexicans voted to implement both new forms of gambling.

Governor-elect Gary Johnson openly declared his willingness to negotiate Indian gaming compacts and his support for the lottery now that the voters approved the referendum, which passed on the same general election ballot. Change would not come so swiftly.

While the constitutional amendment to create a state lottery passed with a clear majority (54 percent), the double-barreled question concerning both a lottery and video gambling was deemed unconstitutional. This brought the lottery debate back to legislature, which held the statutory power to adopt a lottery. Although public support for a state-run lottery appeared palpable, the legislature had been mired in lottery debates in recent sessions and the anti-gaming faction was a vocal and influential minority. Consistent with the national trend, legislators sought to tie lottery revenues to education. This notion of “doing good with bad,” as one legislator put it, surfaced often during the 1995 legislative session. However, one respondent highlighted the moral objections and the “slippery slope” perspective held by many members of the legislature:

From a moral standpoint, there were some members of both the House and the Senate who felt that we shouldn’t be perpetuating gambling. They weren’t happy about the gaming compacts either. And, I want to say that there was some terminology thrown around that, you know, this isn’t Las Vegas.

We don’t want to become another Las Vegas. If you let the lottery go and now you have the Native Americans having their own casinos, how long is

it going to be before the cities want their own casinos? It was kind of, you don't want to perpetuate gambling because gambling is a social problem and the slippery slope argument that once you start down that path, it's only a matter of time before more and more gambling is done throughout the state.

*Lottery is not like "putting \$40 on red"*. On the other hand, in addition to the majority of New Mexico voters, many members of the legislature held no moral objections to the lottery. According to a University of New Mexico Institute for Public Policy survey of New Mexican citizens conducted in September 1995, more than two-thirds of respondents supported a state-run lottery with 44 percent indicating they "strongly support" the lottery (UNM Institute for Public Policy, 1995). By comparison, in the same survey support for Indian casinos was slightly less than 50 percent. Legislators shared these differences of opinion by the type of gambling. One House member quipped, "Lottery to me is not gaming, but that's just me. Gaming is when you go out there and put forty on red, that's gaming. This one here, a little scratch [off ticket] for a buck, wasn't that big of a deal for me, for others it was a major issue."

Speaker of the House Raymond Sanchez also identified economic arguments in support of the lottery, primarily in communities along the Texas, Arizona, and Colorado borders: Speaker Sanchez also noted differences in negative social effects by gaming type, "It's not like a slot machine, they're not going to be sitting there pouring money into it every five minutes. And, that once people get it out of their system, they won't be buying as many."

New Mexico voters overwhelmingly voted for a lottery (54 percent in favor). However, based the double-barreled question on the ballot that also asked voters about their preference for video gambling, this referendum was ruled invalid by the courts

(Peterson, 1994). With the public support having been proven and Governor Gary Johnson's statement that he would sign a lottery bill should one reach his desk, the legislature appeared likely to enact a lottery during the first session of the 42<sup>nd</sup> Legislature in 1995.

#### *42<sup>nd</sup> Legislature*

The legislative establishment of the New Mexico Lottery Success Scholarship program rested in the passage of two bills during the first session of the 42<sup>nd</sup> Legislature in 1995. Senate Bill 583 provided the structural foundation by creating the Lottery Authority to implement the lottery and identified capital school construction and college scholarships as the beneficiaries of lottery proceeds. Another piece of legislation, Senate Bill 1064, aimed to establish the Lottery Success Scholarship program and outlined the eligibility criteria by which students would earn these awards. Freshman Senator Michael Sanchez sponsored the latter bill. His personal insights, network of support, and advocacy strategies shaped not only the ultimate eligibility criteria, but also the process by which the criteria were determined.

*The involvement and influence of Senator Michael Sanchez.* Having been elected to the New Mexico Senate only two years earlier, Senator Michael Sanchez was not your typical freshman legislator. While his successful law practice in Belen, just 30 miles south of Albuquerque, was not a unique professional background among legislators, his familiarity with the legislative institution and with individual legislators was unique based by virtue of family ties. His brother, Raymond Sanchez, was the sitting and longest-serving Speaker of House in New Mexico history. This natural alliance with

House leadership and the well-established informal relationships with many of the members of both chambers helped to build support for the scholarship program. However, the leadership style and personal investment of Senator Sanchez played a larger role in building support for this initiative.

The son of a bakery owner, Michael Sanchez was raised in a middle class family that valued hard work and education. In high school, his determination and talent as a baseball player earned him a scholarship to attend a junior college in Kansas. After two years away, Michael Sanchez returned to enroll in the University of New Mexico where he would complete his bachelor's degree and continue to earn a law degree. This educational experience would serve as the foundation that he would draw upon in shaping the criteria for the lottery scholarship program.

Respondents offered differing accounts of who approached whom regarding Senator Sanchez's initial involvement in the lottery scholarship program. One respondent familiar with the lottery policy process during the 1995 legislative session claimed that Speaker Raymond Sanchez approached his brother Michael Sanchez about the opportunity and connected him with the Commission on Higher Education. The respondent continued these three—Senator Michael Sanchez, Speaker Raymond Sanchez, and Kari Cole, former aide to Speaker Sanchez and then legislative liaison for CHE—outlined a strategy to gain support for the Lottery Success Scholarship program. Other respondents, including both Sanchez brothers, recollected that Senator Michael Sanchez tapped himself to sponsor this legislation and then sought the advice of the Speaker and the Commission. Regardless of the origin, Senator Michael Sanchez drafted SB 1064 in the early days of the 1995 session.

The initial draft of the lottery scholarship program was not a collaborative process. Perhaps as a result of the tenuous support for the lottery legislation (SB 583), the higher education community was not actively involved in early stages of development of the Lottery Success Scholarship program. When asked how the initial set of eligibility criteria for the scholarships was determined, Senator Sanchez recalled a conversation with his wife about what would be a fair set of criteria based on his own educational experience:

It was based on the fact that when I went through high school, I was fortunate enough to have parents that were able to afford for me to go to school. During that period of time when I went to high school, I saw a lot of my friends, a lot of other individuals, who had to drop out of school to either go on to the service to help provide for their families or work on family farms or get some kind of jobs to help their families out in this area.

And, I thought, and actually I probably shouldn't take full credit for this because it was actually my wife and I together sitting down and discussing the issue one day and she was very helpful, she's probably much smarter than I am in many ways. But, we just thought that, what is an incentive to try to keep people in school, what could have kept those kids that we knew, who are good productive citizens of this area by the way, they are fine business people, they've done well for themselves, some better than others. But, what could have kept them in school. Talking to different people, listening to what they would say, it always was a matter of well, 'why should we finish high school because even if we graduate from high school, we're not going to be able to afford to go to college.'

So this was our way of saying, well, that generation is over, our generation is passed, let's make sure that future generations of New Mexicans never have that excuse to say, 'we didn't have the ability to go to college because we didn't have the funds.'

Using this rationale, Senator Sanchez and his wife decided that eligibility should be based on college-level performance as opposed to the high school grade point average criteria for the Georgia HOPE program. The couple settled on a 2.5 GPA requirement "as an average



grade that people should be able to make.” Senator Sanchez also recognized that students’ GPAs were not always the best indicator of their success later in life:

A 2.5 [grade point average], if that’s all you maintain for your college career, doesn’t necessarily reflect how successful you’re going to be once you leave that school. Because I’ve seen people who have dropped out of high school who are much more successful than me, who’ve gotten a law degree. I mean, I consider my dad, who was a high school graduate, to be much more successful than I was and he ran a restaurant and bakery for 40 years. And so, grade points don’t, to me in my perspective, mean that you’re going to be a success in life.

Senator Sanchez reiterated this broad vision for the scholarship program and specific criteria rationale to fellow legislators throughout the 42<sup>nd</sup> Legislature to help gain support for the program.

As SB 1064 navigated through the legislative process, the higher education community became more involved, primarily through the efforts of the Commission on Higher Education. The executive director, Dr. Bruce Hamlett, had served CHE for two years and succeeded a host of interim appointments. This recent stability in CHE leadership and the widespread support of Dr. Hamlett among the higher education community, legislature, and governor’s office ensured the Commission on Higher Education a role in the policy process to create the Success Scholarships. In addition to the involvement of the CHE executive director and legislative liaison, the deputy executive director, Lillian Montoya-Rael, led the research activities related to the new scholarship program.

Through the advice and recommendation of CHE staff, the higher education community advocated for need-based criteria. At the time, the sole broad-based statewide merit aid program, Georgia’s HOPE Scholarship program, included an income cap of \$100,000, which had just increased from the initial means-test of \$66,000. Also, access to

higher education was widely regarded as the primary aim of New Mexico higher education (Martinez, 2002; Anderson and Bell, 2004). According to one member of the CHE senior staff, however, support for merit-based criteria seemed insurmountable:

You know, we were the minority. I would say that our executive director and myself and maybe a smattering of other staff [supported need-based criteria], but generally the Commission [board members] itself was for merit-based and the legislators that did care about need-based aid weren't wielding the kind of support and power that Michael Sanchez had, so their voice wasn't going to be heard. It wasn't a public policy thing. It was just about getting the lottery through.

Indeed, Senator Michael Sanchez was adamant that eligibility for the scholarships be open to students from all income levels. Part of the rationale for criteria open to all students was to increase the academic performance of students in high school. Many respondents, both higher education leaders and elected officials, shared their frustration with the achievement levels of high school students and believed that offering a “carrot instead of stick” had a higher chance of success. Policymakers were also concerned that high school grade point averages were not equal across schools, which aligned with the criteria proposed by Senator Sanchez to based eligibility on students' performance during their first semester of postsecondary education.

Throughout the 1995 legislative session, however, most legislators and higher education officials believed these deliberations over scholarship criteria to be in vein. The parallel piece of lottery legislation, SB 583, stalled frequently as the anti-gambling factions increased their influence. This had two effects on the lottery scholarship legislation. First, the lottery scholarship program was touted an open award that all students with even modest success would benefit from. A cabinet secretary in Governor

Gary Johnson's administration highlighted the importance of linking the lottery to a "high public purpose:"

[Legislators] were very concerned about setting the proceeds up for a beneficial public purpose. They were not about to take these proceeds and integrate them into the normal spending stream of state government, which we could have consumed 30 million dollars in a heartbeat. It's no problem, anybody can do that. I think, they always fundamentally had the idea that they wanted to identify a high public purpose for this program. I think, that was a policy decision that the legislative leaders took. They didn't want people going around saying that they're pro-gambling or things such as that. So, I think, that was really the fundamental guiding principle. Had to be a high public purpose.

Second, with the exception of the CHE, the higher education community remained disinterested in the debate. Senator Michael Sanchez summarized the involvement of the higher education community as follows:

Nobody believed that we could pass this legislation, so nobody really paid much attention to it except the people who were working on it. I think, the higher ed and other people thought that like other lottery bills that had gone through before that it was just, you know, a joke and it couldn't pass. And so, they didn't play a large role. Although the Commission on Higher Education, of course, came in and gave us some statistics. But, it wasn't a major role.

Higher education officials, including CHE staff, did not dispute this characterization of their involvement. However, many suggested that their role was largely shaped by the sponsoring Senator's overbearing influence on the process. Campus officials provided testimony regarding the scholarship program, but felt that the decision on eligibility criteria was "pre-ordained." There was also a joint proposal by the presidents of the Albuquerque Technical-Vocational Institute and the University of New Mexico to fund a transfer scholarship program by which graduates from two-year institutions would receive full scholarships to immediately attend four-year institutions. Although at least in part due to this proposal's late emergence in the process, the transfer program was

greeted with little to no support. One senior official with the Commission on Higher Education, when asked whether this process was a good lesson in public policy, replied:

No, because even the efforts the Commission made, which were rather strong efforts to make it need-based, all of it, they were soundly killed. I mean, the legislative sponsor wanted it to be merit-based. He drove everything. He had to be checked with on every component of those guidelines, down to the name.

*Final push for Success.* As the 1995 legislative session neared the end of its 60-day statutory limit, support for both lottery bills was waning in the lower chamber. In fact, House Speaker Raymond Sanchez was quoted on March 5, with roughly two weeks remaining in the legislative session, that he didn't think the lottery was a big priority (ABJ, 1995). The next day SB 1064 passed in the Senate with only one dissenting vote and, thereby, allocated all lottery proceeds to the Lottery Success Scholarship program. With the state lottery's fate now resting entirely in the House, the Sanchez brothers became more open to a compromise.

Representatives in the House tended to be more concerned with primary and secondary education than with higher education. This trend is undoubtedly influenced to some degree by the decentralized nature of New Mexico higher education and the absence of any legislative committee or sub-committee dedicated solely to higher education. One respondent, however, suggested that support for K-12 education in the House may also be the result of so many legislators' current or previous employment as teachers or administrators.

When Governor Gary Johnson fulfilled his campaign promise to repeal the recent gas taxes implemented under the previous administration, funding for school construction, or capital outlay, disappeared. Given Governor Johnson's pledge not

introduce any new taxes while in office, and therefore no replacement funds in sight, supporters of school outlay in House viewed lottery revenues as the only remaining source of alternative funding. Speaker Raymond Sanchez recalled his brother's reaction to allocating 60 percent of all lottery proceeds to capital school outlay:

Michael didn't like that provision, but it was the only way we could get the votes in the House to move it out of committee, out of Appropriations. So, that amendment was tacked on to it and, of course, with those two provisions the way they were for scholarships and for capital outlay, the criteria that Michael developed, the grade point, the graduate from a high school, enroll in college immediately after high school, those factors went in. Those were not debated very heavily. In fact, there was very little debate about that at the time because it made imminent sense and most people were concerned just about getting it passed and safeguarding the money, the proceeds and how it would be used.

This compromise to provide funding for K-12 school construction also led to increased support for SB 583, which passed in both chambers thereby establishing the New Mexico Lottery Authority. Thankfully, this piece of legislation also included a brief provision that earmarked lottery revenues for college scholarships and capital school outlay.

With this late compromise agreed upon, and the strict statutory 60-day limit, the lower chamber did not approve SB 1064 in time for confirmation by the Senate. Both chambers agreed upon the major beneficiaries of the lottery revenues; time simply ran out. During the second session of the 42<sup>nd</sup> Legislature in 1996, a nearly identical piece of legislation (SB 31) breezed through House and Senate committees without a single dissenting vote. Upon enactment by the House and Senate, Governor Gary Johnson signed SB 31 into law on March 5, 1996.

*The indirect influence of Governor Gary Johnson.* Having been elected on the same ballot on which the voters approved a constitutional amendment in support of state-sponsored gambling, Governor Gary Johnson played a distinct, yet indirect, role on the

creation of the Lottery Success Scholarship program. His primary influence was his support of a state-run lottery, which he attributed to clear public approval. The previous two Democratic governors promised to veto any lottery bill should it pass in the legislature. In addition to Governor Johnson's pledged support of lottery legislation, his blend of fiscal conservatism and pragmatic policy solutions certainly influenced higher education. While his anti-tax platform eliminated the possibility of increased state appropriations for colleges and universities, Governor Johnson publicly advocated for universities to increase tuition. Recognizing that college tuition in New Mexico was far cheaper than other states, the governor applied a single litmus test to the individuals he appointed to the governing board of each institution and to the Commission on Higher Education—support for increased tuition.

With this single exception, Governor Johnson appeared not to have been involved with higher education issues. In fact, respondents characterized the governor's involvement in higher education as "bottom of the barrel" and "minimal." Most cited his preference for smaller government, however, one respondent suggested that Governor Johnson's disengagement with higher education could be a reflection of his own educational experience:

I don't think they were involved. Governor Johnson wasn't really a higher education advocate. You never heard him say higher ed., he was a college drop out himself, so he wasn't much; he wasn't very high on the need for higher education I guess based on his own experience. Entrepreneurship does work for some people but the majority of people especially in this day and age they need some sort of postsecondary education and training. It was very difficult to get him to come to bat for us on any issue whatsoever related to higher education.

Indeed, Governor Gary Johnson personal perspective appeared to have the most significant influence on his administration. One of his cabinet members characterized the

governor as a “value-driven individualist” who relied on his own personal values to gauge his reaction to proposed policies. This respondent also recalled the governor’s guiding campaign strategy, “He had a very simple formula that he ran on, which was don’t clutter up a huge policy agenda because the voters don’t give a damn.” While he was elected as a Republican, his candidacy came from outside the party establishment and most respondents identified him as more of a Libertarian. This perspective of a political outsider with a minimalist view of government also led to an increased amount of tension between the governor and the legislature. One of his cabinet secretaries expanded on this tension:

I think that he always paid attention to what his job was. He just thought it was kind of painful to sit around and put up with the legislature. He was very disdainful of the legislature in a public way. You know, politically there was always a war and a lot of tension, lots of tension. I thought it was foolish, you know, because I’m a product of the political system. I’ve always believed that if you have an agenda and want to get things done, you’ve got to work with these people and you’ve got to make certain compromises so long as they don’t involved your fundamental principles. He just did not believe in the whole art of compromise.

With regard to the Lottery Success Scholarship program, however, the governor was supportive of this legislative initiative from a distance. Governor Johnson recalled that his administration aimed to ensure that all lottery revenues were allocated to educational programs, rather than reverting to the general fund:

One thing that I saw in looking at other states and their implementation of state-wide lotteries was the fact that money wasn’t always getting spent on education. You see that from one state to another and one thing I wanted to see was something that was trap-proof when it came to no gains, this is actually all going to go to education and it’s going to stay that way. That was the most important ingredient that we gave the legislature as to our concerns.

As an example of the extent to which the governor wielded his veto power, Governor Johnson referenced the impact of his policy preferences, in this case on legislative attempts in future sessions to alter the Success Scholarships' eligibility criteria:

I don't know if you realize this or not, but I vetoed 750 bills while I was governor of New Mexico. So, putting that into perspective, that's like more bills [vetoed] than all of the governors in the country combined. So, when I said that I would veto legislation that screwed with it, they took me to heart, I think.

During the 1995 legislative session, Governor Johnson expressed his concern that the 2.5 GPA requirement was not rigorous enough and instead suggested that it should be increased to a 3.0 GPA. Senator Michael Sanchez recalled that the governor's concerns may have also been related to fiscal stability of the revenue source. Regardless of the source of Governor Johnson's preference for a more rigorous GPA requirement, he acknowledged that, "in retrospect, even then, it wasn't anything I saw as a deal killer."

Governor Gary Johnson's indirect influence on higher education, in the form of his support for increased tuition, and on the lottery, in the form of his efforts to ensure that education was the sole beneficiary, mattered more than the governor's single direct attempt to alter the eligibility criteria. To be sure, the specter of Governor Johnson's veto loomed large over the legislature and it can be safely assumed that without the governor's personal belief in the Lottery Success Scholarship program it would not have been enacted. Perhaps one of the governor's cabinet secretaries most accurately described Governor Johnson's support for Success with this analogy:

I think it would be totally inaccurate to say he didn't endorse the program. He signed off on it. But, I don't think you could say that he kissed it on the lips either.



## Case Analysis

Having outlined the chronological narrative of the eligibility criteria determination process of the Lottery Success Scholarship, this section analyses the influences and events of the New Mexico case against the six dimensions of the analytical framework. (See appendix C for a summary chart of the framework.)

### *Rationality of policy actors' behavior and preferences*

The rationality of individuals' actions and intentions is measured by the strategies they employed to advance their interests and by the sources from which policy actors draw their preferences. In this case, policy actors first sought to link the lottery with the college scholarship program, which served a "high public purpose." The rationality of this strategy, for elected officials, is based on their constituents' preferences. For higher education officials, their preference for need-based criteria rests in the long-standing state support for access to higher education.

The first step in the policy process was for policy actors to tie the lottery revenue to a college scholarship program. Senator Michael Sanchez outlined the rationale for this approach:

But, when we would listen to people talking and debating the issue of a lottery, the issue would come up about well where is the money going to go? Is it going to go into a general fund that we spend willy-nilly by everybody and for anything and for any purpose? Or, is it going to be specific to something? And, when you would use and talk about the money would be used for education and education only, it resonated very well. And, people could accept that proposition as opposed to putting it in a general fund and letting the legislature use it for whatever purposes they wanted to.

This primary focus on the lottery rather than the scholarship program also affected the behavior and preferences of higher education officials.

Despite opposition from Senator Michael Sanchez, the staff of the CHE advocated their belief that the scholarships should be awarded on the basis of financial need. The rationality of such actions can be traced to the long-standing state commitment to provided access to higher education. Paradoxically, the rationality of elected officials led them to support broad-based criteria that would provide scholarships to all New Mexico college students who earned modest success after their first semester. This belief reflected the broad public support not only to play the lottery in New Mexico, but also at the prospect of attending college tuition free.

Legislators also appeared eager to please constituents from their districts. This was evident in the support of rural legislators for students attending two-year institutions to also be eligible for the lottery scholarships. However, in the end, most respondents believed that the policy process through which the criteria was determined had very little to do with the scholarships, but rather was simply a means to shore up support for the creation of a state-run lottery. One staff member of CHE recalled the political nature of this linkage of the lottery and proposed scholarship program:

It was really just a political discussion it wasn't based on public policy of any sort. It was just, 'how are we going to appeal to the broadest spectrum of voters.' And, the only way to really do that was to address it as both a secondary and postsecondary solution.... So, at the time, it was 'how can we make the case for having a lottery in New Mexico.'

### *Clarity of program goals*

Senator Michael Sanchez, virtually on his own, shaped the program goals for the Lottery Success Scholarship program. The simple goal was to provide every New Mexico student with an incentive to finish high school based on the assurance that their tuition would be covered if they maintained a C+ average in college. Senator Sanchez emphasized that this provided an opportunity for all New Mexico citizens “no matter what their income level was, no matter what their ethnicity was,” which tapped into the state’s long-held policy aim to provide access to higher education through affordable tuition. With Governor Johnson actively encouraging universities to raise tuition, the Lottery Success Scholarship program was a policy mechanism to protect students and their families from these rising costs. Other policy actors, however, introduced competing program goals in response to Senator Sanchez emphasis on merit-based aid.

While the majority of elected officials seemed wedded to merit aid, the higher education community was not as solitary in their support of this new trend in statewide financial aid. However, whether these alternative goals were in support of need-based aid as advocated by CHE or a transfer scholarship program as presented by presidents from a research university and technical two-year institution in Albuquerque, these competing aims for a scholarship program were quickly dismissed by the sponsoring Senator.

The impact of the program goals initially introduced by Senator Sanchez shaped the debate for the entire policy process. While states have been awarding financial aid on the basis of need for decades, once Michael Sanchez articulated the rhetoric and expectation that all students would be eligible, need-based aid proponents faced the uneasy task of arguing that some students should not have access to the awards. Those

who pushed for a higher GPA requirement also had a difficult time straying from the broad program goal set forth that would maximize the number of New Mexico students receiving the award. In fact, a member of Governor Johnson's administration outlined the importance of an admittedly "middling GPA":

The legislature believed very firmly, the leaders, that they had not had anything for middle class New Mexicans. Typically, our tax breaks were almost always directed towards the poor. We had many social programs, as every other state does, but access to higher education is really the force that unleashes an individual's creativity and ability to work. And so, the legislature wanted to dedicate this program and make it accessible to kids. And, I think that's why they set the eligibility criteria as low as they did. A 2.5 GPA is, that's kind of a middling GPA to be going to a research university. But it was really based on the legislature's desire to direct funding to the middle class.

#### *Stability of policy coalitions over time*

Most respondents described the New Mexico higher education community as largely an ad hoc arrangement. Two factors appear to support this characterization: (1) the decentralized nature of the statewide governance structure, and (2) the lack of stability in leadership at the higher education coordinating board (CHE). Given the broad constitutionally-afforded powers to the 15 governing boards, not only are these institutions fractured, but the New Mexico legislature is relatively uninvolved in higher education policy. Indeed, at the time of the Lottery Success Scholarship program adoption, there was very little statewide coordination of higher education at all. According to the current Senate Education Chair, Senator Cynthia Nava, who at the time served on the Senate Education Committee, "I don't see a coalition. I see very capable, very politically tuned-in presidents and it's pretty much every university for itself. And it's very difficult to get them to work together."

Despite the lack of coordination, however, the near void of campus participation appears to have been an anomaly. In this case, CHE essentially represented the entire HE community, which was far from the norm. Having played a meek role for years, upon hiring Dr. Bruce Hamlett the Commission on Higher Education began playing a significantly more active role in coordinating New Mexico higher education around state-level goals. As a result of these increased efforts, which institutions resented, the public universities and community colleges created two separate associations to represent their interests by institution type to the policy community: the Council of University Presidents (CUP) and the Association of Community Colleges (ACC). According to one CHE staff member, this backlash response, ironically, may have led to even greater coordination of state interests than CHE could have hoped to achieve. This CHE staff member continued to remark on the stability of higher education policy coalitions (or lack thereof):

The down side to [the establishment of the CUP and ACC], particularly with the universities, was that the universities through that mechanism were able to develop an incredibly, incredibly strong lobby. It is not uncommon for one institution out of those universities to drop \$100,000 on a lobbying campaign just for one session. They pooled their resources, they got their act together, they crafted an agenda. Each institution would hire someone full-time, year-round, promoting that agenda that they've all agreed to. Working with legislators, golf tournaments, 'let's go to this conference together' kind of thing, year-round. And then, come legislative session, they've got a really powerful source there in the legislature.

Senator Michael Sanchez offered a different perspective on the coordination efforts of CHE. He suggested that, historically, CHE could not control the politics of higher education, specifically mentioning the public universities proliferation of branch campuses. Without similar lobbying resources or even sufficient staff resources, one CHE leader argued in response that, "we just never mustered the

political clout to really shift the nature of the debate away from the institutional interests.”

The epilogue to Bruce Hamlett’s tenure at CHE reflects this tension between elected officials and the coordinating board. A CHE colleague of Dr. Hamlett recalled:

... it was really interesting to be there during that time. It got pretty rocky towards the end, because in the end policymakers would complain that, gee, there’s no statewide agenda and we’ve got all these institutions out for themselves. Yet, at the same time, they couldn’t see what was happening in terms of who was really getting to them. All they saw was, well, ‘how come UNM is the only one who ever comes and talks to me?’ And, ‘it must be because Bruce and his staff aren’t doing there job.’ So Bruce actually, unfortunately, took the brunt of that [criticism]... and ultimately led to him deciding not to be here anymore.

#### *Influence of elected officials and non-elected officials*

Elected officials clearly dominated the policy process by which the eligibility criteria of the Success Scholarships were developed. Every respondent recognized the substantial role played by Senator Michael Sanchez and, accordingly, referred to him as the “father” of the Lottery Success Scholarship program. To lesser extent, however, non-elected officials were involved in the policy process primarily by providing information to policymakers. The influence of both elected and non-elected officials involved in the criteria determination process was shaped by the political and educational structures of New Mexico.

From the time first meeting during the 1995 legislative session between the Sanchez brothers to their final meeting nearly 60 days later, Senator Michael Sanchez remained the primary influence on the lottery scholarship program. The program, shaped

by his personal experience, appeared to resonate with other legislators. The senate sponsor recalled the message he used to gain support for the Success Scholarships:

I am very passionate in what I do. I believe in our kids and I believe in our state and I just was very passionate in my beliefs. And trying to explain to them, explain to all legislators and anybody else who would listen how important it was to make sure that every kid had an opportunity. Because, I asked them to reflect back to the days that they went to school and the hardships that their families went through to put them through college and for those who might not have been as fortunate as me to have gone to college to think about what could have been if they had gone. And, it struck a cord with people.

While Speaker Raymond Sanchez downplayed his role in gaining support in the lower chamber for both lottery-related bills, many respondents pointed to the necessity and effectiveness of his influence in the House. Indeed, the compromise that would allocate more than one-half of the lottery proceeds to public school capital outlay surely was initiated by Speaker Sanchez rather than his brother. In fact, without this practical solution tying lottery revenue to an education initiative that was broadly supported in the House, the SB 583 may never have passed.

Non-elected officials exerted far less influence. While CHE made a valiant attempt to add need-based criteria to the proposed scholarship program, their message was trumped at every turn by Senator Sanchez's preference for a merit-based program that he described as:

...the best need-based scholarship in the country. You don't have to fill out an application; you don't have to fill out a thousand forms; you can be the poorest of the poor and not have to go through tons and tons of paperwork and submit it to different agencies to be able to get aid. So there argument really didn't hold water.

Once their attempts to persuade policymakers on the merits of need aid failed, CHE began to provide information on the projected lottery revenues and on the estimated

number of eligible recipients. By way of contrast, higher education institutions were hardly involved at all. A university president commented on the involvement of his institution:

Well, we testified, but I don't think we played a major role. This was a legislative sponsored and initiated effort and, like I say, the primary mover was this particular Senator, Senator Michael Sanchez. While I don't know exactly where he came up with the idea, but he was the prime mover.

This respondent, then, elaborated on how the policy process that led to the creation of the Lottery Success Scholarship program compared to other statewide higher education policy issues:

[Adoption of the Lottery Success Scholarship program] was a unique policy initiative that was started by the legislature and in particular by a particular individual. On the other hand, usually changes in policy respecting higher education do have a lot of stakeholders and grassroots and input. We usually have a taskforce. There's knowledgeable people that participate in these deliberations through a series of meetings. Usually, there is some kind of papers that are submitted with recommendations for policy changes. So, I would say the way the lottery scholarship came about was unique as opposed to the more traditional way of developing policy. And, we've had a lot of policy initiatives in higher education from the role of economic development in higher education to formula funding to issues of retention, issues of incentive funding for program emphasis. So, we really do have a history of formulating through a fairly deliberative process involving most of the stakeholders, which includes the institutions, but business community and others as well.

This account of the higher education community's involvement in the typical policy process reflects the governance structure for higher education.

The governmental and educational structure greatly influenced the roles played by elected and non-elected officials. With lowest level of legislative professionalism, save for New Hampshire, limited resources existed for legislators to consider alternative proposals. Also, since the overwhelming majority of "citizen" legislators hold employed full-time outside of their legislative service, including many who work in the K-12



education sector, there was support for the lottery proceeds to fund education. Without much legislative infrastructure to rely upon, the roles that individuals play is magnified, which bolstered the influence of Senator Michael Sanchez.

The Governor Johnson's influence was also bolstered by governmental structure. The statutory veto power of the executive, while not exerted in this case, played a significant role by virtue of its absence (especially given the frequency with which Governor Johnson applied it). Furthermore, with the executive and legislative branch under the control of different parties, in addition to Governor Johnson's constant willful evasion of compromise, a certain amount of gridlock is inherent based on this structure.

Finally, as mentioned in the previous dimension on the stability of policy coalitions, the decentralized higher education governance structure contributed mightily to the influence of, or lack thereof, campus and coordinating board leaders. Notwithstanding the university president's contention that the absence of campus involvement in this case was an aberration, the challenges in statewide coordination was as much a result of constitutionally autonomous colleges and universities as it is a result of inconsistent leadership at CHE.

#### *Availability of technical information*

While the eligibility criteria were crafted based more so on the sponsoring senator's personal experience than from data analysis of alternative proposals, two sources of technical information greatly influenced the scholarship criteria. The first source was information on other states' experiences with using lottery revenue to fund education. The second source was information regarding the Georgia HOPE Scholarship

program. Respondents reported that legislators and CHE staff collected information on both sources.

With the increasing trend of states earmarking lottery revenue for education, anecdotal evidence and empirical analysis revealed adverse consequences of this strategy. Legislators learned of these pitfalls through informal policy networks and mass media outlets. As Senator Cynthia Nava recalled the impact that another state's experience had on her preferences for the New Mexico lottery revenues:

I know that there was a lot of research done at that time that showed that in states like Illinois. I remember Illinois because that's where I'm originally from. That money had been originally just labeled for education and shortly began to supplant dollars that would have normally gone to fund education. And so, there was a lot of interest in trying to pin-point it to a specific use so that it wouldn't just be absorbed in the general fund dollars and end up being supplanted.

On the other hand, CHE staff researched the revenue projections of state lotteries. Finding that lottery revenues tended to stabilize after four or five years and heeding the caution that lottery revenue may decline across states due to the surge of states now operating lotteries, CHE staff warned policymakers that the New Mexico Lottery Authority projections may be inflated. This analysis also served to support the CHE strategy for introducing need-based criteria to the scholarship program as a means of reducing costs. Incidentally, CHE staff also conducted a study to ascertain the amount of unmet financial need among New Mexico college-bound students. Unlike the information collected on lottery trends in other states, however, this higher education policy community had methodological concerns with the financial need analysis. Another CHE staff member recalled:

[CHE staff] had just developed an approach for assessing the unmet need for financial aid in the state of New Mexico. That didn't get very far, the

institutions didn't buy into her methodology and so they kind of shot that down and that pretty much ended the debate about making it a need-based program and Sen. Sanchez had his heart set on the intent of this program is to give students hope that they can do this and it will motivate them to get through high school and go on to college. So, he didn't want to limit it from his perspective to put a need-based criteria that wasn't his intent or his goal. And so because the need-based methodology wasn't accepted and because of Sen. Sanchez's belief [the need-based criteria] didn't really go anywhere.

With only the second cohort of Georgia students having received HOPE scholarships, the information on this new form of merit aid was primarily related to the descriptive account of the eligibility criteria and its immense popularity among Georgia citizens. Rather than specific data points evaluating the impact or effects of the Georgia eligibility criteria, policymakers utilized basic structural information and program goals for the HOPE scholarship program—namely, the aim in Georgia to change the “kitchen table conversations” about college affordability. While Senator Sanchez proposed eligibility criteria based on students' academic performance in college, as opposed to the “B average” high school requirement for HOPE, New Mexico policymakers looked to HOPE for other eligibility provisions such as the requirement that students enroll in college immediately after high school graduation and that students continue to meet GPA requirements to retain scholarships from year to year.

Outside of these two sources of information, for the most part, legislators utilized technical information as a means to support their decisions that were made without much analytical consideration. That is, personal experience determined the criteria preferences, technical information was then sought out to support these preferences. Based on remarks from many respondents, this is typical of how technical information is utilized for other higher education policy issues.

Although no outside experts participated in the policy process through which scholarship eligibility criteria were determined, many higher education officials indicated that national experts and policy centers are involved in other policy issues. In fact, multiple respondents mentioned Dr. Tom Mortenson's involvement in subsequent higher education finance issues. In fact, in a report commissioned by the Legislative Finance Committee in 1998, Dr. Mortenson recommended targeting financial aid resources to students with demonstrated financial need (Mortenson, 1998).

#### *Effect of external influences*

Three sources of external influences affected the policy process by which the eligibility criteria of the Lottery Success Scholarships were determined. First, the prospect of precipitously increasing tuition costs exacerbated the need for financial aid to offset diminishing affordability. Second, the national and regional trend of states introducing gambling operations led to this issue's ascendancy to the policy agenda during the 1994 statewide election. Third, the public opinion of both enacting a state-run lottery and establishing a broad-based college scholarship program led their elected representatives to adopt both.

The near-certain trend of increase tuition levels seemed to have the effect of solidifying support for a broad-based set of eligibility criteria. Based on New Mexico's unwavering commitment to college access through low tuition, state colleges and universities were increasingly reliant upon state appropriations. With Governor Johnson's repeal of the gasoline tax upon his election in 1994 and with his promise not to introduce

any new taxes during his administration, the likelihood of adequate funding for higher education became less certain.

Governor Johnson outlined his rationale for tuition increases and expressed surprise that rising tuition costs would later be off-set by Lottery Success Scholarships:

New Mexico is one of the cheapest states when it comes to tuition if not the cheapest state. Then on a per capita basis, taxpayers were contributing more to higher education of virtually any other state, a couple of flip flops. That's obvious the state is putting a lot of money into higher education and it gets reflected in lower tuition. Institutions are clamoring for money all the time, that's all they do and from my standpoint, students were getting a terrific bargain and that tuition increases were going to, in fact, be made up by students and that's one of the things I said and practiced throughout. One of the amazing this is the lottery scholarship paid for all of it anyway.

The state-level experiments with lotteries, by 1994, had become less of an experiment than a staple in state revenue. Likewise, the federal policy decisions regarding Indian gaming in the late 1980s initiated widespread efforts among Native American communities to negotiate compacts with the states in which their lands rest. When these national and regional trends coincided with a governor willing support state-sponsored gaming and a citizenry eager consume gambling opportunities, policymakers in New Mexico recognized the window of opportunity to fund a innovative educational initiative introduced recently by another state enacting a state-run lottery. According to a CHE staff member, this support for this program can be traced back to the gaming compact with Native Americans:

When the gaming compact stuff came around to Governor Johnson, you know, it was a way that he would be providing revenues for Native Americans by allowing them to have their own casinos on their own reservations or their own land. So, the thought was what about the rest of the state. If you're going to start gambling in the state of New Mexico then we're going to talk about the whole picture, we're not just going to talk about Native Americans.

Sweeping national and regional trends of increased state-sponsored gambling notwithstanding, without clear public support for a state lottery, the New Mexico Lottery Success Scholarship program would not exist. After nearly a decade of failed legislative attempts to enact a lottery bill and promises of gubernatorial vetoes, voters were given the opportunity to decide whether New Mexico would establish state-sponsored gaming operations. Despite the nullification of the referendum, public support was evident and provided impetus for legislators to establish a lottery. By identifying education programs as the sole beneficiaries of lottery revenue, elected officials created the political cover necessary to balance the vocal anti-gaming contingents. In the end, public support for chance to buy lottery tickets in New Mexico led to the creation of a college scholarship program with generous eligibility criteria. The architect of the program, Senator Michael Sanchez, summarized the public support for the Lottery Success Scholarship program upon its implementation:

I can only tell you that the reaction has been that this is probably the best thing that's happened to New Mexico. And believe me, that isn't bragging about it. It's just been said to me more times than you'd believe. The most gratifying thing to me is when I'll talk to a young person who has 3 or 4 or 5 brothers and sisters who have never been to college and he is the first to go to school and they say they wouldn't have been able to do it without the lottery scholarship. That's to me the most gratifying thing, to see those people graduate from their high school, get into college, and then graduate from college and the pride in their siblings and their parents faces when they get their degree and knowing that it wouldn't have happened otherwise. And, that to me is the greatest thing in the world. And, I can take all the hits and the criticism for everything else or anything else, but that to me makes it all worthwhile.

## CHAPTER V

### WEST VIRGINIA PROMISE SCHOLARSHIP PROGRAM

#### Introduction

Under the leadership of two key policy actors, West Virginia authorized and funded the Promise scholarship program in 1999 and 2001 respectively. In an unusual “bifurcated” process, the Promise program arose to the policy agenda in 1999 under the leadership and initiative of state Senator Lloyd Jackson. However, the program was not funded until Governor Bob Wise made the merit aid program his focal promise of the 2000 gubernatorial campaign; and, then, mounted a second campaign, once elected, to regulate the proliferating video lottery (gray machines) revenue as the funding source for Promise. In addition to the influence of these two key individuals, the scholarship program’s eligibility criteria reflect many state, regional, and national trends related to college affordability, similar programs in other states, and West Virginia’s consistently low level of resources and educational attainment despite the state’s long-standing pride in a strong work ethic.

Three sections comprise this chapter. The first section presents an overview of West Virginia governmental and educational structures along with financial aid trends leading up to Promise. The second more detailed section contains a chronological narrative history, highlighting seminal events or actors, of the process by which the Promise eligibility criteria were determined. This section relies heavily on interview data, which are presented in large segments at times, and archival documents for background

and corroboration of interview data. The final section offers an analysis of the West Virginia case by utilizing the six dimensions of the analytic framework drawn from three public policy theories.

## Overview of State Context

### *Executive branch*

Much of the institutional and informal power of West Virginia government rests in the executive branch. With institutional powers of the West Virginia executive among the highest in the nation, the governor appoints six cabinet secretaries and 27 additional state officials, in addition to scores of commissioners and board members. Furthermore, the executive branch administers an annual budget of nearly \$100 million.

Every four years, in addition to the governor, the state citizenry elects five officers: secretary of state, state treasurer, auditor, commissioner of agriculture, and attorney general. Absent from this list is the lieutenant governor. The senate elects a president of their chamber who beginning in 2000 also carries the title of lieutenant governor (Holmes, 2001).

Only three other states have governors with higher institutional power than West Virginia. According to Thad Beyle's (2004) index of governor's institutional powers, West Virginia total score on a five-point scale is 4.0. This index provides a score (1 – 5) for state executives along six indices: separately elected executive branch officials, tenure potential, appointment powers, budget power, veto power, and gubernatorial party control. The primary strengths of West Virginia's governor are "budget power" and "veto



power,” which both receive the highest score. West Virginia is the only state other than Maryland in which the governor has full responsibility for drafting the budget and the legislature cannot increase the revenue projections in the budget. Also, the governor’s “veto power” include not only line-item veto rights, but to override a budget or appropriations bill veto requires a special majority legislative vote of two-thirds of all members elected (ordinary bills require only a simple majority in both houses).

Due to the bifurcated enactment of the Promise program, two governors signed relevant legislation into law. In 1999, Governor Cecil H. Underwood signed the bill authorizing the Promise scholarship program; however, no funding source was identified to implement the program. Governor Underwood, who holds the distinction of being both the youngest and older person to serve as governor of West Virginia, was first elected to the office in 1956. In the 50 years since, there has only been one other Republican governor, Arch Moore. Governor Moore served three terms. The first two were from 1968 to 1976, which made him the first governor to serve consecutive terms due to Constitutional Amendment passed in 1970. Then, Governor Moore was elected again in 1984 before losing his 1988 re-election bid. In the 2000 gubernatorial election, then Congressman Bob Wise defeated Governor Underwood by a margin of three percent (fewer than 20,000 votes). Prior to his election, Governor Wise served the previous 18 years in the U.S. House of Representatives and one term in the West Virginia senate (1980-1982).

### *Legislative branch*

The West Virginia Legislature is clearly a citizen legislature with shorter sessions, lower pay, and higher turnover when compared to legislatures in other states. The maximum length of session is sixty calendar days. The lower chamber, House of Delegates, includes 100 members (called delegates); the upper chamber consists of 34 senators. In addition to eight joint standing committees, the House has 15 standing committees and the Senate has 18 such committees.

Taking into account legislative salaries, staff size, and session length, the leading scale of legislative professionalism (Squire, 2000) ranks West Virginia 34<sup>th</sup> of the 50 states. Only 13 states have fewer permanent legislative staff members than West Virginia's 160 full-time employees. Further, more than one-half are "session-only" staff. In addition to the comparatively low number of legislative staffers, compensation lags behind other states. All senators and delegates receive base salaries of \$15,000 and per diem living expenses of \$85 per day (CSG, 2002; Hamm and Moncrief, 2004; Holmes, 2001).

The most unique characteristic of the West Virginia legislative branch is the presence of multi-member districts for both house and senate members. While four other state senates and ten state houses utilize such districts, rarely are they used to the extent found in West Virginia, which uses county lines to draw both house and senate districts. As a result, the most populous counties have more than one representative. For instance, in Kanawha County, home of state capital Charleston, citizens are represented by seven house delegates and four senators. This means that voters must cast multiple votes to choose among more than a dozen candidates. By comparison, citizens in rural counties

rarely have more than one delegate per county and nearly all senators in these regions represent multiple counties. Brisbin et al. (1996) contend that multi-member districts create disparate standards of representation. For example, the seven delegates representing Kanawha County have 121,000 constituents with a diverse set of interests and needs as compared the one delegate representing a rural county with 18,000 constituents with rather homogeneous needs and interests.

At the time of the Promise scholarship program's final adoption in 2001, Democrats overwhelmingly controlled both houses—by 82 percent in the senate and by 75 percent in the house<sup>16</sup>. The leadership of both chambers was also stable with the president of the senate having served in that role for four terms and the house speaker in his third term in that capacity. Likewise, the education committee chairmen of both houses were veteran committee chairs of more than three terms. However, this stability of leadership and party control did not off-set the inter-chamber tension that is common between the house and senate in most state legislatures. While Senate Education Chairman Lloyd Jackson's enacted Promise legislation did not come without a price, those negotiations paled in comparison to the political contention that would surface in the 2001 legislative session when Governor Bob Wise proposed funding the Promise program with revenue generated from regulating the video lottery "gray machines." In addition to the inherent antagonism between the executive and legislative branches, the Education Committees of the House and Senate were rife with political gamesmanship, primarily instigated by House Education Committee Chair Jerry Mezzatesta who utilized his power as committee chair to shape and stall legislation.

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<sup>16</sup> In fact, Democratic control of both houses dates back to 1932.

### *Higher education institutions and structure*

In 2001, the West Virginia public higher education system had an enrollment of 78,315 students in 16 institutions. The two largest campuses by far are West Virginia University and Marshall University with enrollments of 22,774 and 16,036 respectively. In addition to these two research institutions, the system includes eight bachelor's degree-granting colleges and universities and the West Virginia School of Osteopathic Medicine. Enrollment in these institutions ranges from 6,724 at Fairmont State University to 2,144 at Glenville State College with an average total headcount enrollment of 3,618 students. Of these 8 regional four-year colleges and universities, six institutions serve as both four-year colleges and two-year community colleges. In fact, these six colleges account for more than one-half of the total community college headcount enrollment (21,269). The remainder is drawn from five institutions that award only two-year degrees, including the first cohort of 140 students in the newly established Eastern West Virginia Community and Technical College.

West Virginia also has a sizeable sector of private colleges representing more than 10 percent of the state's enrollment in these 10 independent institutions. The largest institution, Mountain State University, has enrollment levels similar to the smaller public colleges. Of the other nine colleges and universities, only three have enrollments exceeding 1,000 students—University of Charleston, West Virginia Wesleyan College, and Wheeling Jesuit University. The West Virginia Association of Independent Colleges and Universities provides support for these institutions, however, often the more influential institutions (most notably, University of Charleston and West Virginia Wesleyan College) actively represent their own interests.

Statewide governance and coordination of the public institutions unveiled a new structure in 2000. In the place of the two former governing boards—Board of Trustees of the University System of West Virginia and Board of Directors of the State College System, the West Virginia Higher Education Policy Commission was formed to serve as the coordinating board for four-year colleges and universities. The governing functions of the previous boards were assumed by independent boards of each college. The following year, the legislature created the West Virginia Council of Community Colleges to serve a similar coordinating role as the Policy Commission for two-year institutions. The legislation also allowed community colleges that were part of universities to become free-standing institutions by applying for accreditation. The newly-formed community college council served to assist institutions so inclined.

With governance change also came change in leadership, J. Michael Mullen began his term as Chancellor in January 2001, which coincided with the public policy deliberations over the funding of the Promise scholarship program. With the state financial aid office also under the Policy Commission umbrella, this “central office” served as a steady source of information related to financial aid throughout the Promise criteria determination process.

### *Statewide financial aid*

Prior to the adoption of the Promise scholarship program, financial aid opportunities for West Virginian students, as in most states, were largely funded from federal and institutional sources. According to the 2000-01 Annual Survey Report (NASSGAP, 2002), state-funded financial aid accounted for less than 8 percent of total

undergraduate aid compared to nearly 68 percent from federal sources and more than 20 percent from West Virginia public and private institutions. In West Virginia nearly 16 percent of all full-time equivalent (FTE) undergraduates receive need-based financial aid from the state. The West Virginia Higher Education Grant Program is the largest source of need-based aid and doubled the total amount awarded from 1995-96 to 2000-01. This increased funding for Grant Program also reduced the number of students who were on the waiting list (that is, they were eligible, but did not receive awards due to limited funds) from 4,033 to 1,094 during the same time span (WVHEPC, 2001). Despite this progress, in the year before Promise was enacted the Grant Program was funded at 90 percent since nearly 10 percent of all eligible students were not receiving these need-based awards.

Compared to other states, West Virginia ranks among the middle quintile on nearly all financial aid indicators. The state ranked 21<sup>st</sup> on the need-based aid awarded per undergraduate FTE (\$274.42) and 29<sup>th</sup> on all state financial aid per student (\$274.42). Notice that in 2000-01, all state-funding financial aid programs contained need-based criteria. Some programs also included merit-based criteria, including the Grant Program, which requires a “C average” in high school. Finally, West Virginia ranks 29<sup>th</sup> among states in the percentage of total higher education appropriations allocated to financial aid. West Virginia allocates 5.02 percent of its total appropriations compared to 8.47 nationally (NASSGAP, 2002).

## Narrative History of Events and Policy Actors

This section provides a narrative chronology of how Promise scholarship eligibility criteria were determined. The program adoption and criteria determination process unfolded over the course of three years; this section is organized accordingly. First, in 1999, the first regular session of the 74<sup>th</sup> Legislature authorized the Promise program brought forth by Senator Lloyd Jackson. Second, the 2000 gubernatorial campaign served as an introductory platform for a public debate about regulating the gray machines with proceeds to fund the Promise program. Finally, third, in 2001 the 75<sup>th</sup> Legislature identified a revenue source to fund the Promise program.

### *1999 Legislative Session*

*Senator Lloyd Jackson: Father of the Promise scholarship program.* Senator Lloyd Jackson introduced the Promise scholarship program on February 21, 1999 in the Senate Education Committee of which he served as Chair. With more than a decade of experience grappling with West Virginia's perennial education challenges—low high school graduation rates, high migration rates of college-bound students, and low levels of state funding for all levels of education, Senator Jackson frequently looked to other states and outside resources for help in addressing these concerns. Over the course of his terms as Senate Education Chair, he became actively involved with regional and national education think tanks eventually serving on the Executive Committee of the Southern Regional Education Board (SREB) and on the Steering Committee of the Education Commission of the States (ECS). Having closely followed the Georgia HOPE scholarship

program and the Bright Futures program in Florida, Senator Jackson began seeking advice from the SREB staff about how West Virginia might adopt a similar program.

Upon introducing his Promise legislation, Senator Jackson had the support of many legislative colleagues, the reasons for which became evident after talking with policy actors involved with the creation of the Promise program. Not an ill word was spoken about Lloyd Jackson in interviews with fellow legislators, higher education leaders, governors and their staffs, and observers. In fact, most used descriptors such as: “integrity,” “intelligent,” “modest,” “humble,” “bright,” and a “model lay member” of the Methodist church. One campus representative noted that despite Lloyd Jackson’s wealth and success as a business-owner, he owns a natural gas company in Hamlin, Senator Jackson is “in politics for public service.” It seems that much of the respect of his peers has been based on his dedication to education. One fellow senator put it like this:

Lloyd just is a huge – you talk to him a few minutes – he’s a huge student of education. He loves education. He was the chairman of education. He was constantly looking at all the other states at what they were doing and what was working, and I think [the idea of Promise] was totally Lloyd.

*Who named Promise?* Senator Jackson’s recollection of how Promise got its name provides an illuminating insight into his character. Toward the end of my interview with Senator Jackson, I asked if he named Promise, to which he responded:

Well, it was me but I’ll tell you how it happened. I had an intern that year who has just graduated from law school two years ago... why I kept him I don’t know because when I first met him he had a picture of Ronald Reagan on his desk. I’m a former state Democrat chairman in West Virginia. But anyway, that’s a little aside... I said, “[intern’s name], I need a name for this program.” And he went home one night and came back and he said, “How about Promise?”... He came up with the promise name and then he made the acronym work, but he’s my intern so I get the credit for it.



In addition, to answering the question, his response offers insights into his party loyalty and his unusual willingness to seek input from those not sharing his affiliation. However, when recalling this conversation with members of his legislative staff, they quickly set the record straight:

He's a little modest. Sometimes he doesn't really give himself enough credit. But he's really the author and finisher of this thing.

One former legislative staff member who also served in Governor Underwood's administration recalled a similar instance of Lloyd Jackson's modesty:

He clearly did that with the virtual school program, the implementation of the virtual school. Lloyd was one of those at the conference in Nashville and he was more excited than I was. Lloyd went to the breakout session and I got just the overview. Jointly, we wrote the legislation, or drafted the bill but he said, 'here, take this to the Governor and convince him to introduce it' ... So the bill was introduced as the Governor's bill, but Lloyd Jackson was clearly behind it more than anyone was and the governor knew it.

*"That's the way the game works"*. Lloyd Jackson's reputation as a straight-shooter and deep-thinker quickly earned support for Promise from his Senate colleagues. However, support from the lower chamber did not come without a price, nor would it two years later. According to Speaker of the House Bob Kiss, many delegates were concerned about the fiscal implications of such a broad-based financial aid program:

I think the House was probably a little more leery and a little more uncomfortable about the fiscal ramifications. But also, again, I don't want to insinuate that there weren't a number of senators who weren't also very concerned about that.

As is often the case in the policy process, these differences were resolved like many legislative disputes—a horse trade. According to Senator Jackson, the deal “wasn't particularly contentious,” he continued:

[The Promise bill] clearly was an initiative of the Senate Education. I was chair of the committee where it came from. And the House understood that's an agenda that we wanted, and so there's always a little bit of gamesmanship that goes on between the two houses. We knew what they wanted and they knew what we wanted, and so both of those [bills] passed the last night of session. That's the way the game works.

People understood that. So, I don't think there was any opposition to the legislation. I just think they knew we wanted this bill, and we knew what they wanted... They wanted Eastern Community College in Delegate Michael's district. He was the house finance chair and we knew it, and they knew what we wanted. And so both those bills kind of languished in both houses until they both passed.

Delegate Harold Michael had been promoting the establishment of a new community college in his district for years and, for years, was having trouble finding support in the Senate. So, in the final days of the first session of the 75<sup>th</sup> Legislature, when the Senate needed House support for Promise, the House asked for Senate support in return to establish Eastern West Virginia Community and Technical College. As a result of this deal between chambers, on April 7, 1999, Governor Cecil Underwood signed SB 431 thereby authorizing the Promise scholarship program.

*Criteria determination.* Throughout this process, it appears that the eligibility criteria for Promise scholarships were rarely discussed. From the beginning, the program was seen as Senator Jackson's project and little effort was made to consider the finer points of the policy. The closest the legislature came was general criticism from House Delegates that additional money for financial aid should be target to the state's need-based Grant Program. With little to no formal debate on eligibility criteria, the adopted bill included Senator Jackson's original criteria of a "B" average and "additional objective standards as the board considers necessary to promote academic excellence and to maintain the financial stability of the fund" (SB 431, 1999). According to Senator

Jackson, he consulted outside experts as these criteria were developed, “even though SREB wasn’t peddling merit-based scholarship programs... they understood that if we were going to do it, they wanted us to do it right.” This advice included suggesting that, in addition to the cumulative 3.0 grade point average requirement, recipients meet the same threshold in their academic core curriculum. The state was also encouraged to add an “objective standard,” which according to the sponsoring senator, “They knew what that meant, that it meant the ACT or SAT test.” Both recommendations were made to guard against grade inflation in and grade disparity among West Virginia schools. Taking this into account, Senator Jackson crafted the Promise criteria using the same “B” average requirement of Georgia’s HOPE program with modifications gleaned from their experience.

#### *2000 Gubernatorial Campaign*

*Promise and gray machines: The ‘hot-button’ issue.* With both candidates holding relatively moderate views, one topic emerged as the “hot-button” issue on which candidates had clearly different opinions—funding the Promise scholarship program. The incumbent Governor Cecil Underwood was somewhat of an anomaly having been elected to a second term as Governor after leaving the governor’s mansion 36 years earlier. In fact, Bob Wise was only eight years old when Governor Underwood was first elected in 1956. According to many respondents, Governor Underwood was neither widely popular nor unpopular. Having been elected in 1996 with the support of many moderate Democrats, Governor Underwood’s moderate Republican views did not align with the more conservative base present in the 2000 election.

By contrast, Bob Wise was much younger and known for his energy and vitality. But on the issues, Wise also followed a familiar platform among southern Democrats, which one informant described below:

Bob Wise is a very, very interesting guy. I've followed him, watched him, rather closely... he had some issues that appealed to conservatives and some issues that appealed to liberals and could reach across the spectrum. Gun control is a conservative issue. He believed it. His staff people wouldn't even raise questions about gun control. And on social legislation he was very much a liberal. So he had broad appeal.

As the state was leaning more to the right in statewide races<sup>17</sup>, Democratic candidates were becoming much more moderate. As a result, Bob Wise found an issue with broad public support and sought to fund it.

The central issue, then, in the 2000 West Virginia governor's race was whether or not gray machine revenue should be state-regulated with proceeds to fund Promise scholarships. Governor Underwood, who signed the 1999 bill authorizing the Promise program, was supportive of the program, but not the revenue stream. Indeed, the regulation of limited video lottery or gray machines was a prickly issue. There was widespread public discontent with the proliferation of these machines, which were legal for entertainment purposes, yet nearly always operated with stakes attached making them illegal. That these machines were prevalent in establishments often frequented by children, most notably pizza parlors, created even more concern among the public. So, while there was agreement that something should be done about the gray machines, the notion of regulating the machines as a form of state-sponsored gambling was clearly

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<sup>17</sup> Presidential candidate George W. Bush carried the state for the Republicans for the first time since President Reagan's reelection landslide in 1984. Also, Congressman Wise's former seat was won by a Republican, who was only the second Republican to hold this seat since the reapportionment act of 1961 (West Virginia Blue Book, 2001).

contentious. Governor Underwood opposed the funding source. Candidate Bob Wise staked his election on it.

*Governor Bob Wise: The godfather of the Promise scholarship program.* For 18 years prior to this campaign, Bob Wise held one of West Virginia's three Congressional seats<sup>18</sup>, representing roughly the middle third of the state, including Charleston. One campus president recalled that education issues were always important to Congressman Wise.

Governor Wise had been, during his time as a member of Congress, very interested in education. This college was in his congressional district, and so we saw him here, you know, at least once a year... He gave gifts to educational institutions in his district. He was very interested in financial aid for West Virginia, always was. Early in his time at the state house, if not before, he declared his interest in a merit-based program. I think he was intrigued by what was going on in Georgia and thought that he saw there a model that made some sense.

In addition to a history of support for West Virginia higher education, one legislator offered insight into candidate Wise's political strategy with Promise:

Wise, when he announced, he announced that he was going to create the Promise Scholarship. Now, there is an inside story on that one. The guy who ran the campaign for Miller in Georgia, and Governor Miller down there is the guy who created that scholarship program down there. Zell Miller, I guess is his name. And he had a guy who happens to live here as his political consultant... [Consultant's name] also was Bob Wise's political consultant...

He was saying, 'This is the key to getting re-elected. This is how you do it.' Kind of like Bush saying he'd give you tax breaks how he was going to be re-elected. And so that's how [Governor Wise] got onto the plan. He got onto the plan, I think, more for political reasons because he thought it was the ticket to bigger and greater things.

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<sup>18</sup> Actually, when first elected 1982, West Virginia held four Congressional seats. Congressman Bob Wise served the third district until The Reapportionment Act of 1991 reduced West Virginia's delegation by one seat. From 1993 to 2000, Congressman Wise served the second district.

Another observer had similar comments about the political under-currents that may have pulled Governor Wise to Promise. Recalling the rising conservative movement in West Virginia, including Democratic elected officials, this observer suggested that polling played a role in the governor's support of Promise:

But I would just say to you that Bob Wise would look at the numbers at where he would get the votes and he would design programs. I think every politician does. I don't mean to come down on him.

Regardless of these alleged political calculations, interviews with Governor Wise and his former administration officials were rife with evidence of a clear rationale for why Promise was needed and with attention to role of "messaging" in gaining support for the program. The primary aims of the Promise scholarship, according the Wise campaign, were three: (1) to raise the academic achievement levels of high school students; (2); to keep the "best and brightest" students in West Virginia colleges and universities and, (3) to, subsequently, improve the quality of the West Virginia workforce. Recognizing that Promise had been enacted, but not funded, Governor Wise recalled looking at the HOPE scholarship program in Georgia to serve as the main model both for the scholarship criteria and for gaining public support for its revenue source.

The attention paid to messaging during the campaign (and again later during the 2001 legislative session) reflects the discipline of the candidate and his staff to articulate the benefits not only of the Promise program, but also why the gray machines should be regulated to fund the program. A senior official in the Wise administration explained:

The Gray Machines were there, but we knew that people were saying you're going to tax an illegal industry and make them accountable for what they're doing. 'Okay. That sounds good to me.' It's a very simple message. And that's what I think also creates good policy at the end of the day. There are really great things that people do everyday under the capitol dome. People don't get it. Why? Bad messaging.

People have a really hard time understanding what's going on... Literally, we would have press conferences and press releases that would have bullets. Here's how [Promise is] lined out: A B C D. That's not to say people in West Virginia are clueless and didn't get it. No. It's because people took the time to say, 'Hey, this is really important. Watch how this process works. Let me tell you how this program will work step by step by step.' It was all in the messaging.

*Criteria determination.* Throughout the 2000 gubernatorial campaign debate about the Promise program was largely limited to the revenue stream. Debates rarely occurred about whether the eligibility criteria in the authorizing legislation were too rigorous or not rigorous enough. The only exception was the advocacy for need-based aid by Governor Underwood and other Republican legislators. Many informants speculated that this support for need aid was primarily an opportunity to oppose the Democratic candidate's pet program, rather than reflective a long-standing tradition of supporting need aid. On the other hand, one former cabinet official in the Underwood administration claims that Governor Underwood's support for need aid was consistent and based on the governor's own college experience:

He was a product of that, he grew up during the depression; he rode a school bus some 20 miles to school, he did not have a car at any time while he was in high school, when he started college, the college he went to was the college closest by which was a twenty mile walk. He walked to college on Sunday night or hitchhiked and stayed there in Salem, West Virginia, stayed there all week and on Friday, walked back home or hitchhiked or a combination thereof really, part of the way he got a ride and part of the way he walked, so he grew up in that mindset. He was very concerned about those people who he wanted to provide some support for in the need-based program.

In the end, Bob Wise was elected the 33<sup>rd</sup> governor of West Virginia by a clear majority of four percentage points. Having made funding the Promise scholarships his central campaign promise, the governor-elect never let up his advocacy for Promise.

Perhaps his zeal for the program is best reflected in his comments shortly after the election with an analogy about the ability of Promise to staunch the brain drain. “In Oklahoma, they promised 40 acres and a mule. We need to promise a laptop and an education and call it academic homesteading” (Coleman, 2000).

### *2001 Legislative Session*

#### *The campaign continues.*

The first step is getting elected but the second step was getting Promise past the legislature, and I knew that if I stayed in Charleston and worked with 134 members of the legislature, many of whom some supported it and some didn't, that I probably would not get it passed. And so that is why I had to go – I had another campaign to run as soon as I came in office, and that was to go back out on the stump and press for the Promise.

In his own words above, Governor Wise no sooner took office then he was “back out on the stump.” Having last served in state government as a senator in 1982, Governor Wise believed that he was seen as an outsider.

I was in the legislature twenty years earlier, but I didn't come from the legislature. I was from the outside. I'd been in Congress, and been gone for eighteen years. And so it wasn't an automatic, ‘Okay, you're one of us. We're all working together.’ And also I think with any new governor, particularly one that comes from the outside, that there's a testing process that takes place. Well, I had to take my test at the same time I'm trying to get my major initiative under way. So the only thing I knew to do was to do what I'd always done, and that was to—there's an inside game and an outside game, and I tend to run to the outside, the outside being you go back to the public.

My feeling was that if I got them interested in the Promise Scholarship, then they'll tell their legislators, and that's going to be more effective than me asking their legislators, or maybe both of us jointly. That's why I spent so much time out in the public and pointing out whatever the salient fact was that rung their bell and justifying why I think it's a good idea.



This second push for Promise was truly a campaign, with stump speeches, press conferences, rallies, and grassroots initiatives. In fact, to his staff's dismay at times, Governor Wise mentioned Promise in every speech to every audience. The governor recalled that this was especially well-received by senior citizens where he highlighted the role that grandparents play as mentors to their grandchildren:

And that got to be the most enthusiastic response I'd get was the senior centers. I mean, I could talk about, 'we've done this for Medicaid and I've put another \$1 million, \$1.2 million into the senior nutrition program and [given] all the budget cuts, I want to assure you that the senior programs weren't cut. But the loudest applause line that I would get is, 'we've got something for your grandchildren to go to college.'

To lead this campaign, the governor assembled a core group of policy actors, including: Secretary of Education and the Arts, Kay Goodwin; Chancellor of the Policy Commission, Michael Mullen; and a few of his senior administration officials. They relied heavily on Chancellor Mullen for background trends and financial aid data. The data point most often mentioned by respondents claimed that 75 percent of all students who graduate with a bachelor's degree from a West Virginia college would remain in the state. In addition to providing information, this group also worked the "inside game" for Governor Wise. For example, one member of the Wise campaign team outlined the roles played by Secretary Goodwin:

Kay Goodwin, by the way, I really enjoyed working with her. People underestimate her. She's a very tough lady, but when you meet with her, you won't get that. But you cross her, or if she has an agenda, she will get it done. She was probably – she was an excellent choice to be Secretary of the Arts and Education [sic] because in that position she serves as chair of the Promise board...

Her attitude is 'damn the torpedoes, straight ahead we go.' She always had her votes before the meetings, and if legislators didn't like what she was doing, she would try and glad hand them or say, well, you know, tough. This is what the Governor wants and this is what we're going to do.

So, with Governor Wise on the road drumming up support for Promise and members of his staff and administration tending to legislative matters, the campaign for Promise continued.

*The need aid alliance.* Beginning with Governor Underwood's support for need-based aid as opposed to Promise during the 2000 election and throughout the 2001 legislative session, Republicans were largely in favor of need aid while Democrats were promoting the merit-based Promise scholarships. This counter-intuitive trend presents a mirror image of the party ideology with Republicans supporting a redistributive, New Deal- and Great Society-type program targeting resources to low-income students and with Democrats supporting a Reagan-esque program that rewards excellence irrespective of means. One state senator warned that Republicans' viewpoints in support of need aid should not be taken at face value:

I would explain that as just pure politics. I mean, those theoretic philosophies, if you will, Republican philosophy and the Democrat, the philosophy, if it works well for them, they'll embrace it real easy. If it don't [sic] work for them, they'll leave it behind, you see.

However, Republican legislators were not alone in expressing a preference for fully-funding the state's need-based West Virginia Higher Education Grant Program before considering Promise. This view was also shared by one private institution president who made this observation:

My argument was always that it took us 25 years to build up \$20 million of support for need-based aid and in 3 years we went from 0 to 28 million, now 38 million, for merit aid, and the proportions just don't make any sense.

Many Democratic Delegates in the House also supported need-based aid, including House Education Chair Jerry Mezzatesta, who was particularly interested in providing

grants for non-traditional students attending two-year colleges and vocational training institutions. Chairman Mezzatesta also had concerns about the use of limited state resources to provide scholarships, “regardless if you’re a millionaire or billionaire.” One Republican senator echoed these sentiments and drew attention to the regressive nature of the funding source to support his claim that need aid should be fully-funded:

I think it’s a crazy idea, two doctors who live in Charleston who are making \$500,000 between them and we’re going to make a person who’s putting a dollar into a video lottery machine somewhere who is probably poor as hell, we’re going to make them pay for those kids’ education. To me there’s something inherently wrong about that... We’re not fully funding our needs-based scholarships, so to me until those needs-based scholarships are fully funded, I struggle with putting any more funding into Promise Scholarships.

In response to this argument, proponents of the merit-based Promise scholarships claim that there are so few truly wealthy families in West Virginia that means-testing is unnecessary. Senator Jackson recalled the financial burden of sending children to college even for middle- and upper- income families.

People can say what they want to about a family making \$60,000-\$70,000 that they can afford to send their kids to school without any hardship. That’s nonsense. I got one in college right now. I can tell you WVU has a stated cost of \$12,000. That’s for a kid who does nothing when they get there, I’m telling you. It’s not that. It’s \$15,000 or \$20,000. It’s not deductible, as everybody knows. Who can make \$60 or \$70 or \$80 thousand and take one-fourth of their disposable income and make 80 after taxes, what have you got left? 60? 65? Take a third of the disposable income and just lop it off and say, ‘Okay, this won’t affect my family.’ It just doesn’t happen. If you have two kids in school, it really gets you.

West Virginia doesn’t have that many people whose kids are going to go to school on Promise who can just openly afford to send their children to school. Only 5 percent of the tax returns are over \$100,000 income. There’s just not that many. There’s probably a few, but they still meet, to my mind, the other four criteria: work hard in school, take the right courses, go to school in West Virginia, and work hard in college.

Indeed, Governor Wise and members of his administration highlighted the larger state goals that Promise would serve irrespective of students' financial need. Many informants, in fact, recognized that student from these backgrounds are likely to be among the "best and brightest" that Promise aims to keep in-state for college.

*"The Baptists and the bootleggers".*

I still remember the day that we had a couple of busloads of church folk show up to protest, but it came out that the buses were paid for by the gamblers back in their district because for the first time the gamblers were now going to be taxed. I'm sure you've run across this in Tennessee: the Baptists and the bootleggers go to the polls together because the Baptists don't want liquor by the drink and the bootleggers don't either because that takes away their revenue. Well, it's the same thing here.

You had a bunch of people operating illegal machines and doing quite well because none of the money – they didn't pay taxes on any of the money. So those are the gamblers, and they're totally unregulated and now I'm going to come along and I'm going to take most of the machines away and then the ones that are left we're going to tax them pretty significantly. So, therefore, they ended up supporting the anti-gambling forces and quietly, when they could, bankrolling them. My sense was that most of the time the anti-gambling folks didn't fully appreciate that.

The analogy of "the Baptists and the bootleggers" used by Governor Wise draws attention to the unholy alliances often found during the gray machine debate. In fact, the gambling issue was heavily linked to Promise throughout the 2001 session. Many respondents identified both Republican and Democratic legislators with strong anti-gambling convictions (either personal or representative of their districts). To overcome these strong aversions, one private college president offered this perspective:

Then you are transforming sin money, if you want to use that term, into good public outcome. That's why people who are interested in gambling want some of those revenues to go to help senior citizens and to help education because those are good outcomes and, therefore, that justifies what you have to do to get the tax money. And so, then the gaming industry wins by getting more gaming to support these three causes. It's a win-win-win.

An official in the Underwood administration offered similar sentiments:

It's a real hard sell when you go out there and say we want to endorse gambling and we'll just take the money and we'll figure out what to do with it. In most cases, it's been tied to something with a very laudable objective so the end justifies the means. Otherwise, people would not endorse it. So people hold their nose, swallow hard and run for it or accept the reality, 'I'm going to endorse this gambling stuff whatever it is, whatever form it is.'

While a critical mass of anti-gambling legislators and citizens clearly existed, the general public was clearly disturbed by gray machines. One state senator indicated:

We had a problem here with gray machines. They were everywhere, and they were in places where there was kids, and so they'd become really a pain in everybody's – a thorn in everybody's side, and so we had to do something with them. To conjure up the votes to get something passed to legalize gambling, you had to come up with a very worthwhile expenditure of those funds.

Reading the tea leaves, Governor Wise decided to take a calculated political risk, which no elected official previously dared to tackle—supporting the regulation of gray machines. While it was easy to gain support for restricting gray machines from pizza parlors and ice cream shops, many machines were located in Elks clubs and VFW lodges scattered across the state. From the latter locations, there was resistance and a much fainter outcry from the public. So, rather than using a “stick” approach in prosecuting the 20,000 to 30,000 illegally operated machines, Governor Wise took a “carrot” to the public in the form of the Promise scholarships. In essence, the governor was betting that average citizens and their elected leaders, who had for decades ignored the gray machines, would be excited enough about the Promise scholarship program to outweigh the vocal and well-organized groups who either: (1) oppose any form of state-sponsored gaming, or (2) own gray machines and resent statewide regulation. As a testament that

Governor Wise's gamble paid off, the following comments of a Republican senator reflect the difficulty in opposing Promise:

No one can be against merit-based scholarships. No one can be against – I mean, once Promise passed there was no one against it because it was a powerful political tool. I mean, Bob Wise saw that. Who's going to be against providing college education to A / B students of middle-class families? I mean, no one's against that.

*Colleges and universities weigh-in on Promise (or not).* With the most significant piece of legislation affecting higher education finance in decades, West Virginia colleges and universities took different approaches during the policy process. Informants consistently identified one institution as playing the most active role in support for Promise—Marshall University. Having long lived in the shadow of the state flagship, West Virginia University (WVU), Marshall had recently increased efforts to advocate its interests in Charleston, which is less than an hour's drive to the east of Huntington. In addition to the institution's increased national profile due to upgrades in athletic conferences and academic reputation, Marshall was making a concerted effort to be viewed and funded at the same level as WVU. In the Promise program, Marshall University President Dan Angel saw an opportunity to both increase the caliber of incoming students and gain politically by publicly supporting Promise. In fact, the institution took out a full page advertisement in Charleston newspapers urging the legislature to adopt the program.

By contrast, the state flagship was largely silent. According to campus leaders, the institution recognized the “need to be neutral in these types of debates,” especially given the philosophical difference of opinion on need-based versus merit-based aid. Given the popular opinion that WVU had the most to gain from this Promise, higher education

system leaders and elected officials appear to be surprised by this reaction. One higher education leader offered the following rationale for WVU's response to Promise:

WVU tends to be a little more aloof and, in part, again, the urgency there is not as great. I think WVU gets more external funding from the federal government and private foundations... WVU has a state focus, but they are aspiring to compete on the national level, so they're kind of halfway in between the state and the nation in terms of their attention. So WVU doesn't focus as much attention on state policy, and frankly they don't spend as much time as I think they should on state policy issues because they're trying to divide their time between what's going on nationally and being competitive with other national institutions and what's going on here.

With the two largest public universities taking vastly different approaches to the Promise debate, the rest of the institutions took similarly divergent paths. Consensus from informants suggests that, aside from the Higher Education Policy Commission, the higher education community in general took a "wait and see" approach to Promise. Another exception to this trend, however, was Concord College. The president of Concord, Jerry Beasley, through a shared affiliation with Harvard University, invited higher education economist Bridget Terry Long to present her recent research findings on the effects of the Georgia HOPE program. This perspective fit for the college, which according to another higher education official, had little to gain from a merit-based program aimed at attracting "elite scholars." Instead, the official continued, "He's trying to get more into need-based financial aid so he can get poor kids in Appalachia to come to his school."

Dr. Long also presented her research findings at West Virginia State College and before the House Education Committee at the request of its chair, Jerry Mezzatesta. According to a member of the Wise administration, the Governor was concerned that this opposing message would begin to gain traction. However, aside from a few days of media attention, there was no lasting effect of these presentations, which one respondent

aligned with the Wise administration suggested could be attributed to Dr. Long's outsider status:

I don't know to what extent the fact that she was from Harvard had any influence on it. There's a certain ingrained resistance and skepticism to these external experts coming in and telling us how we should be doing things. I understand where it comes from, and in her case that may have been a factor...

I don't know what effect that had in the minds of legislators and the average person on the street, but my sense is that there was some of that going on. So in a way it might have actually helped us because, again, we've had a lot of people down through the years come in and with the best of intentions try to give us advice or try to help us, and sometimes with people here in the state it backfires.

One other important development is the issue of whether or not students attending private colleges and universities would be eligible for Promise. According to Governor Wise and Senator Jackson, the intent was always to have these students eligible. However, according to one president of a private institution, this agreement was not solidified until the beginning of the 2001 legislative session.

The night before the Governor's State of the State Address when [Governor Wise] announced that [the Promise program] was his plan and platform and legislation, he came up and put his finger in my chest and said, 'Okay, I read your editorial in the newspaper about Promise should be transportable to private institutions, and I changed my legislation to make it transportable. Now I want you to support us.' [The president thought,] 'Oh, okay, I understand how this works.' So we got that tidbit and, in response, I pulled my objection in regard to whether it was a good idea for the state.

However, private institutions were not united in favor of Promise. Having determined that this program was inevitably going to be funded, another private institution president decided, "to embrace the notion of rewarding bright work." On the other hand, one private college president worried that with full-tuition scholarships available to students attending public institutions that private colleges would now be "competing



against free.” Notwithstanding the few misgivings of some private institutions, their students’ eligibility for Promise scholarships had been secured.

*“The governor proposes, the legislature disposes”.*

[Governor Wise] took an active interest in this, and you understand politics within states, and the governor is going to get his way on something every session. I mean, it’s just the way it works. He has too much power. And this was his number one issue. So this was going to happen, but because everybody knew it was going to happen, people play games. They’ll hold up other stuff the governor wants and they’ll do all kinds of things. When people know your hole card, they play towards it, and they knew what the Governor’s hole card was. He wanted Promise...

So I thought he did a good job. Everybody knew that he wanted this bill. I don’t think anyone sitting in those chambers thought it wasn’t going to happen when the time was right. But, you know, it’s just when the Governor wants something this bad, it’s not going to happen ‘til the last minute. Not going to happen. And that’s no different from every other state in the nation and Washington. Congress doesn’t just roll over and give the President what he wants and then assume the President’s going to be a nice guy when their bills come along. It doesn’t work that way.

Senator Jackson’s comments above illustrate the inherent tension between the executive and legislative branches. In final fortnight of the 2001 legislative session the political hardball began. After months of public debate and a second campaign push by Governor Wise, the House Education Committee fired first by gutting the Governor’s Promise bill, reducing the criteria to require both a 2.0 grade point average (GPA) and an ACT score of 18. To afford these more easily attainable eligibility criteria, the award amount was reduced to \$500.

As is the case in many policy processes, the personalities of key actors can affect the debate. This was clearly the case with House Education Chairman Jerry Mezzatesta. While some informants expressed an affinity for Delegate Mezzatesta on a personal level, most often he was characterized by his “bizarre” behavior or one with whom, “everything

is personal.” Yet, as a legislative staff member pointed out, “He had tremendous influence on the House side.”

Jerry Mezzatesta used this influence throughout the Promise debate, perhaps because of a deep-seated animosity for merit-based aid, or perhaps for personal reasons. Regardless, according to respondents involved in the policy process, Chairman Mezzatesta used his position to block votes and to hold legislation, which had the Governor and the Senate continually seeking alternative legislative routes for their bills. For example, the Promise program required a legislative rule to be passed by the Legislative Oversight Commission on Education Accountability (LOCEA), which Delegate Mezzatesta served as chair. He refused to pass the rule until minutes before midnight on the last day of the regular session. As a result, the Promise Board of Control now is structured with less autonomy, requiring Promise rules to be promulgated by the Policy Commission. As one member of the Wise administration quipped, “Yeah. Had Jerry not been there, we would have had a much easier time.”

So, on the same day that the House Education Committee re-wrote the criteria, the Promise Board, which was previously established under the authorizing legislation, announced a scaled set of criteria whereby students would qualify with either a 3.0 GPA or 21 ACT score provided that students must have at least a 2.75 GPA and 19 ACT score (“Proposed rules,” 2001, April 2). Nonetheless, the House Education Committee’s new criteria appear to drive the discussion

The House Education revisions sparked strong words from the Governor and House Speaker. Within days, Governor Wise responded with an ultimatum that he would continue to state over the next few weeks, “No Promise, no budget.” In response, Speaker

Kiss indicated that this is to be expected in the policy-making process, then stated, “the governor proposes, the legislature disposes. We are not a rubber stamp” (Frankel, 2001, April 4). Yet, that same day, Speaker Kiss and House Finance Chair Harold Michael jointly sponsored amendments in the Finance Committee that restored the spirit of Governor Wise’s Promise program by returning the eligibility criteria to a 3.0 GPA and 21 ACT for students attending four-year institutions. However, the amendments left unchanged the provision to set a 2.0 GPA criteria for students enrolled in less than a baccalaureate program (Seiler, 2001, April 5).

The next day, however, on the House floor further amendments found a middle ground for the eligibility criteria, including a 3.0 GPA and 18 ACT score as requirements for students attending four-year institutions and a 2.0 GPA requirement for students attending two-year institutions. The bill also eliminated the Promise Board and left determination of award amounts up to the Vice Chancellor for Administration of the West Virginia Higher Education Policy Commission.

Upon receiving HB 3238, the Senate Education Committee restored the Promise Board and gave them until October 2001 to finalize the eligibility criteria. In conference committee, the Senate version of the Promise bill triumphed, thereby stripping the 2.0 GPA requirement for students enrolled in two-year programs. On the last day of the first regular session of the 75<sup>th</sup> Legislature, both houses passed HB 3238 creating the Promise scholarship program. However, similar to its authorization two years earlier, a funding source had yet to be approved. The funding bill regulating the gray machines (HB102), would not be resolved in conference committee before the regular session ended.

In what Republicans claimed was a renege on his promise, Governor Wise called an extended session for the legislature to work out the gray machine bill and finalize the budget (Frankel and Wallace, 2001, April 16). Both would happen, but an interesting story lies within.

*Slicing the gray machine pie.* While the Promise bill passed during the regular session, the gray machine legislation posed the biggest challenge to the merit aid program's implementation. At this point in the process, the largest hurdles had been cleared with both the House and Senate passing bills authorizing the regulation of gray machines. The extended session provided the conference committee with more time to reach an agreement on how the proceeds would be divided. Of course, extensive negotiations on the beneficiaries of gray machine revenue had already taken place within each chamber in order to build support. As Senator Jackson recalled:

I think the real issue was how did [Governor Wise] get enough votes to pass the bill. That's where the other parts of the pie came in. It's how can I get enough votes to pass this [gray machine] bill, and I think that's where you'll see the other funding streams come in.

To gain this broad support, the gray machine revenues were allocated for teacher and police pay raises, state infrastructure, park improvements, School Building Authority, and higher education. In an interview with House Speaker Bob Kiss, he underscored the importance of the infrastructure funding:

I think if you graded the desires of the legislature on what we should spend our money on, higher education certainly would have been in the top two or three. The top one was infrastructure. The state had severe ongoing neglect in the area of water and sewer infrastructure. And what many people to this day don't recognize is that the Gray Machine legislation was the money for the infrastructure – both water, sewer and schools, public school construction – and that was something that caused the legislature to even more so embrace that as a back way to get what we viewed as our number one economic priority and certainly one that we

thought was a major priority, if not the major economic priority, that the administration thought was the major priority.

The infrastructure allocations of the gray machine revenue appears to have helped gain support in House, which passed the gray machine bill (HB 102) by a margin of 60-36. The final vote in the Senate was much closer and ultimately passed by only one vote, 18-16. Governor Wise and senior officials in his administration were quick to recognize the vote of Republican Senator Karen Facemyer as the deciding vote. Senator Facemyer was the only Republican to vote for the gray machine bill, but did so only after a vote to ban gray machine altogether failed. In a newspaper article (Kabler, 2001, April 14), she claimed to have voted for the “next best step, which is to restrict and regulate.” This undoubtedly thrilled the Wise administration, to see their well-honed message in print as the rationale for the lone Republican vote in support of the Governor’s number one initiative.

*Promise Board finalizes criteria.* Befitting the manner in which Governor Wise gained support for the Promise program, on May 2, 2001 the governor signed HB 3238 into law at Capital High School. With students, teachers, administrators, school board members, and Senator Lloyd Jackson sharing the stage, the bill was signed to the cheers of hundreds of potential recipients (Coleman, 2001, May 2). Days later Governor Wise consulted with Senator Jackson to begin deciding upon appointments to the Promise Board of Control. All members of the Board were appointed by the governor: two members are selected from a list of six nominated by the Senate President, two member using the same nomination process by the House Speaker, and six at-large members representative of the state’s economic and business community. Secretary of Education

and the Arts Kay Goodwin was already identified to serve as chair (Wallace, 2001, May 7).

On August 28, 2001 the Promise Board of Control announced the newly hired Executive Director, Bob Morganstern, and approved a set of rules outlining the eligibility criteria: a 3.0 GPA and a score of 21 on the ACT. Informants shared varied recollections as how the decision was made. Most noted that the 21 ACT score requirement was the equivalent to the national average of 20.8 and was only slightly higher than the West Virginia average ACT score of 20.3. Pragmatism appeared to have prevailed; however, as Senator Jackson recalled how the 21 ACT score was determined:

They backed into it initially. They knew how much money they had. 21 is roughly the national average; it's 20.8 or 20.9. They backed into it because they knew they had \$27 million. They'll tell you what they want to, but I know that's what they did.

Senator Jackson was not the only one suggesting that criteria were set by working backwards. It was ironic that after a full year of advocating for Promise by providing data points to support the program, the final criteria adoption was a simple calculation that depended on how much money was appropriated.

### Case Analysis

Having outlined the chronology of events that led to the creation of the Promise program and its criteria, this section analyzes these events and impulses against the analytical framework outlined in Chapter 3. (See appendix C for a summary chart of the framework.)

### *Rationality of policy actors' behavior and preferences*

Overall, the preferences of policy actors in the West Virginia case and the means through they acted upon these preferences were grounded by pragmatic, rational ends. To be sure, elected officials and higher education leaders employed political strategies, yet these approaches should not be characterized as the opposite of rational since most often they were based on a clear understanding of the end goal. Of course, the ends differed depending upon the policy actor. For Governor Wise, his administration officials, and Senator Jackson, the desire to implement the Promise program guided their behavior and preferences to respond to declining education standards and diminishing capacity of the state workforce. Furthermore, these policy entrepreneurs sought to leave a legacy and, for Governor Wise, to fulfill a campaign promise. For state legislators, especially those in the minority party, the opportunity to leverage the Governor's pet program in order to gain support and resources for their own projects guided their actions and "gamesmanship" throughout the policy process. By including political motivations in the rationality of policy actors' behavior and preferences, it is obvious that, whether policymakers were for or against Promise, they behaved with a clear end goal in mind.

Two specific examples highlight the rationality of policy actors during the Promise scholarship criteria determination process. First, the disciplined communication strategies employed by Governor Wise during both his campaigns for Promise. This focus on "messaging" clearly articulated the rationale for implementing the Promise program and for funding it by regulating the gray machines. The Wise campaign staff and administration officials tapped into what was described by many informants as the "proud work ethic" of West Virginians. In interviews with four executive branch respondents,

and many other informants, they repeated the same mantra for students who hoped to earn Promise, “work hard, play by the rules, and there’s a scholarship waiting for you.” This simple message implicitly supported merit-based criteria where all students, regardless of demographic characteristics, could attend college in West Virginia tuition-free. And, as Secretary Kay Goodwin points out, simplicity was what attracted Governor Wise to Promise in the first place:

I think it was its simplicity, and we have always tried to keep it simple. And I’m being fair with this, I think. In the political arena, you want something that can be explained succinctly. You want a good sound-byte, and I don’t think any politician can be faulted for that.

The Governor Wise and his advisors utilized a similarly pithy message to shape the gray machine debate—“reduce, restrict, regulate.” These three “R”s shaped the debate in a way that allowed Governor Wise to actually use his opponents’ argument in support his plan by implicitly stating, “if you are truly against gambling, join my efforts to ‘reduce, restrict, and regulate’ gray machines.”

The second example rests with the statewide constituency concerns of the governor and the district-level constituency concerns for every legislator. For Governor Wise, the stakes were higher since he promised to fully-fund the merit aid program during his bid for governor in 2000. However, the governor’s second campaign raised the stakes for every legislator whose district Governor Wise visited to promote Promise. Given the populist appeal of merit aid, particularly to middle income families, legislators paid attention to the pulse of their districts on this issue. One senator mentioned that this was especially true for legislators with colleges in their districts which also stood to gain considerably from Promise. In some districts though, the anti-gambling sentiment



outweighed the support for merit aid. In these districts, if legislators were interested, Governor Wise offered to go home with their legislator to make the case for Promise.

The rationality behind these motives lies in the core re-election interests of all elected officials. By campaigning and taking credit for a widely popular program, constituents see their legislator or governor as having delivered a significant, and potentially lucrative, opportunity. In fact, Governor Wise recalled recognizing legislators once it came time to award the Promise scholarships.

I remember going to one district there, a couple of House members, and one was running for the Senate, a couple of Democratic House members made a big deal out of opposing gambling, and they were, of course, on stage. So I made sure I pointed out the senator, and after I had recognized the House members and happily they supported the budget – I always gave them credit for supporting the budget – and I said, “But I just want you to know that this person over here, when it came down to the crucial vote, the reason we’re all gathered in this auditorium, was because of one vote. That one vote is Senator Prezioso right here or Senator Love or Senator...”

#### *Clarity of program goals*

Throughout the policy process, the clarity of the Promise program’s goals would depend upon whom you asked. Among supporters of the Promise program, there was a clear consensus behind the program’s over-arching aims and of the state deficiencies that made Promise necessary. Such consensus, however, eluded policymakers opposed to the Promise program. Opposition groups generally pointed to one of three reasons why Promise should not be funded: (1) the tainted revenue source, (2) the need-based Grant Program should be fully-funded first, and (3) the tendency of merit aid program to outgrow their revenue stream.

The goals of the Promise program, as outlined by the policymakers who advocated for it, essentially were four: (1) to improve academic achievement of high school students; (2) to increase the number and proportion of college-bound students attending West Virginia colleges and universities; (3) to graduate more students from college; and (4) to retain these graduates to contribute to state workforce. The only viewpoint on Promise's goals that strayed from these four came from a college president who claimed that Promise also served as a means to hold public schools accountable:

It was very politically big with [Governor Wise] and with Lloyd Jackson, but as Chairman of Education he was charged with the K- Ph.D. education in this state, and I think he had a little bit of this 'let's change public school system with this scholarship because we can't get the change otherwise.'

As for the opponents of Promise, the question remained in the extent to which their stated reasons for opposition reflect a core difference of beliefs about merit aid or whether their opposition was simply a guise under which to oppose the Governor's or sponsoring Senator's pet program for political ends. Recall the state senator who questioned Republicans' support for need-based aid. Similarly, the House leadership raised fiscal concerns about Promise and adopted amendments to HB 3238 during its course in the House to have the amount of the awards set by the Policy Commission rather than guaranteeing full tuition scholarships. The underlying message could be interpreted as a gratuitous criticism of the newly-elected Governor by painting his as a liberal and thereby stake their claim as fiscally conservative Democrats. These possible alternative motives make it nearly impossible to discern the extent to which these fiscal concerns reflect genuine skepticism about the growth trajectory of Promise or whether

the House leadership simply took advantage of an opportunity to hedge and possibly win the support of voters down the road.

*Stability of policy coalitions over time*

The West Virginia higher education community was rarely characterized as a stable coalition. From interviews with elected officials and higher education leaders alike, informants responded that individuals and institutions tends to be involved in more of an ad hoc nature. In fact, some elected officials did not mince words. According to Governor Wise, who currently serves as President of the Alliance for Excellent Education in Washington, DC:

I have to chuckle now that I'm in this job because I've come to learn a little bit more about the education community, and what I've come to learn is there ain't much of a community.

Another House Delegate had a similarly critical view of the higher education community:

I would say that most all problems in education get solved after it becomes a crisis. Educators are the worst people in the world because they teach to everybody else that you need to be prepared and you need to be flexible, but then when you have those same people telling others to do that, to be flexible, guess what? They're the most inflexible people in the world.

On the other hand, one senator pointed out that higher education, as a sector, is understandably reticent of statewide policy initiatives:

I would be frustrated if I was higher education. Every three or four years the legislature comes in because we can change higher education... We go another three or four years and change higher education. I mean, if I was higher education, I'd be pulling my hair out from frustration. And from that perspective they understand that every couple of years they're going to get a completely new mandate from the legislature... They worry about making sure that they have enough money to do the things the legislature wants them to do and I think the legislature probably doesn't do enough to keep – I think we change them too much.

With regard to most higher education issues, respondents identified a core group of policy actors usually includes some combination of the following institutions: Department of Education and the Arts, West Virginia Higher Education Policy Commission, Governor's Office, House and Senate Education Committees, and individual colleges and universities (public and private). However, respondents rejected the notion of this group as a stable coalition, based on the fluid involvement of these institutions and their representative policy actors varied depending on the issue. Given the purported absence of one coalition, there certainly do not appear to be multiple rival policy coalitions in the higher education sector. In fact, even among elected officials, most informants reported that partisanship, a common dividing point, is rarely a manifest consideration for higher education policy issues. In fact, with such a loosely-aligned single coalition, it is difficult to identify multiple coalitions with differing core beliefs. This is not to say that tension does not exist within the higher education community. Indeed, there are issues, characteristics, and goals that divide the community—need-based versus merit-based aid, universities versus community colleges, focus on excellence versus access—however, there is no stable coalition of actors or core beliefs that undergird and unifies a group of actors across multiple issues or perspectives.

#### *Influence of elected officials and non-elected officials*

Both elected officials and non-elected policy actors influenced the Promise scholarship criteria determination process. The creators and ultimate arbiters, however, were office holders. Two policy actors, Senator Lloyd Jackson and Governor Bob Wise, without question exerted the greatest influence on the process. However, both men also

sought out the advise and assistance of non-elected individuals to shape the program and to help advocate for it. Although, perhaps the most important influence on the policy process was the actual political structure within which the process takes place.

The Promise scholarship program, when initially conceived and upon connection to a funding source, had the face of public figure attached to it. Senator Lloyd Jackson, on his own initiative, introduced Promise to the legislature and used his reputational and political capital to see that it was adopted. During the 1999 legislative session, Senator Jackson went to the bargaining table to see that his program passed. Then, during the 2001 legislative session, again Senator Jackson lobbied for the bill, which according to one Delegate was a central reason for its passage. Senator Jackson was not running for re-election after that session and, from this Delegate's perspective, Promise was enacted in part as a testament to the senator's legacy.

The influence that Governor Wise had on the implementation of Promise can hardly be overstated. Whether politically calculated or not, Governor Wise staked his election and his own legacy on funding Promise. Once elected, the Governor did everything in his power to pressure legislators into passing and to encourage the general public to demand it. The comments of one senator best capture the influence of Governor Wise:

[Governor Wise] was absolutely convinced that the Promise Scholarship was a great thing and it was his savior for his administration. That was what he wanted to be remembered for... So he put all of his faith and support behind getting this bill passed.

When a governor does that, he does other things. It's not illegal things, but things – you'd been wanting a water line somewhere for a long time and you can't get it done. Then you could negotiate and find out that the governor all of a sudden has the same interest in a water line that you do if

he could get the money to do it, and the money would come from this source.

And that's the other reason why we spread this money around, put some in the seniors, and all of that is to build constituency to get the thing passed. And it took all of that. It took all of that and more. There was a lot of arm-twisting on the part of a lot of people. One Republican voted for it, only one.

While elected officials dominated and drove the public debate on Promise, non-elected officials played vital roles behind the scenes. Essentially, these "hidden clusters" of actors can be sorted into two groups by whether they West Virginia agencies or institutions or whether they were out-of-state organizations or experts. Both clusters were involved throughout the process, but in varying degrees.

During the initially development of the Promise program, Senator Jackson was greatly influenced, on his own initiative, by the SREB. The SREB, with offices in Atlanta, closely monitored the Georgia HOPE program and drafted publications on its implications for state financial aid. This familiarity with HOPE and with like programs in other states allowed SREB representatives to offer suggestions on how to shape the criteria, namely to add a standardized test component and require a "B" average in academic core courses. Then, during and shortly after the 2001 legislative session, out-of-state policy actors (representatives from other state merit aid programs) returned to offer testimony and advice on the criteria. With the exception of the presentations by Dr. Bridget Terry Long in late March, 2001 on the negative aspects of merit aid, the influence of out-of-state policy actors appears to be limited to the beginning and end of the policy process.

By contrast, the in-state cluster of policy actors was steadily involved throughout the process. Recall that Senator Jackson credits a staff intern with naming Promise.

Governor Wise also utilized his own staff, both during the campaign and when in office, to gather information about merit aid programs and, more importantly, to craft the rationale and “message” behind Promise. Of the core group people assembled to lead the second campaign for Promise, Governor Wise was the only elected official. Secretary Goodwin, Chancellor Mullen, and three key senior administration officials all played significant roles during that legislative session and, increasingly so, upon adoption of the program.

Elected officials and non-elected officials aside, it seems that what influenced the policy process most was the political structure. The impact of the significant institutional powers of the West Virginia governor was tremendous. The “budget power” constitutionally vested in the executive made Governor Wise’s threat, “No Promise, no budget,” possible. All governors can utilize the bully pulpit to advance their issues, but, in West Virginia, the governor can rely on more than media coverage and personal influence.

The influence of the legislative branch is diminished not only by the statutorily strong executive, but also by the relatively low level of legislative professionalism in West Virginia. The state’s citizen legislature offers a reduced capacity for research by their staff. While legislative staff did play a significant role in writing legislation and seeking alternatives, legislators appear to have relied upon outside experts and agencies and the resources within the West Virginia. On the other hand, the tenure and appointment power of chamber leadership led to the increasing power of committee chairman, which manifestly influenced the policy process through the roles of the House and Senate Education Chairmen.

To a lesser extent, the higher education governance structure seems also to have played an important role. The Policy Commission was in place for less than a year, yet aptly fulfilled its intended function—to provide policy direction and expertise on behalf of the entire system.

The cycle of influence is also important to consider. At the very beginning, the Promise program grew from an idea that an elected official had based on his involvement in non-governmental organizations and his attention to trends in other states. However, as the process evolved non-elected officials had reducing levels of influence. Recall the horse trade of a community college for authorizing Promise, the ascension of Promise to the focal issue of the governor's race, and the divvying of gray machine revenues to gain support for their regulation. However, West Virginia was unique in that it returned the policy deliberations on scholarship criteria to the non-elected officials at the end of the process by tapping the Promise Board of Control to set the final criteria. Regardless of how this decision was made, non-elected officials were re-inserted into the process, arguably, to ensure that the final decision on Promise criteria was to some extent insulated from the political process that led to its adoption.

#### *Availability of technical information*

In the West Virginia case, this dimension overlaps quite a bit with the influence of non-elected officials. The influence of the Southern Regional Education Board and West Virginia Higher Education Policy Commission, for example, was significantly attached to their ability to provide relevant technical information. As mentioned above, the SREB provided this information at the outset to Senator Jackson as he crafted the original



framework of the Promise program. Likewise, the Policy Commission provided projections of the number of students who would be eligible and, more importantly, drew attention to the education indicators that gave shape to the message outlining the importance of Promise. According to a former legislative staff member, the Policy Commission was also invaluable to legislative staff by providing assistance and answering questions that arose as the bill was being drafted and as it progress through the legislative process. Another respondent, a senior campus official, pointed out that policymakers sought out information from colleges and universities:

We ran – in fact, Secretary Goodwin was there then – we ran out for her four or five scenarios of what could happen with Promise under different conditions. So they were using us to some degree as an analytical tool. What happens with this? And we tried very hard not to be skewing it to be looking at it through [our institution’s] perspective but through the state higher education perspective... We did the analytical work and said, “If you do this, this will happen. If you do this, this will happen.” Then they ran with it politically, and out the other end came the 3.0 and the 21.

Since the Promise program was rarely debated on its own merits, that is, opponents took issue with its funding source more so than specific aspects of Promise, there was very little technical information generated in support of alternative proposals. For policy actors stating a preference for increased funding for the West Virginia Higher Education Grant Program, financial aid data was readily available. On the other hand, it seems that House Education Committee Chairman Jerry Mezzatesta had to look outside the state to find information that was critical of Promise by inviting Dr. Long’s testimony. In fact, many respondents commented that the Policy Commission was clearly supporting Governor Wise’s Promise initiative rather than playing the traditional apolitical staff role.

Policy actors utilized technical information to varying degrees. Not surprisingly, both Senator Jackson and Governor Wise employed information on educational and economic trends and rankings to bolster their case for Promise and the gray machines. During interviews with both men more than four years after the enactment of Promise, each recalled dozens of relevant data points to support the implementation of Promise. For instance, Governor Wise laid out an economic argument taking into account the likelihood of students remaining in-state upon college graduation and the West Virginia tax rate and determined that the state would recoup its investment in each Promise scholar within 10 years. Senator Jackson, in response to one question on the primary objective of the Promise program, cited 11 data points ranging from graduation rates to AP test scores. To the two patriarchs of the Promise program, clearly technical information was important.

#### *Effect of external influences*

The effect of external influences came primary from four sources: (1) other higher education issues, (2) national and regional merit aid trends, (3) historical context of West Virginia, and (4) public opinion. The other higher education issues affecting the Promise policy process were related to finance, namely the trend of rising tuition and the funding levels of need-based Grant Program. Following the national trend, in the mid and late 1990s leading up to Promise, tuition at West Virginia colleges and universities rose at a rates far surpassing previous years. Of course, this trend reflects the decreasing proportion of college costs borne by the state through appropriations. Yet, despite this decreasing share of state appropriations for higher education, during this same time

period, funding for the West Virginia Higher Education Grant Program drastically increased. One wonders, in the years leading up to the Promise debates, if the Grant Program received the same stagnant appropriations level of higher education as a whole would have the need aid argument may have gained more traction.

The most influential of external influences on the determination of the Promise scholarship eligibility criteria appeared to have been regional and national trends in merit aid. At the time of criteria adoption in 2001, seven states had broad-based merit aid programs and, more importantly, Georgia had eight years of experience with HOPE, which was long enough to identify challenge areas. As mentioned earlier, during the inception of Promise, Senator Jackson considered the merit aid experience in Georgia and Florida. Governor Wise was also thoroughly familiar with and informed by the Georgia HOPE program. In fact, the Governor invited the program directors of both Georgia HOPE and Florida Bright Futures to Charleston for information planning sessions with legislators and higher education administrators. In addition to the experience of state programs, there was a growing academic literature base on the effects of merit aid programs, including Dr. Bridget Terry Long's research. However, this research was not widely distributed among policymakers meaning that state offices implementing the merit aid programs were the primary sources of information, which generally led to a more positive perception of this new form of financial aid.

The state's historical context also helped shape the Promise deliberations. As outlined earlier, policymakers identified education indicators in which West Virginia ranked near the very bottom of all states. However, West Virginia's economy posed the most looming shadow over the Promise. With no new revenue on the horizon, Promise

was seen by many as a boon for higher education. In fact, one outside observer shared this perspective:

I would say that West Virginia felt so much more desperate to try anything that might work and they were coming from a position of weakness in some ways. That really characterizes it differently... people characterize West Virginia's [situation] as, 'last one to leave turns the lights out.'

The Deputy Secretary of Education and the Arts shared the perspective that West Virginia was running out of options. This policy actor also mentioned a common theme among other respondents—the state's strong work ethic:

I think West Virginians have a really deeply rooted belief in the value of hard work, and I think that's really where the popular view comes from. If you make the case that this is all about hard work, then West Virginians will gravitate to that...

And we don't have the kind of classes here because we don't have a really large upper class or a significant upper class. And in Georgia one of the things you heard was you've got suburban Buckhead neurosurgeons who make three-quarters of a million dollars a year and their kids are going to UGA for free. We don't have that kind of upper class. We don't have a Buckhead in West Virginia. The personal income here is compressed substantially, and so you can point to someone who's making \$150,000 whose kid's going to school for free, but that just doesn't have the same resonance with people as if you say that person is making \$750,000. So I think the Democrats were more comfortable with this, again, from a populist perspective...

I think, again, it was a reflection of the dire straits we were in and the recognition that we need to do things differently or think about them or market them differently.

The above comments also address the impact of the state's lack of widespread wealth as support for a merit-based program. One private college president highlighted the role of state context in support for need-based aid:

So you have a tough debate on both fronts. You have a state that in some respects politically and socially tends to be fairly traditional. I'm not going to say conservative, but traditional. And, as a result of that, you have a belief in equality, egalitarianism, and it is my opinion that all of this only

makes sense if we have an adequately funded need-based program as well. These two need to be partners.

Finally, the effect of public opinion of the gray machine “problem” and of Promise scholarships clearly played a role in the Promise program. When asked about public support for Promise, many elected officials asked the rhetorical question, “Who is going to be against giving scholarships to “B” students?” It seems that very few were. On the notion of regulating the gray machines, it also seemed that the misgivings tied to state-sponsored gambling where lessened considerably with the proceeds to benefit such worthy public needs, namely education. In fact, according to a poll sponsored by the news media in Charleston, nearly 75 percent of respondents supported the Promise scholarship program and when asked if they would respond more or less favorable if they knew that the money came from legalized gambling, 52 percent responded that they still favored the program (Smith, 2001, March 1).

Much of the public support for Promise, as with other merit aid programs, lies in the hope that it gives students and parents that college is possible. In Georgia, the advocates for HOPE aimed to “change the talk around the kitchen table.” Governor Wise recalled an encounter shortly after the Promise bill passed that best captures this effect:

And this one brought tears to my eyes, still does when I think about it. This was the first year, and I think we had passed it – yeah, we had passed it by that time. I used to go in the basement of the capital and eat in the cafeteria a lot, and so I’m walking out with a couple of friends. There’s a young parent there, a father with a girl about eight years old and a Girl Scout uniform or a Brownie uniform. Anyway, she’s got her sash on and he looked at me and he says, “Governor” – and I stopped to shake hands – “Governor, I just want you to know she’s going to be a Promise scholar one day.”

The purpose was to bring about an attitude, a further attitude development in terms of the importance of higher education and to get people talking in the early stage that if I work hard, then I can get this.

## CHAPTER VI

### TENNESSEE HOPE SCHOLARSHIP PROGRAM

#### Introduction

In 2003, ten years after Georgia enacted their trailblazing merit aid program, Tennessee adopted a similar program with the same name—HOPE (Helping Outstanding Students Educationally). After 18 years of trying to implement a statewide lottery, Senator Steve Cohen succeeded in urging the passage of legislation to add a referendum to the 2002 general election ballot allowing voters to decide whether to alter the state constitution in order to implement a lottery with proceeds allocated to college scholarships. The Tennessee case of merit aid criteria adoption reflects the state's historical context, higher education's fluid leadership, and the nation's ten year experience with merit aid.

Three sections comprise this chapter. The first section presents an overview of Tennessee governmental and educational structures along with financial aid trends leading up to the creation of a merit aid program. The second more detailed section contains a chronological narrative history, highlighting seminal events or actors, of the process by which the Tennessee Education Lottery Scholarship eligibility criteria were determined. This section relies heavily on interview data, which are presented at times in large segments, and archival documents for background and corroboration of interview data. The final section offers an analysis of the Tennessee case by utilizing the six dimensions of the analytic framework drawn from three public policy theories.

## Overview of State Context

### *Executive branch*

Stability and limited use of institutional power characterize the executive branch in Tennessee. The state's longstanding history of reelecting incumbent governors emboldens the executive's role in state policy. However, despite the significant institutional powers of the office, Tennessee governors appear to have reached a tacit understanding with the legislature providing each branch with relative autonomy on their initiatives. To assist in governing and leading administration initiatives, the governor appoints 22 cabinet-level officials in addition to lay members of 12 statewide boards and commissions.

Since 1978, when Tennessee enacted a constitutional change allowing governors to serve two consecutive four-year terms, each of the three governors have been reelected in landslides.<sup>19</sup> Furthermore, in the last 50 years, there have been only seven governors. The lieutenant governor has been even more stable. Every two years since 1971, Lt. Gov. John Wilder, who is now 84 years old, has been elected Speaker of the Senate, which also carries the title of lieutenant governor.

With regard to statutory power, only six other states have governors with higher institutional power than Tennessee. According to Thad Beyle's (2004) index of governor's institutional powers, Tennessee's total score on a five-point scale is 3.9. Tennessee scores above average on all categories with the exception of an average score on "budget power." With an index score of 3 on budget power, Tennessee's executive has

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<sup>19</sup> The current governor, Phil Bredesen, will stand for election this year. With no Republican challenger having declared candidacy, Governor Bredesen's reelection is highly probable.

full responsibility for drafting the budget, but the legislature has unlimited power to change it. According to Lyons et al. (2001), however, due to a combination of implicitly agreed-upon roles and the citizen nature of Tennessee's legislature, the governor's budget remains largely in tact.

In 2002, Phil Bredesen was elected governor on the same ballot that yielded a majority vote on the referendum in favor of implementing a statewide lottery. Governor Bredesen was also the first Democrat to win a statewide election in Tennessee, since Al Gore was re-elected to the U.S. Senate in 1990. While the previous executive, Governor Don Sundquist, left office abandoned by his Republican party for the his support of a state income tax in his final years in office, the Republican controlled governor's office from 1994 – 2002 reflected Tennessee's growing conservative base that voted for Republican presidential candidate George W. Bush in 1996 and 2000, re-elected Senator Bill Frist (R) in 2000, and elected former Governor and former president of the University of Tennessee, Lamar Alexander (R) to the U.S. Senate in the same 2002 election.

### *Legislative branch*

The Tennessee General Assembly may be better characterized by its informal traditions and idiosyncrasies than by its formal organizational structure and trends. While not quite to the extent as Senate President John Wilder's tenure, the lower chamber's speaker has also traditionally served multiple terms. Current Speaker of the House of Representatives James O. "Jimmy" Naifeh was first elected in 1991 and has served in this leadership role since then. Former speaker, Ned Ray McWherter, also served 14 years as



House Speaker before he was elected governor. The impact of these personalities on the General Assembly shaped an “unspoken contract” between the governor and legislature that gave the General Assembly extraordinary leeway on legislative initiatives in return for their support of the governor’s budget and major policy initiatives (Lyons et al., 2001).

The General Assembly is comprised of 99 members of House of Representatives and 33 Senators. House members are elected every two years and Senator every four years. During the 2002 legislative session, the Senate operated 9 standing committees and the lower chamber operated 14. The House Speaker and Senate President appoint all committee chairs and members.

On Squire’s (2000) scale of legislative professionalism, the Tennessee General Assembly ranked 32<sup>nd</sup>. As such, legislative salaries, session length, and legislative staff ranks near the median values of all states. During the 2001 legislative session, senators and representatives received annual salaries of \$12,000 with \$124 per diem during each legislative day and \$525 per month for district expenses. The Speaker of the House and Senate President are much better compensated with annual salaries of \$49,500 plus a \$5,700 home office allowance. The legislature convenes annually for no longer than 90 legislative days. This is a soft restriction; in truth, since legislators no longer receive per diem allowances after 90 days. Finally, the General Assembly employs slightly more than 200 staff. Each house and Senate members has year-round personal staff in the capitol and house members have district staff as well. In addition, house and Senate committees receive professional and clerical staff support (CSG, 2002; Hamm and Moncrief, 2004).

Returning to the informal legislative patterns in Tennessee, the General Assembly has a history of non-partisan alliances and legislative support for governor's budget despite party differences. In fact, the leaders of both chambers, who are both Democrats, have continued to win election based on coalitions with Republican members of their bodies. For example, the House sponsor of the lottery scholarship bill is considered a "Naifeh Republican" based on his decision, along a handful of other House Republicans to break ranks and support Representative Naifeh for Speaker. Likewise, in the Senate, Lt. Gov. Wilder survived a challenge from his party in 1987 when the Democratic caucus nominated another Senator for President. Wilder convinced six Democrats to break ranks and join the 15 Republicans to support win for Speaker.<sup>20</sup>

The 103<sup>rd</sup> General Assembly of Tennessee was controlled by the Democratic party albeit narrowly in the House. While the Senate remained under Democratic control (18-15) after the 2002 election, the Democrats lost four seats in the House bringing the balance to 54-45 (Darnell, 2004). Speaker Naifeh survived a hotly contested reelection bouts both in his district and for his leadership post. Primarily as public backlash in response to his support for an income tax during the 2002 session, his Republican opponent in the 2002 election, retired Air Force officer Antonio Lopez, received 47 percent of the vote (Callahan, 2002, November 6). Within the House, there was also speculation that Speaker Naifeh's re-nomination was in jeopardy as Representative Frank Buck threatened to challenge the Speaker. In the end, Speaker Naifeh was re-nominated by acclamation by the Democratic Caucus and easily won reelection for the 103<sup>rd</sup> General Assembly (Wade, 2002, November 24).

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<sup>20</sup> A similar sequence of event occurred after the 2004 election when Republicans gained control of the Senate. This time two majority party members joined the Democratic party members to elect Lt. Gov. Wilder to his 18<sup>th</sup> term as Senate Speaker.

### *Higher education institutions and structure*

The Tennessee higher education community includes nine public universities, 13 public community colleges, 35 private colleges and universities, two governing boards, and one statewide coordinating board. In 2002-03, the statewide total headcount enrollment was 250,120 with 48 percent enrolled in public universities, 30 percent in community colleges, and 22 percent in private institutions. Among public universities, the University of Tennessee, Knoxville (UTK) had the largest total enrollment (22,945) with Middle Tennessee State University's total enrollment only slightly lower—21,163. The University of Memphis, the state's second public research university in addition to the flagship UTK, had an enrollment of 19,797. The remaining six public universities enrolled an average of 8,476 students. The 13 community colleges vary widely in enrollment with an average of 5,723. Southwest Tennessee Community Colleges had the largest enrollment with 11,039; Dyersburg State Community College enrolled the fewest students, 2,362 (THEC, 2002).

The state's independent colleges and universities vary greatly in size and mission. Vanderbilt University is the state's only private research university with an undergraduate enrollment of 6,146. In addition to Vanderbilt University's national reputation, Rhodes College and Sewanee: University of the South are rated among the top 50 liberal arts colleges by the *US News and World Report* and had enrollments of roughly 1,400. Of the remaining 33 institutions, only four are not religiously affiliated and the average enrollment was 1,646 (TICUA, 2003). The Tennessee Independent Colleges and Universities Association (TICUA) represents the interests of these institutions in the state

and works collaboratively with their member institutions on issues of public policy, cost containment, and professional development.

Public colleges and universities are governed by two governing boards and one coordinating board. The University of Tennessee system governs three campuses—Knoxville, Chattanooga, and Martin. The six other universities and 13 community colleges are governed by the Tennessee Board of Regents. Professional staff from both boards represent their interests to the state and collaborate with the coordinating board on statewide policy issues. The Tennessee Higher Education Commission (THEC) coordinates statewide policy and finance issues. THEC's primary powers include budget recommendation and program approval.

Leadership in the higher education community was becoming more stable during the 2003 session. The University of Tennessee had recently hired a new president, Dr. John Shumaker, after two years of an interim president following the resignation of Dr. Wade Giley. Having three presidents within the past three years, the University of Tennessee's influence within the higher education community, the legislature, and the public was waning. Additionally, the Board of Regents also had a relatively newly-appointed chancellor, as Dr. Charles Manning was appointed in April 2000. Chancellor Manning was quickly establishing relationships with legislators and higher education officials; however the Board of Regents had yet to reclaim the influence that the governing board held a decade prior. Finally, THEC rebounded from turbulent years of board in-fighting and staff turnover in the late 1990s. Since Dr. Richard Rhoda was appointed in 1999, the Commission stabilized and, given the changing leadership roles in

the governing boards, reasserted the coordinating board as the voice of Tennessee higher education.

### *Statewide financial aid*

Before the adoption of the Tennessee Education Lottery Scholarship program, statewide financial aid was overwhelmingly awarded on the basis of need. In 2002-03, the Tennessee Student Assistance Award (TSAA) distributed \$46 million, which was more than twice the amount awarded just three years prior.<sup>21</sup> Yet, despite these substantial increases to need-based aid, thousands of eligible students do not receive awards due to funding limitations. The state estimates that another \$33 million is necessary to fully-fund the TSAA (THEC, 2005).

In 2002-03, Tennessee trailed national averages on all financial aid indicators. In undergraduate financial aid per FTE student, the Tennessee estimated amount (\$236) was nearly half the national figure (\$467) and ranked Tennessee 28<sup>th</sup> among all states. Similarly, considering the need-based financial aid per undergraduate FTE, Tennessee ranked 22<sup>nd</sup> with an estimated amount of \$233 as compared to the national amount of \$354. On another measure—financial aid expenditures as proportion of all higher education appropriations, Tennessee ranked 31<sup>st</sup> with 5 percent allocated to financial aid compared to 9 percent nationally (NASSGAP, 2004).

## Narrative History of Events and Policy Actors

This section provides a narrative chronology of how the Tennessee Education Lottery Scholarship eligibility criteria were determined. Upon the passage of a public

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<sup>21</sup> In 1999-2000, TSAA appropriations slightly exceeded \$21 million.

referendum changing the state constitution to allow a statewide lottery, the criteria determination process included essentially two stages. First, an Education Lottery Task Force was created to research other state merit aid programs and recommend a set of baseline criteria for the scholarships. These criteria, then, in the form of legislation, navigated through the legislative process. Before describing the seminal events and actors in each of these stages, this section first provides the necessary context as background to the lottery scholarship criteria debate.

### *Antecedents to Tennessee HOPE*

*Senator Cohen's 18 year crusade.* Senator Stephen I. Cohen first introduced legislation to eliminate the constitutional prohibition on a statewide lottery in 1984. He was 33 years old and in his first term as senator, representing the 30<sup>th</sup> district in Memphis. At the time Senator Cohen first introduced lottery legislation, none of Tennessee's eight neighboring states operated a lottery and merit-based financial aid was largely the purview individual campuses. However, a decade after Senator Cohen first introduced legislation supporting a state lottery, another neighboring state implemented a new approach that the Senator thought would have promise in Tennessee:

Later seeing what Georgia did, and, in fact, it came to me when I was watching "Nightline" in the middle or the late '90s, about '95 or '96, I was watching "Nightline" and Governor [Zell] Miller was on talking about his lottery program, which is so on point. I had experienced so much of the frustration of the arguments against the lottery, which they had addressed by making it constitutional, dedicating the proceeds to education, to specific education programs to where it supplemented and did not supplant other lottery revenue.

And I just watched TV and thought this was it; this was the deal. And from then on we moved it into the education lottery focus rather than

simply a lottery and knew that would be a guaranteed revenue source for a good purpose to improve the state...

In the late 1980s, three of Tennessee's bordering states (Missouri, Kentucky, and Virginia) adopted lotteries and, thereby, created an economic incentive for communities along the state's northern border to implement a Tennessee lottery. However, the Georgia lottery and its primary beneficiary, the HOPE scholarship program, provided the main impetus for a shift in public opinion about a lottery. As a result, in the late 1990s, Senator Cohen's lottery initiatives gained legislative support in the House only to be narrowly defeated each year in the Senate. Finally, as a result of turnover from the 2000 election, the Senate passed legislation, with a two-thirds majority, in support of a referendum on the 2002 general election ballot. While, at last, the legislature reached consensus on the lottery issue, the General Assembly was at the same time embroiled in a raucous debate on the issue of implementing a state tax on personal income.

*Inadequate state revenue stream: The income tax debate.* Tennessee is one of nine states without a tax on personal income. This structurally tenuous fiscal environment has led every governor, Democrat or Republican, since 1970, to advocate some new form of tax on personal income.<sup>22</sup> Most recently, Republican Governor Don Sundquist introduced two proposals during the final three years of his second term. Both efforts failed in the legislature, although the House was rumored to have the votes necessary to pass tax reform in 2001 (Lyons et al., 2001).

The 2002 legislative session, Governor Sundquist's final year in office, did not adjourn until Independence Day, two months later than the 90-day statutory limit. The

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<sup>22</sup> Governor Ray Blanton proposed tax reform in the late 1970s. Since then Governors have proposed tax reform in their second term: Gov. Lamar Alexander in late 1980s, Gov. Ned McWherter in mid 1990s, and Gov. Don Sundquist in the early 2000s.

income tax debate that ensued would both substantively and politically shape the lottery scholarship debate that occurring during the following legislative session. In the interim, the lame-duck governor was vilified by his Republican party, the House Speaker jilted by his Democratic party, and the state government was shut down.

The session began with Governor Sundquist's proposed budget introducing a flat tax of 3.25 percent on personal income. Without the income tax or an alternative revenue source, the state budget would operate at a \$350 million deficit (Wade, 2002, February 8). By mid-May, about the time that the General Assembly reached the 90 legislative day mark, the Legislative Plaza was a spectacle. Outside the Capitol, at the urging of conservative talk-radio personalities, hundreds of protestors chanted, waved home-made signs, and honked their car horns to voice their opposition to a state income tax. Inside the chambers, two alternative budget proposals arose: DOGS (Downsizing On-going Government Services) and CATS (Continued Adequate Taxes and Services). The DOGS budget emerged in the House from Republican members opposed to legislation led by Speaker Jimmy Naifeh that would have created a 4.5 percent flat tax. In fact, on May 22, Speaker Naifeh, who informants claimed always has votes in-hand before bringing the bill to the floor, called for a vote. To his surprise, he was four votes shy. After two hours and extensive discussions in his office with five members who Speaker Naifeh "misunderstood" their voting intentions, four members agreed to change their vote to "present not voting" so that alternative budgets could be explored<sup>23</sup> (Commins, 2002, May 23). Days after the failed income tax vote, Representative Frank Buck proposed the CATS budget as a compromise. Unlike the DOGS budget, which proposed to drastically

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<sup>23</sup> According to state law, once a budget bill is defeated no tax bills can be considered during that session. With fewer than 50 votes against, the bill was returned to the House Calendar and Rules Committee.



reduce all governmental services, the CATS budget proposed a sales tax increase of one cent per dollar and would expire within one year, thereby allowing the newly-elected governor to find a more permanent solution to the state budget (Commins, 2002, June 13).

Meanwhile, from the campaign trail, gubernatorial candidate Phil Bredesen, who would come to serve as the voice of reason in the next legislative session as well, encouraged the General Assembly to drop the income tax proposals saying, “it’s time to move on” (Wade, 2002, May 23). Speaker Naifeh did not “move on” and a stalemate ensued. After a partial government shutdown, which furloughed 20,000 state employees only excepting “essential services” such as state hospitals and the highway patrol, finally, with legislators anxious to get back to their districts, on the fourth of July, the 102<sup>nd</sup> General Assembly passed a modified version of the CATS budget increasing the sales tax by one cent per dollar. This temporary and insufficient budget solution would shape the lottery scholarship debate during the 103<sup>rd</sup> General Assembly one year later.

*2002 campaign season: Tight gubernatorial election, sound support for lottery.*

The 2002 election in Tennessee was historic on many fronts. From a national perspective, this election was the first mid-term election since 1982 that the President’s party increased seats in Congress. This national trend was also reflected in the Tennessee state house with Republicans adding four seats in the House. However, the two highest profile ballot issues were the governor’s race and the referendum on the constitutional amendment.

The narrow margin of victory for Governor Phil Bredesen (51 percent) accurately reflected the competitive campaign. A former CEO of a health care corporation, Phil

Bredesen ran for office on a record of a business-minded candidate seeking to be “hired on” to fix the state’s dire fiscal environment (Wade, 2002, August 3). With the state Medicare system (TennCare) as the “hot button” issue for the election, Democratic gubernatorial candidate, Phil Bredesen focused primarily on this and other larger statewide fiscal issues (Commins, 2003, February 19). In fact, while Mr. Bredesen supported the constitutional amendment to allow the implementation of the lottery, neither candidate took firm positions on the lottery referendum due do the uncertainty about its viability, and strong opinions on each side. This focus on statewide fiscal issues would continue after Governor Bredesen took office.

With regard to the lottery referendum, Tennesseans overwhelmingly passed the constitutional amendment with 58 percent of voters in its favor. Given the nearly two decades of debate on this issue, the election season was surprisingly void of active campaigning on either side. In the final weeks before the election, however, the Southern Baptist Convention and United Methodist Church, which both have headquarters in Nashville, mounted direct appeal to members via the pulpit, church bulletins, billboards, and direct mail (Hunter, 2002, November 2). On the other side of the lottery campaign, Senator Steve Cohen struggled to find help in advocating for the referendum. In fact, he recalled running the campaign out of his house and car attempting to balance the efforts of lottery opponents. Lured by college scholarships or by a simple desire to play the lottery, upon voters’ approval of the constitutional amendment to implement a state lottery, policy actors quickly began making plans to craft the lottery scholarship program.

*Deliberations of the Education Lottery Task Force*

Within days of the referendum's passage, the speakers of both chambers established a task force to begin making plans for the new lottery scholarship program. Each speaker appointed four members to represent their chamber in addition to a cadre of higher education leaders, including college presidents, system-level administrators, and one faculty member. The Executive Director of the Tennessee Higher Education Commission, Dr. Richard Rhoda, was appointed chair. While the speakers made a point to clarify that Dr. Richard Rhoda would not be serving as a representative of THEC, his appointment had the effect of co-opting THEC policy staff, most notably chief policy officer, Dr. Brian Noland, to provide research analysis.

The task force was charged to research other merit aid program and to present a recommendation for the General Assembly's consideration. Over the course of three months, between November 2002 and February 2003, the Education Lottery Task Force deliberated on how to craft the lottery scholarship program. Not necessarily by design, these meetings proceeded in two phases: (1) THEC staff and national experts provided background information on merit aid programs in other states and offered suggestions on how to craft eligibility criteria for the Tennessee program; and, (2) legislators began deliberating various provisions of the scholarship criteria.

*Higher education leaders shape the initial criteria.* The first task force meeting, held in a legislative hearing room, served to familiarize members with their charge as a group and with similar lottery scholarship programs in other states. Shortly after the House and Senate Speakers challenged the task force to thoroughly explore all possible options, Dr. Brian Noland presented an overview of merit aid programs with particular

emphasis on the Georgia HOPE program. With this brief introduction to merit aid, and a reading list with more detailed information, the task force was under way.

Two weeks later, on December 16, 2002, the task force reassembled, at the THEC offices this time, to hear from a panel of national financial aid experts. The research team of Dr. Gary Henry and Dr. Ross Rubenstein presented findings from their state-sponsored evaluations of the Georgia HOPE scholarship program. They highlighted the impact of Georgia's clear eligibility criteria on the public saliency and support of the program. Dr. Don Heller, a national expert in student financial aid and co-editor of the recently published Harvard University Civil Rights Project report, *Who Should We Help? The negative social consequences of merit aid* (Heller and Marin, 2002), then presented findings from his research on merit aid programs in other states. Specifically, Dr. Heller pointed out the disproportionate eligibility trends by students' race and income and urged the task force to design criteria that would promote access to higher education for all students, specifically recommending that awards be means-tested.

Also in December 2002, two separate Tennessee delegations traveled to the Georgia Student Finance Commission's office in Atlanta to glean advice from the HOPE administrative staff. Three members of THEC staff made the trip prior to the December 16 task force meeting. The following week a much larger contingent of legislators chartered two buses to Atlanta to visit both the scholarship offices and the lottery corporation offices. Both trips highlight the role that Tennessee's southeastern neighbor had on the formative stages of the lottery scholarship program. In fact, Senator Steve Cohen was quick to point out that Tennessee in many ways was trying to copy Georgia's HOPE program:

But I guess the guiding light was Georgia since we had pretty much seen successes in Georgia with its program and had modeled or campaigned for the referendum on Georgia's successes. We tried to model it after Georgia, but didn't restrict ourselves to Georgia.

After a few smaller working sessions with a sub-group of the task force, the panel met again on January 15, 2003. At this meeting, the task force agreed upon four overarching goals to guide the lottery scholarship program: (1) to increase access to higher education; (2) to increase academic achievement among high school students; (3) to retain the best and brightest students in Tennessee colleges and universities; and, (4) to improve the state workforce.

In addition to agreeing upon a common set of objectives, this was the first meeting that members considered a draft proposal of scholarship criteria and estimated costs. In close conjunction with Senator Cohen, THEC staff outlined a lottery scholarship framework that provided base awards of \$4,000 to students who earned a 3.0 grade point average. Supplemental awards worth \$2,000 would be available for students with exceptional need (family income of less than \$36,000) or exceptional merit (3.75 GPA and 29 ACT). Both the base awards and the merit supplement were means-tested with eligibility limited to students with family incomes of less than \$100,000. The base eligibility criteria, which are the same as Georgia HOPE, reflected the influence of Georgia as Tennessee's "guiding light." Also, the "book-end" awards for need and merit reflected the state's desire to learn from other states' experiences. As a member of THEC staff mentioned:

I think a thing that's important to remember is that Tennessee had ten years' worth of experience to look to from Georgia. It's not as if we were a state that was trying to bring this into being one year after Georgia or two years after Georgia. I mean, the Harvard Civil Rights Report had

come out, there had been national conferences on merit aid. We knew the warts, the strengths, the limitations of merit aid programs.

With detailed spreadsheets before them, task force members quickly began asking questions and requesting alternative criteria. The most contentious of discussion items was the issue of whether students attending public and private institutions would receive scholarships of equal amounts. As proposed, students attending private institutions would receive \$2,000, one-half the amount of students attending public universities. When task force member Dr. Steven Flatt, chairman of the TICUA and president of Lipscomb University, called attention to this discrepancy, Senator Steve Cohen quipped, “I’m not sure I would look a gift horse in the mouth” (Callow, 2003, January 16). This debate over scholarship amounts would continue through the task force’s deliberations and into the legislative process. From this point forward, in fact, legislators would dominate the task force proceedings.

*Politicians tinker with scenarios.* Perhaps it was inevitable that elected officials would come to dominate the task force. According to one member of the Education Lottery Task Force, the expectation that higher education officials and legislators serve as equal task force members was unrealistic:

I have never seen a public meeting involving college presidents and legislators, including legislative hearings, in which the presidents really challenged the assumptions underlying a legislator’s rationale. They just won’t do it in public. They just will not do it. I think had there been private meetings, and, of course, we can’t have private meetings, but if there had been private discussions instead of public discussions, I think they would have been a lot tougher, but I can’t remember a single significant argument that a president made with a single legislator during those task force hearings. They just will not challenge them in public.

While some higher education officials who served on this task force rejected this notion during interviews, the final three meetings of the task force were clearly dominated by legislators.

During the January 31 meeting, nine alternative criteria scenarios were presented along with growth projections through three years for the THEC recommendation. The first agenda item, however, did not involve college scholarships at all. Representatives from the Tennessee Commission on Children and Youth made a presentation advocating for lottery funds for early childhood education. The constitutional amendment clearly spelled out that lottery proceeds would be earmarked for college scholarships, with “excess” funds targeted to early childhood education and K-12 school construction. Determining how to define excess was a hot topic of conversation throughout the first few task force meetings. The panel ultimately decided, based on a ruling from the Tennessee Attorney General, that excess was wholly dependent upon how the criteria for these scholarships are crafted.

The early childhood presentation was also useful as a political strategy for Senator Steve Cohen. As the private institution award amounts issue arose, Senator Cohen quickly pitted the cost of equal awards for students attending private institutions against the necessity of having excess funds for early childhood. The private institution debate was raised this time by Representative Bob Patton who received a letter from the president of Milligan College urging that students attending this private college receive the same scholarship amount as students attending public universities. The Senate sponsor also continued to make reference to the Georgia HOPE policy during the first year of implementation of awarding only \$500 to students attending private institutions.

The influence of Georgia's HOPE program continued into the next task force meeting where, based on the author's count during the meeting, HOPE was mentioned more than 20 times over the course of a two hour meeting. With 13 criteria scenarios under consideration, one higher education leader on the task force expressed strong opinions in opposition to all of them since they did not include a standardized test requirement. The task force member expressed his concern over the increasingly "democratic bent" of the lottery scholarship criteria:

Another thing it did not do, I think, was to assure that the program was for well-qualified students. It was just too great a democratic bent to both the task force's work and certainly the legislative discussions... And so they kept lowering and lowering and lowering the standards and qualifications, the GPA requirement, and I think SAT, ACT requirement, so I was pretty distressed about the whole thing.

In addition to the continued debate about private institution award amounts, legislators continued to quibble with criteria provisions. At the end of the penultimate meeting, Senator Steve Cohen led a round of applause in recognition and appreciation for the work that Dr. Brian Noland had done in crafting the many scenarios. In fact, many legislators who served on the task force identified Dr. Noland as an integral part of the policy process. In fact, Senator Cohen credited Dr. Noland for the framework of the scholarship program as it exists today; Representative Newton described Dr. Noland's role as "pivotal."

The final task force meeting resembled a legislative committee meeting more so than a lay task force. Representative Chris Newton argued for equal award amounts for private institutions and to remove the \$100,000 income cap. Senator Jo Ann Graves was adamant about keeping the provisions in tact. Ultimately, by one vote, Senator Graves



won the battle, but the war waged on in the legislative arena. Upon reflection, the chair of the Task Force and THEC Executive Director offered the following analogy:

The recommendation that came out of the task force into the General Assembly, you know, it was kind of like we had built this homecoming float and had it just the way we wanted to, you know, with all the crepe paper and stuff like that, and then the thugs showed up with baseball bats. The float that came out of the process didn't quite look the way we had built it.

### *2003 Legislative Session*

Once the 103<sup>rd</sup> General Assembly was called to order, the criteria determination process quickly shifted from a policy discussion to a political process. The deliberations of the Education Lottery Task Force continued into the legislative session, which likely served to enhance the roles played by legislators as opposed to higher education officials. This trend continued after the task force submitted its final recommendation. The primary policy actors were elected officials. The most contentious issues were resolved politically. And, the compromise solution for lottery scholarship criteria was the result of political power and strategy.

*The players: Senator Steve Cohen, Representative Chris Newton, Governor Phil Bredesen.* Beginning with his efforts to implement a statewide lottery nearly two decades ago, Senator Steve Cohen remained the face associated with the lottery scholarship program. When the Education Lottery Task Force was assembled, the Speakers largely deferred to Senator Cohen for recommendation on who should be appointed. And, while Dr. Richard Rhoda served as the titular head of this group, there was rarely a doubt as to who was driving the debates, deliberations, and proposals. Senator Cohen's zeal for the

scholarship program and often brash style shaped the policy process from referendum to enactment.

Known for his sharp intellect, quick wit, and irascible temperament, Steve Cohen was simultaneously the chief architect of and primary impediment to the lottery scholarship program. As mentioned previously, Senator Cohen looked to the Georgia HOPE program as the foundation for creating the Tennessee program. So much so, in fact, that throughout the policy process the sponsoring senator often asked half-jokingly, “W.W.G.D.—What Would Georgia Do?” borrowing from the popular “W.W.J.D.” (What Would Jesus Do?) bracelets and T-shirts worn primarily by Christian youth. The Senator’s primary aim was to provide full scholarships to as many qualified Tennesseans as the lottery revenue would allow. However, he was more than occasionally side-tracked to settle some personal scores.

Senator Cohen also became embroiled against the House leadership toward the end of the policy process over differences in proposed scholarship criteria, specifically the House’s consideration for reducing the required GPA and lowering the award amounts. At this point, Representative Chris Newton recalled that he was afraid that Senator Cohen would cause the scholarship program to implode:

But I tell you Steve was a lightning rod during that thing. There was a point there where I thought Steve – this was what I thought in my own mind – Steve, you’ve come so far. The referendum’s done, we’re here, we’re about to get this accomplished—don’t self destruct.

Steve’s got a sharp wit. He’s quick on his feet. He loves to put that jab in there, which I personally like. I understand. I like that kind of banter myself, but I thought this—don’t self destruct; don’t do it.

The two sponsors could not have been more different: in style, in strategy, in party, and in personality. Both gentlemen suggested that the lottery scholarship policy

process would be compelling to a larger audience. Senator Cohen mentioned conversations that he had with motion picture executives. Representative Newton, in suggesting that he may write a book about the process, offered the following dichotomy between him and Steve Cohen:

I think it would be interesting to see the two parts and the two perspectives and the strife that went with it and the perception that each had at those particular moments. But I spent a lot of time with Steve. Got to know Steve a lot during the course of that thing, and you would never put this urbanite with Steve. I call him that from time to time. But someone that's extremely articulate and all these other things and more vain, very culturally whatever, and then you've got this hick from over here [in east Tennessee] and he's got an accent that sounds like it come out of *Deliverance*, okay? Who would have paired the two of us together?

Of course, Chris Newton is not just some hick from east Tennessee. He was elected to the House of Representatives at age 23 by voters in the 22<sup>nd</sup> district, primarily encompassing the rural areas surrounding Chattanooga. In fact, during his first re-election campaign in 1994, Representative Newton supported the implementation of a lottery scholarship program similar to the one Georgia had recently adopted. This issue separated himself from the conservative base of his Republican party, but was closely aligned with his more moderate district. As previously mentioned, Representative Newton supported Jimmy Naifeh for Speaker in each election, one of many reasons that he was able to forge alliances across party lines.

The most interesting example of these alliances was the House sponsor's growing friendships with many African American Democratic House members from the Memphis area. Representative Newton reflected on the basis for these relationships:

I got to know [these members] extremely well. I respect them. I do... getting to know where they came from, getting to know them personally not only as members of the General Assembly but as individuals, how they grew up. What was important to them and what was important to me

ended up being the very same thing when it comes to scholarships. And there's always skepticism that they had initially when we came to them, and I think I broke those barriers down because after they figured out really where I came from, how I grew up, there was no difference. None.

Indeed, Representative Newton's own lower-middle class background and his experience of holding multiple jobs en route to earning his degree from the University of Tennessee, Chattanooga was reflected in his support for a merit-based scholarship whereby academic success yielded generous scholarships.

In addition to his own personal experience, Representative Newton seemed to have the political strategy and coalition building skills beyond his years. A governing board official elaborated on Representative Newton's role in the legislative process:

Chris, as far as I know, had not handled any major legislation of that caliber since he had been to the General Assembly. He made himself completely open and available to the press, and they loved it. He would give you the sort of down-home snippets that they ate up, so he had this sort of character about him that made him viable, plus he bobbed and weaved pretty good. Where Cohen would say, "This is where I am; this is where you need to be," he was playing both sides. I think Newton was probably talking to House leadership, talking to House Republicans, and talking to Cohen, and so you couldn't actually get him pinned down.

Representative Newton's ability to work both sides of the aisle, his patience and persistence, and his pragmatic approach to the scholarship criteria had a stabilizing effect throughout the policy process that was crucial to its eventual passage.

Unlike the legislative sponsors, Governor Phil Bredesen remained largely removed from the day-to-day policy deliberations. While supportive of lottery enactment and merit-based scholarships, the Governor purposely left this issue to the legislature. Interviews with senior members of his administration suggest that Governor Bredesen took this approach for three reasons: (1) he did not wish to be seen as taking this issue from Senator Cohen and the General Assembly who had long championed the program,

(2) he had bigger issues to tend to, namely, the state's dismal fiscal condition, and (3) his leadership style of trusting the experts and refusing to micro-manage the process. Below are the comments of one senior administration official:

[Governor Bredesen] is somebody that believes in sort of assessing what your priorities are and making sure that you focus on your priorities and that you don't get involved in too many ballgames so that you lose your effectiveness. And that first year when we came into office the financial condition of the state was a disaster, and TennCare was a disaster. Those two things took 90% of his political capital to work on.

Many respondents took great interest in why Governor Bredesen played such a limited role in the policy process. With the experience of governors in many other states playing such an active role in promoting and shaping statewide merit aid programs, Governor Bredesen's opposite approach was intriguing. Some informants speculated that the administration was more involved behind the scenes than they were in public. Nevertheless, one of his former staff members contended that there was little to gain politically by playing a more active role in this legislative initiative, especially when such pressing budget issues loomed.

Cohen had owned the lottery. It was his child. He birthed it, he felt like, and it was sort of his. I think the Governor felt like it would be disingenuous to claim it before he even got in office.

After campaigning on the issue of balancing the state budget by living within the means of Tennessee's limited revenue source, Governor Phil Bredesen immediately focused his attention to the state budget. One senior official in his administration recalled an evening meeting in January with the governor and his chief budget officers during which, "all of us [were] just holding our heads in our hands not knowing how we come in this budget year to get to June in the money." At the same meeting, the informant recalled Governor Bredesen stating, "If I don't get a handle on TennCare, it will not make any

difference about any other decisions I make because there will not be the money to make the decisions.”

The governor’s attention to fiscal matters also affected his perspective on the lottery scholarship program. Governor Bredesen’s primary concern was the financial stability of the Tennessee lottery. So, while the administration rarely weighed in on the scholarship criteria, the Governor was adamant that control of the state lottery corporation rest in the executive branch. Thus, a parallel debate ensued alongside the criteria determination process in the legislature. Led by Senator Cohen, the General Assembly quarreled with the governor’s office on which branch would appoint the majority of members to the Lottery Corporation Board. According to senior officials in the administration, the Governor believed that he needed this control because, “if the lottery got in trouble, that the trouble ended up on his desk and he wanted to be able to affect it, and the only way to do that was via the board.” In the end, the governor’s office prevailed on this issue, and, with regard to the parallel debate on specific scholarship criteria, the administration trusted the THEC leaders to represent the best interests of the higher education community.

Consistent with the Governor’s approach to most policy sectors, the administration deferred to the experts on the formation and implementation of specific policies. With regard to the lottery scholarship criteria debate, a senior administration official offered the following insights into the Governor’s managerial style:

[Governor Bredesen] is the type of personality that believes that if you have somebody like Dr. Rhoda leading the discussion on the education side, he is very comfortable with that because he is very comfortable with Rich. It is not his management style to intervene unless there’s something way out of line, the way he sees it, and he didn’t [see anything way out of line].

With the administration's deference to the progress made by THEC and legislative leaders in the Education Lottery Task Force, the legislative debate resumed around three contentious issues.

*The issues: Income caps, private institutions, race.* Three issues that were initially raised during the Education Lottery Task Force meetings continued to dominate legislative deliberations on the eligibility criteria for Tennessee's lottery scholarship program. First, there was a palpable resistance to income caps among legislators. One task force member recalled how quickly the means testing of scholarships fell from the criteria when faced with political realities in the legislature:

We thought – I guess I'm being a little facetious because, you know, Don Heller would be so proud of us, but that didn't last long when it hit the legislative arena and understandably. There was this sentiment and I think primarily in the House, but I guess it was across both sides, that the increasingly conservative General Assembly represented in some cases the middle and upper class, and, by god, they wanted their constituents to participate in a public program, and this is going to be the one. And that was almost a direct quote from a number of House Republicans. No animosity. It was just very matter-of-fact, like this is what we want. So [the income cap] provision got blown off right out of the chute.

With the exception of the Senate Education Committee, which passed a set of lottery scholarship criteria nearly identical to the task force recommendation, all criteria proposals were considered without an income cap. One THEC staff member familiar with the criteria determination process recalled a realistic approach to income caps claiming, "This wasn't about what was right; this wasn't about what was wrong. It was about what could be passed." The next issue was not resolved as quickly or as pragmatically.

The debate about whether students attending private institutions should receive awards equal to those of students attending public institutions remained unsettled for

three months. The source of this contention lies in hard feelings as a result of the referendum. According to one higher education official:

Originally the staff recommendation did not discriminate based upon the institutional sector. I'll never forget... [Senator Cohen saying], 'Screw the independent institutions. They didn't support me on the passage of the lottery. Why should they get anything now? They can jump up and down all they want, but they should be happy with anything that I give them.'

Whatever Senator Cohen's motivations, presidents and senior campus administrators of public universities also supported the reduced award amounts for recipients attending private institutions. According to one college president:

I honestly came in with a bias thinking that we ought to fully fund the public institutions, and that we were just completely overwhelmed in that particular argument. I don't know that it was a very strong – I'm trying to think whether we debated that a lot inside our tents – to keep the privates out. I don't remember that being a mantra or anything like that. I just came in with the philosophy of state institutions need to get the first bite at the apple.

As for the debate among legislators, Representative Chris Newton cited district concerns and a historical precedent as significant factors on his preference for equal awards:

Now, granted, I fought pretty hard on getting the privates on parity, mainly because Lee University is sitting there in the backyard and Tennessee Wesleyan up here in Athens is right next door as well. Bryan College – I mean, all the way around here you've got [private] institutions.

The House sponsor also mentioned the precedent set by the G.I. Bill, in which the scholarship dollars followed the students. Representative Newton credited the TICUA president and chairman for making the case for equal awards and for the tactics they used to do so, which Representative Newton referred to as, "very smart politics."



Given the strong feelings expressed by the sponsoring Senator, the private institutions almost accepted the reduced award amounts for their students. Two informants affiliated with independent colleges recalled that at the TICUA annual meeting in late January, two Memphis area institutions advocated accepting the lower amounts. In response, Jim Miller, president of Carson-Newman College in east Tennessee, gave an impassioned “damn the torpedoes” speech reminding his colleagues that accepting these reduced award amounts would contradict their “principled argument” that the scholarship money should follow the students. The next item of business was deciding upon their strategy to achieve parity in award amounts.

The private institutions’ plan relied upon two main lobbying techniques: (1) grassroots organizing, and (2) direct lobbying. Before adjourning the TICUA annual meeting, institutions agreed to recruit students to spend a day in Nashville meeting with the representatives and senators that represented the campus’s district and with legislators from their home district. For one month, private institutions took turns bringing their students to the State Capitol. The TICUA president recalled that this strategy began to irk some legislators:

In the middle of having students visit legislators and which really offended some legislators – I had some actually call me and say, ‘Don’t you let your students, don’t you send them to my office ever again.’ And my response back to that was, ‘They’re your constituents. Are you saying you don’t want to talk to your constituents?’ It’s like we’re playing some game here, and then they backed down and it got real ugly.

At the same time, private college presidents, their board members, and the TICUA president were lobbying their local legislators and the governor. With legislators largely divided on the issue, efforts to influence Governor Bredesen’s administration intensified. In mid-March, as rumors spread that the Governor supported equal awards,

the TICAU president met with the governor's chief policy advisor to again push for the Governor to make his preference for equal awards known.

The next day after a meeting about an unrelated topic at Vanderbilt University Governor Bredesen took questions from the press and responded that he was in favor of the money following the student (Youngman, 2003). The following morning, the TICUA president recalled a much different reaction to his presence in the halls of Legislative Plaza:

I went in to talk to [Senator] Jim Kyle who, of course, was still serving as the emerging leadership on the Democratic side of the senate. His comment to me when I walked into his office was, 'What do you want and why are you here?' And I said, 'I want to talk to you about the lottery.' And he said, 'Why are you wanting to talk to me about the lottery? The argument is settled, done.' And I said, 'What do you mean?' And he said, 'It's over. The Governor is in favor of equal scholarships going to students, and so that's what we're going to do.'

Race also played a major role in the lottery scholarship criteria determination process. With a longstanding state commitment to providing access to higher education and an influential legislative Black Caucus, African American legislators requested that scholarship criteria scenarios be disaggregated by race and income. Beginning at the January 16 meeting of the task force, Chair of the Black Caucus, Representative Tommie Brown, asked for these disaggregated reports and requested that additional scenarios be drafted that would lower the GPA requirement to 2.75. With evidence that African American students would be eligible at increased rates if the scholarship criteria did not include an ACT score requirement and, at even greater rates, if the GPA requirement was reduced from 3.0 to 2.75, members of the Black Caucus requested dozens of alternative criteria scenarios for consideration as the lottery scholarship bill (HB 787) continued through the legislative process.

Dr. Tommie Brown, who also served as the House Higher Education Sub-Committee Chair, sought out expert advice to promote her aim to have lottery scholarships provide access. On March 26, the College Board assembled a panel of experts to testify on national trends in financial aid. Two panelists were particularly familiar with Tennessee. Dr. Don Heller returned to the state only three months after his initial presentation to the Education Lottery Task Force and provided testimony more focused on strategies by which Tennessee could promote access through its merit aid program. Also, Dr. Michael Nettles, who was affiliated with the University of Michigan and the College Board and who previously worked for the Tennessee Higher Education Commission, provided testimony with regard to lottery scholarship criteria. Both experts reiterated the tendency for merit aid criteria to disproportionately under-award minority and low income students. In addition to providing testimony, experts associated with the College Board met with the Black Caucus in closed sessions to advise them on lottery scholarships issues. According to the Chair of the Black Caucus:

[College Board experts] made a difference in the committee... because [members of the committee] could begin to see that their own constituents would not necessarily be served well by this. But the propaganda coming out of specifically Georgia was so intense it was hard to get through.

However united the Black Caucus was in opposition to the prevailing 3.0 GPA and 19 ACT score scholarship criteria, Caucus members were clearly divided in regard to what the alternative criteria should entail. The options ranged from a reduced GPA requirement (ranging from 2.75 to 2.0), reinstating an income cap, eliminating the standardized test requirement, and Representative Tommie Brown's proposed Aspire program. Similar to the Kentucky Educational Excellence Scholarship (KEES), which is also funded by a state lottery, the Aspire program would allow students to "bank"

scholarship money based on their cumulative GPA beginning in sixth grade through their senior year. Another member of the Black Caucus, Representative Edith Lancaster, proposed an amendment to create the Access grant, which would award students one-half of the scholarship amount to students who did not meet the 3.0 GPA and 19 ACT score requirement, but who earned at least a 2.75 GPA and 18 ACT score and had a family income of less than \$36,000. When neither of these specific proposals was adopted in House committees, Representative Brown erupted in what she described as a “temper-tantrum” before the Democratic Caucus:

It would be criminal if we march in and vote to require a 3.0 GPA and a 19 ACT. We are disenfranchising people. I don't care how many bells and whistles the sponsor is going to put on that bill. It is still going to discriminate against a disproportionate share of poor children (Cheek, 2003, May 12).

This public outburst appeared to finally get the attention of the scholarship sponsors and of the House leadership and set the stage for an unlikely compromise.

*The compromise: Costly change of conjunction.* As the session was coming to a close, it became clear that the lottery scholarship criteria advancing through House and Senate committees contained stark differences. In addition to the \$1,000 difference in award amounts, the Legislative Black Caucus threatened to play a much more prominent role in the House. After Representative Tommie Brown's “criminal” characterization of the leading scholarship criteria proposal, the Black Caucus convened to decide upon their strategy for the House bill.

After a spate of meetings in locations varying from Legislative Plaza hearing rooms to a Caucus member's apartment, the House leadership initiated a meeting to discuss potential amendments to the criteria bill. Most Black Caucus members were in

favor of reducing the GPA requirement to either 2.75 or 2.5; however, a vocal few also favored the criteria as it is. Nearly all were unified in their opposition to any standardized test requirement.

According to the Caucus' chair, the House Speaker and Majority Leader came to the Caucus with a simple solution—change “and” to “or.” That is, instead of requiring a 3.0 GPA “and” a 19 ACT score, students could earn eligibility with either a 3.0 GPA “or” a 19 ACT score. After protracted debate, which also led to the inclusion of Representative Lancaster's Access award, the Black Caucus agreed to support this amendment, which would increase the proportion of African American recipients from 6.5 percent of all recipients to 12 percent. Other respondents, however, suggest that this compromise had ulterior motives.

Earlier in the session, Governor Bredesen expressed his preference that the legislature adopt one bill to implement the lottery, then wait until next year's session to determine the eligibility criteria for the scholarship. This recommendation was based on the governor's preference for a sound fiscal solution by first understanding how much revenue the lottery would generate since estimates varied by as much as \$80 million annually (Locker, 2003). Senator Steve Cohen suspected that the House leadership colluded with the Governor in support of this “do nothing” proposal. Irrespective of Governor Bredesen's involvement, the House leadership appears to have passed the “or” criteria amendment with the expectation that the Senate would never concur and the differences would be settled in a conference committee or, more likely, that differences

would be irreconcilable and the criteria debate would be taken up again during the 2004 legislative session.<sup>24</sup>

Senator Cohen recalled a late-night realization that caused him to re-think his legislative strategy:

As it went along – we thought we had a conference committee – and as it went along and it came to about the last week or so, I came to the realization or the understanding or the epiphany about 3 in the morning one morning that – I woke up almost every night about 3 in the morning – it was on my mind and I'd get up and I'd be thinking about the issue and thinking about Bredesen and thinking about what's going on, and I'd go in and Google. And every morning about 3 in the morning I could pick up what some were saying, and one morning I saw statements from different House members and the administration. I just put two and two together and realized they didn't have a plan. Their hope was to pass the lottery and not to have an education bill.

Recognizing the House strategy, Senator Cohen felt that the only option was to concur with the House bill. In order to gain support, Senator Cohen turned to his senate colleagues from across the aisle. On May 22, the Senate concurred with HB 787 by a vote of 29-3-1 with 6 senators listed as co-sponsors (Commins, 2003, May 23). Senator Cohen reflected back on that day:

[House Speaker] Naifeh came over and said, 'What do you think about our bill?' And I said, 'I think it's wonderful.' He expected me to non-concur...

We'd have been in chaos and we'd have adjourned in the end with the lottery, but no scholarship. So I just took it off. The Senate went along with me... That's how we got a scholarship bill the first year – we wouldn't have had a scholarship bill if it was up to Bredesen or the House.

Within one month, Governor Phil Bredesen signed the bill into law in the old Tennessee Supreme Court chambers of the State Capitol. With students from the high school class of 2003 surrounding them, Governor Phil Bredesen, Senator Steve Cohen,

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<sup>24</sup> There was general agreement that scholarships would not be awarded until fall 2004. So, waiting until the 2004 legislative session would not have prevented students from receiving awards. On the other hand, students would not know the eligibility criteria during the 2003-04 academic year in order to prepare.

and Representative Chris Newton posed for celebratory photos to mark the occasion. Behind the cameras were many of the higher education officials who provided a steady flow of information and recommendations to guide the criteria determination process. While politics appeared to matter most in the ultimate enactment of a lottery scholarship bill, the policy process and final program reflected the effects of state and national trends.

### Case Analysis

With the chronological narrative outlined, this section analyses the influences and events of the Tennessee case against the six dimensions of the analytical framework. (See appendix E for a summary chart of the framework.) The policy process by which criteria for the Tennessee HOPE scholarships were determined included an apt combination of political influences by elected officials and of stabilizing influences by higher education officials.

#### *Rationality of policy actors' behavior and preferences*

The rationality of the behavior and preferences of policy actors manifested itself in legislators' district concerns and in the consideration of multiple alternatives. Elected officials' preference to please their constituency represents among their most rational aim. In fact, the political behaviors acted upon to effectuate this aim are as rational as choosing between many policy options.

Beginning with the referendum on implementation of a statewide lottery, legislators were influenced by their constituents' preferences. As Tennessee's bordering states continued to implement lotteries and as Tennesseans continued to drive across state

lines to play the lottery, legislators became more sympathetic to the economic benefits of a state lottery. Then, as the scholarship program was being crafted, legislators advocated for criteria that would benefit students in their districts. In fact, one president of a private university recalled the impact of their lobbying efforts:

But I do know, I mean, every representative is sensitive to what their constituency is telling them, which is another reason to let the folks in their district tell them, “Hey, my child is from a private school. I can’t believe you’re not considering giving equal scholarship.” That was our message, and it resonated.

The consideration of multiple alternate policy solutions also illustrated the rationality of policymakers. While respondents quickly identified the Georgia HOPE program as the “guiding light” for Tennessee, policy actors did not adopt the straightforward “B” average as the only criterion. Quite the opposite, Tennessee policymakers considered hundreds of scholarship scenarios that differed by award amount and GPA and standardized test requirements. One outside observer noted this public consideration of the criteria as unique to the policy processes in other states:

I’m not as familiar with most of the other states, I know a little bit about how their criteria were set, but in my mind, as I look at Tennessee and compare it to other states, there’s no question that the battle over the establishment of the criteria was a much more public battle in Tennessee than in those other states. In most other states... these decisions are generally done at the bureaucratic level and there might be legislative involvement but it’s generally not a very public process.

Now contrast that with Tennessee where you had the lottery task force holding open meetings and discussing these issues, you had the legislature debating them at numerous sessions and numerous hearings debating these issues with a lot of involvement on the part of the public and lobbying groups and constituents. I think there’s no question in my mind that this process was a much more public process that involved many more individuals on weighing in on it, both within the legislature, as well as outside the legislature whether they be members of the government bureaucracy, outside experts..., members of the higher ed. community;



there was just much more involvement and input in the process than any other state that I am aware of.

### *Clarity of program goals*

Program goals for the Tennessee lottery scholarship criteria, while clearly defined, were many. During the initial stages of the policy process, the Education Lottery Task Force identified four goals: (1) to provide access, (2) to retain the best and brightest, (3) to improve academic achievement in high school, and (4) to bolster the statewide workforce. The initial scholarship scenario outlined by THEC staff reflected each of these widely agreed upon program goals. However, with four separate sets of award criteria, perhaps it was inevitable that policymakers began to tinker with scholarship criteria.

Immediately after introducing the first set of proposed scholarship criteria, legislators requested alternate scenarios, usually keeping the same four distinct awards in tact. These requests most often showed preference to one goal at the expense of others. For example, Black Caucus members requested scenarios that reduced the GPA requirements, thereby showing preference to the goal of providing increased access to college. On the other hand, House Republicans opposed the income cap provision arguing that this eliminated the state's "best and brightest" students from the program.

In the end, policymakers chose not to decide between these four goals. Instead, the final set of scholarship criteria followed the same structure initially recommended to the task force, yet with slight changes to meet seemingly all policymakers' preferences. The income caps were removed. Students received the same award amount regardless of whether then attended a public or private institution. The smartest and poorest students

each received supplemental awards. Students attending technical schools received awards roughly equal to tuition. And, the criteria for the base Tennessee HOPE scholarship were reduced to provide increased access.

*Stability of policy coalitions over time*

The Tennessee case offers evidence both supporting an ad hoc arrangement of policy coalitions and suggesting that a more stable core group of policy actors exists in the higher education community. The stable coalition appears to be a function of the cumbersome governance structure as individuals identified by respondents in this “core group” are staff members of the coordinating board and two governing boards. With regard to the lottery scholarship criteria deliberations, however, respondents supported the notion that the higher education community remained unified.

The one exception to this united front was the debate over award amounts for students attending private institutions. On this issue, two coalitions emerged along institution type: public versus private. As captured above, the private institutions embarked on a calculated campaign to win equal awards for their students. However, public institutions favoring disparate award levels put forth no similar amount of effort or intention. Instead, public higher education officials response was that, in an environment of limited state resources, funding should first serve the public institutions. When the governor announced his preference that scholarships follow the student, the higher education community again united in support for scholarships.

Throughout the process, the public higher education community spoke with one voice. According to one coordinating board staff member, there was a logical explanation for this singular voice:

So I think the individual institutions were silent in this process, but I think they were silent because they essentially agree with the direction... If the lottery had gone asunder and we were out in right field with no direction, the presidents would have screamed and hollered to bring us back to a sense of political reality and practical reality. So their silence I think was very similar to the concept of the silent majority—we do not vote because we like things the way they are.

On most policy issues, however, respondents were consistent in their characterization of the Tennessee higher education community as fairly ad hoc arrangement. A few respondents identified a core group of insiders, fewer than eight people representing the governing boards and coordinating board, that has existed for the last four or five years. However, throughout the last decade, a public university president identified the higher education community as, “very much ad hoc,” especially in the Board of Regents system, which must balance the interests of universities, community colleges, and technology centers.

With regard to the lottery scholarship criteria determination process, one coordinating board official described the higher education community’s singular voice as an “aberration” compared to other statewide policy issues:

It’s an aberration. On budgets, each campus lobbies vigorously for their own initiatives. On capital, the systems lobby vigorously for their own priorities. This sense of working together in harmony, it’s unique to the issue...

So the lottery has been a unifying force, I think, for all of higher ed public.

### *Influence of elected officials and non-elected officials*

Both elected and non-elected officials played significant roles in the determination of the eligibility criteria for the Tennessee Education Lottery Scholarships. Although the final set of criteria was undoubtedly determined by political means, the core structural components outlined by the THEC staff remained. Indeed, throughout the policy process, policy actors in professional staff roles influenced the criteria determination by providing information and recommendations to elected officials.

However, once the lottery scholarship bill began to move through the legislative process, elected officials clearly dominated the deliberations. As one governing board leader recalled:

But as somebody I worked for at one point in time said, if it's speaking of the General Assembly, when the elephants decide to dance in the garden, you don't want to be picking the daisies. When they are in the middle of an intense fight, you're not going to help yourself or your cause much trying to interject yourself because you are not a player. It's the legislative people who are the players. Now, you may have some team members in there that you help supply information for, but you're more of a water boy.

With the exception of the coordinating board, which according to one respondent had become "co-opted" as legislative staff, public higher education representatives remained observers throughout the policy process. Private higher education officials, on the other hand, dared to "dance with the elephants" and succeeded in gaining equal awards for their students. Employing lobbying techniques rarely used to influence higher education, the private institutions played a significant role in shaping policy as opposed to simply providing information. Just as they used hard-core political strategies to affect the lottery scholarship criteria, so did the House and Senate sponsors of this legislation.

When asked to identify some of the major policy actors involved in this policy process, every respondent mentioned Senator Steve Cohen. In fact, the House sponsor identified Senator Cohen as the “godfather” and as someone who should be “one proud papa.” Based first on Senator Cohen’s role in the implementation of the lottery, then his equally active role in the scholarship criteria debate, it comes as no surprise that Senator Cohen is the face of the lottery. However, in terms of shaping the actual lottery scholarship criteria, many respondents suggested that the scholarship bill passed as much in spite of Senator Cohen as it did because of Senator Cohen.

Many respondents referenced Senator Cohen’s reputation as an eccentric, intractable legislator. His quick-witted jabs at the Bredezen administration, Black Caucus, House Republicans, private colleges, or any other perceived foe, according to some respondents, caused the scholarship bill to stall, particularly in the House. In fact, Representative Newton recalled the impact this had on his own legislative strategy:

I learned more about the legislative process during those four or five months than I did during the previous years while I was in the House. Literally going before almost every single committee except transportation and fiduciary helped me. And I have much better respect for the process. Good learning experience. Democracy in action.

As stated in the chronological narrative, Representative Newton’s steady, persistent role as the House sponsor helped to balance Senator Cohen’s more acerbic style. In fact, given Senator Cohen’s high profile role and proclivity to provocation, Representative Newton’s role in policy process was often forgotten by respondents:

Well, now that you mention that, I’d forgotten about. Yes, clearly [Representative Chris Newton] had a huge role, and I can’t believe I overlooked that. Yes, I think a lot of people, because he was so involved in helping move the constitutional amendment through and because he’d really studied and done his homework and knew some of the major issues other states have wrestled with, was very familiar with a lot of the data. He

certainly had a great deal of influence on it. I think the way in which he worked with fellow members of the House probably made things go a little smoother in the House as opposed to some of Senator Cohen's interactions with his colleagues.

In addition to the roles played by these two legislators, the political structure, both formal and informal, also played a significant role. The informal arrangement between executive and legislative branches of relative autonomy over their key policy initiatives kept the governor's involvement on the scholarship criteria to a minimum. Likewise, the legislature eventually agreed to give the governor power to appoint the lottery corporation board members. In doing so, Governor Phil Bredesen was able to focus on what his administration officials identified as his primary concern with the lottery scholarship program—fiscal stability.

Reflective of the state's relatively low level of legislative professionalism, the limited capacity of legislative staff led to an increased role for the statewide higher education coordinating board throughout the process. Based on Dr. Richard Rhoda's appointment as chair of the Education Lottery Task Force, THEC's role in providing information and recommendations during this formative stage happened naturally. However, once the debate moved from the task force to the legislature, as with most policy issues, the state agency's role is usually limited to testimony regarding how proposed policies would affect their sector. In this case, the coordinating board essentially served as legislative staff support in drafting alternative policy scenarios and informally offered recommendations along the way. That THEC was in the position to shape the scholarship criteria debate is due in part to the higher education governance structure and the "serendipity" determining which board has the statewide clout.

The statewide coordinating board, created in 1967 to provide a buffer and unbiased voice for higher education, played precisely that role. Rather than hear directly from individual campus leaders, legislators received proposals and advice from one body. Additionally, the timing of the lottery deliberations mattered since THEC was the most stable statewide board at the time. Having earlier in the interview suggested in different points in time, under different leadership, both the University of Tennessee system and the Board of Regents would have advanced their own position on lottery scholarship criteria, the executive director of THEC elaborated on the importance of timing.

Back to serendipity. You know, we were lucky because we were more of a stable staff. This sounds self-serving, but if THEC had been in the state of affairs it was back in the mid-90s, THEC would not have been the place that would have been looked to to do any of this analysis or any of the policy work. Who knows who would have done it, but it would not have been by a higher education agency...

So, again, be thankful for some things. Timing is everything.

#### *Availability of technical information*

As outlined in the previous dimension, the statewide coordinating board served as the primary source of technical information. Yet, multiple sources of information were utilized during the policy process, including research and testimony from national experts. With the exception of the consistent involvement of THEC staff in drafting various criteria scenarios, the role of technical information was most prevalent during the beginning stages of the process and toward the end as legislators sought support for their preferred sets of criteria.

As mentioned above, the Education Lottery Task Force was inundated with information during their first few meetings. The presentations by national financial aid

experts and by the state-sponsored researchers of the Georgia HOPE program provided context for legislators and higher education leaders. In fact, the role of Dr. Don Heller's testimony and the recently released Harvard Civil Rights Project report (Heller and Marin, 2002) was extremely influential to both higher education representatives and elected officials. This information on the impact of merit aid in other states led the coordinating board staff to craft a set of criteria that included financial need; this information appears to have engendered support among elected officials as well.

The first draft of the lottery scholarship criteria, including four award types, differs from the final scholarship criteria only in that criteria were relaxed (i.e., income caps removed, "or" replaced "and", etc.). This may be the largest feat in terms of technical information. Since THEC had both the data capacity and the ability to answer all questions in a "non-partisan, non-biased" manner, the alternative scenarios rarely did more than tinker with the moving parts. In fact, a testament to this enduring framework is that the two policy alternatives that veered from the task force structure received little serious consideration. Both alternatives did, however, rely on technical information in the form of criteria scenarios from other states. Representative Tommie Brown's Aspire proposal was an expanded version of the Kentucky merit aid program. Representative Harry Tindell's proposed that scholarship eligibility be based on students' performance during their first semester in college, which borrowed from the New Mexico Lottery Success Scholarship. Both alternatives were introduced relatively late in the legislative session and received little legislative support.

Also toward the end of the legislative session, national experts re-appeared to provide testimony to the House Education Committee. Before proposing the alternative



Aspire program, Representative Tommie Brown, as House Higher Education Subcommittee Chair, invited these experts to testify on the disproportionate number of minority and low-income students who qualify for these merit aid programs. According to many respondents, this expert testimony effectively made the case for including need-based criteria. And, if nothing else, according to one member of the Education Lottery Task Force, served to legitimize some of the recommendations that in-state higher education leaders had already been making:

I think it was very helpful to them to have outside consultants. And there's certainly sort of a tension between THEC and the legislature or THEC and the legislature and any agency. It helps to have outside experts telling you things that you may not believe if your own experts tell you. It helps to have outside experts. People perk up. They think well, hell, it's just Rich Rhoda again. We're tired of hearing from Rich Rhoda. Now we're hearing from somebody we don't know...

I thought it was very helpful. Although our discussions were very full and intense and always crowded, I think it would have helped to have even more of that. They were good choices. I was very pleased with the THEC staffing of the thing and with the kinds of experts chosen to come in.

### *Effect of external influences*

The effect of two external influences on the Tennessee Education Lottery Scholarship criteria determination process clearly shaped the deliberations and ultimate policy decision. First, the fiscal environment of the state contributed to this issue's rise to the forefront of all legislative issues. Second, the recent experience of a dozen other states with merit aid program; most notably, the ten years worth of experience logged by the Georgia HOPE scholarship program.

As mentioned earlier in this chapter, respondents used "dire straits" to describe the economic condition of the state. Tuition at public institutions had been rising for the

past six years, including a 15 percent increase the year prior to this policy debate. State appropriations had also been steadily declining, including a 9 percent mid-year reduction during the 2003 legislative session. During the prior 2002 legislative session, THEC led a revised strategic planning initiative advocating the retrenchment of many aspects of the higher education enterprise, including enrollment caps at public universities, elimination of duplicative graduate programs, removal of remedial coursework from four-year institutions, and halting the practice of using public funds to support athletic program (THEC, 2002b). The THEC “Plan of Action” also marked the beginning of higher education’s recognition that the statewide funding levels were not going to change anytime soon. With another failed attempt at instituting a state income tax and a newly elected governor who pledged not to consider the issue again for at least four years, the higher education community realized that this lottery revenue was the only source of new money their sector would claim for years to come. Elected officials also saw this as an opportunity.

Just as higher education was unlikely to receive increased appropriations in the foreseeable future, the state was unlikely to collect additional revenue. This provided a tension for elected officials. On one hand, they wanted to maximize this new funding source by distributing benefits to as many of their constituents as possible. At the same time, they needed to be perceived as good stewards of this vast new stream of revenue. Democrats and Republicans throughout the legislative debate were calling on the state to be “fiscally conservative” in the allocation plans for scholarships. At the same time, however, legislators argued to broaden the criteria (i.e., eliminate income caps, reduce the GPA requirement, equal award for students attending private institutions) to include

students from their district. The tensions this raised were exacerbated by the realization of legislators that if their students were not included in this program, there was not another program that could be proposed at a later date to make up for it. For example, increases to the state need-based program were as unlikely as the creation of a new tuition equalization grant for students attending private colleges. So, policy actors in Tennessee looked to the experience of other states to support their preferred set of criteria

The default position for any question related to lottery scholarship criteria quickly became whatever Georgia HOPE does. Not only was there a steady flow along Interstate 75 with Tennessee legislators and higher education leaders traveling south to the Georgia HOPE offices and Georgia HOPE scholarship and lottery experts traveling north offer their insights in Nashville, but Tennessee students and parents began to support the allure of broad-based merit scholarships. Indeed, students and parents had borne the brunt of Tennessee's flagging economy in the form of increased tuition payments. So, without the details of what Tennessee's lottery scholarship program would entail, legislators and educators looked to Georgia for the general framework. However, with ten years of experience, there was also much to learn from the recent criticism of the Georgia HOPE program and the eleven other states that implemented merit aid programs since then.

As mentioned in the previous technical information dimension, Tennessee made a concerted effort to learn from the perceived "pitfalls" of the Georgia HOPE program. Namely, that scholarship award amounts were tied directly to the cost of tuition at public institutions, which had the effect of artificially holding tuition in Georgia low and had the potential to exceed lottery revenue if tuition rose too quickly. The larger social concern with the Georgia HOPE program was that these merit scholarships did little to provide

access to college, particularly among low-income Georgians. This combination of the practical policy experience of a neighboring state and of academic studies criticizing merit aid programs gave Tennessee a bevy of information from which learn. A senior official in the University of Tennessee system summarized this argument using a historical analogy of two Democratic Party stalwarts:

We looked around at other states, most notably Georgia, and tried to see what those states had done, had to see how we felt about how that was working and what they said about how it was working, and then tried to adjust them so as not to repeat what we thought were mistakes elsewhere but also to repeat what we thought weren't mistakes elsewhere...

Maybe the best way to say it is how high the end was going to be because there remains to this day in Tennessee this tension – and in other states as well – between what American history would call Thomas Jefferson kind of stuff, which is sort of meritocracy, and Andrew Jackson kind of stuff, which is accessibility, common person kinds of things... Metaphorically, you think about the University of Virginia, and you think about Tennessee higher education. Jefferson built the University of Virginia, and Tennessee still thinks that Jackson was right.

## CHAPTER VII

### COMPARATIVE CASE ANALYSIS

The aim of this dissertation is to describe the criteria determination policy process and to deepen the conceptual understanding of these phenomena. The two overarching research questions guiding this study aim to provide a descriptive understanding of the process through which state merit aid programs emerge and to reveal conceptual implications for policy process theories. As formally stated in Chapter I, the two research questions are:

1. How do states determine the initial eligibility criteria for merit aid programs?
2. How will three theoretical frameworks—advocacy coalition, multiple streams, and electoral connection—explain the process by which states determine merit aid eligibility criteria?

The three theoretical frameworks present different perspectives on the policy process. To gauge the explanatory power of each framework, this study relies on an analytical framework of six dimensions as outlined in Chapter III. Each of the three state case study chapters included a *within-case* analysis along these six dimensions. This chapter utilizes the same analytic framework to present *between-case* analysis.

The first section of this chapter uses *cross-case* analysis to explore the similarities and differences between cases. For each dimension of the analytical framework, the experience in each state is summarized in table form then considered more fully drawing on the analysis from each state. The second section of this chapter uses two levels of

*cross-model* analysis to consider the conceptual relevance of each theoretical framework: (1) analysis of the explanatory power of each theoretical framework by analytical dimension and by case; and (2) narrative analysis of each theoretical framework based on the events and influences in the three cases.

### Cross-Case Analysis

This cross-case analysis section considers the experience and influence of each state along the six dimensions of the analytic framework. Based on the complex nature of the phenomena in the state episodes, several of the dimensions are inter-related. As in the within-state analysis reported in Chapters IV, V, and VI, analysis in this section examines each dimension in the order outlined in Appendix C.

#### *Rationality of policy actors' behavior and preferences*

The cross-case comparison of the rationality of preferences of policy actors and the means through which they acted upon these preferences reveals convergence and slight variation. Each state episode includes evidence of elected officials' district concerns in addition to other divergent sources of rationality.

Table 4. Rationality of Policy Actors' Behavior and Preferences

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Rationality of Policy Actors' Behavior and Preferences</b>	<p>District concerns guided the behavior and preferences of elected officials.</p> <p>College scholarship program as a “high public purpose” from which to build support for state lottery.</p>	<p>District concerns guided the behavior and preferences of elected officials.</p> <p>College scholarship program as a “high public purpose” from which to build support for state lottery.</p> <p>The “messaging” strategy initiated by Governor Bob Wise built support for Promise.</p>	<p>District concerns guided the behavior and preferences of elected officials.</p> <p>Policy actors developed and considered multiple policy alternatives.</p>

In New Mexico, policy actors' support for the Success scholarship criteria can be traced to gaining support for a statewide lottery and maximizing the eligibility of students from their constituency. While Senator Michael Sanchez crafted the 2.5 college GPA requirement, other legislators, primarily those representing rural districts, actively advocated for students attending two-year institutions to be eligible. Additionally, the broad eligibility criteria, which essentially include any high school graduate who enrolls immediately in a New Mexico college, served as a rationale advanced by policy actors in support of a state lottery. Granted, public support for such gaming was evident based on the state referendum. However, this program with a “high public purpose” mitigated the rancor of anti-gaming constituencies.

Policy actors in West Virginia also used the rationale of a public good to assuage the opponents concern with the proliferation of state-supported gaming. In fact, Governor

Bob Wise embarked on a second campaign in support of funding Promise with gray machine revenue. By taking this issue directly to his statewide constituency, and to the constituencies of many legislators, he employed a strategy that E.E. Schattschneider (1960) referred to as “socializing the conflict.” The rational approach of inviting the public into the process allowed Governor Wise to utilize his acumen for the “outside game” of politics. Furthermore, by crafting a targeted and well-honed “message,” Governor Wise was able to align the Promise scholarship program with broader state goals.

Unlike the other two states, policy actors in Tennessee illustrated their rationality by considering multiple policy alternatives for the lottery scholarship eligibility criteria. At the request of many legislators, especially the House and Senate sponsors, coordinating board staff developed eligibility estimates and cost projections for more than 100 different scholarship criteria scenarios. Ultimately, however, as in New Mexico and West Virginia, legislators preferred criteria that maximized the eligibility rates of students from their districts. For example, Republican elected officials representing wealthy suburban districts opposed an income cap provision. Likewise, Democrats representing urban low-income districts opposed a standardized test requirement and advocated for lowering the GPA requirement.

#### *Clarity of program goals*

The three cases experienced differing levels of clarity of goals for their proposed scholarship program. While the primary advocates in each case identified one or more



goals for the program, Table 4 illustrates considerable variation in the extent to which these goals were widely held.

Table 5. Clarity of Program Goals

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Clarity of Program Goals</b>	<p>Senator Sanchez advanced one central goal of the Success program.</p> <p>Opponents advanced need-based aid and increased GPA requirements as alternative program goals.</p>	<p>Promise advocates articulated four primary goals for the program.</p> <p>Opponents, citing fiscal concerns, advanced need-based aid as an alternative program goal.</p>	<p>Lottery scholarship advocates articulated four primary goals for Tennessee Hope.</p> <p>No competing goals existed; however, policy actors weighted the goals differently.</p>

Senator Michael Sanchez, having determined the eligibility criteria in collaboration with his wife based on their personal educational experiences, wanted the Success scholarship program to serve as an incentive for students to graduate high school and to enroll in college free of concerns over how they would pay for it. The hallmark of his preferred criteria, and underlying goals, was that all New Mexico citizens irrespective of race, ethnicity, or income could earn a college scholarship with decent academic performance in college. Opponents, however, held different program goals. For instance, Governor Gary Johnson preferred a scholarship program that rewarded excellence instead of this “middling” 2.5 GPA requirement. On the other hand, coordinating board officials and some legislators preferred a scholarship program with goals grounded in access for low-income students.

Opposition to the merit-based West Virginia Promise scholarship program also came from need-based aid advocates. However, many respondents suggested that support for a need-based program was simply a proxy either for their opposition to the revenue source or concerns with the fiscal stability of such a broad program. Despite these concerns of a few legislators, most policy actors agreed upon the four goals for Promise advanced by Governor Bob Wise which essentially aim to improve the academic pipeline of West Virginia student progression from high school to college to the state workforce.

The four overarching goals of the Tennessee Education Lottery Scholarship program were virtually identical to the pipeline concerns in West Virginia. However, unlike in West Virginia, policy actors in Tennessee seemed to weight the importance of each goal differently. For example, many legislators and higher education representatives highlighted the goal to keep Tennessee's "best and brightest" students in state for postsecondary education and, accordingly, opposed an income cap arguing that students from high-income families may be the very students that Tennessee would like to retain. Other policy actors preferred the goal of improving students' academic achievement in high school in their support of a liberal eligibility criteria. If all college bound students could not realistically expect to earn a lottery scholarship, these policy actors argued, then the scholarships would not serve as an incentive to improve academically.

#### *Stability of policy coalitions over time*

In contrast to the varied experiences in the three states along the previous two analytical dimensions, the cross-case comparison of the stability of policy coalitions over time reveals remarkable convergence between states. In all three

episodes, respondents identified an *ad hoc* rather than *stable* coalition of policy actors in statewide higher education policy issues. Likewise, the stability of even these loose coalitions appears to be compromised by structural effects. Among these structural influences, however, there is variation between states.

Table 6. Stability of Policy Coalitions Over Time

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Stability of Policy Coalitions Over Time</b>	Ad hoc rather than stable coalition.  No core group of policy actors identified.  Stability limited due to highly decentralized governance structure.	Ad hoc rather than stable coalition.  A core group of policy actors emerged during the Promise scholarship policy deliberations.  Stability compromised by the high degree of turnover, tied largely to governor’s term of office.	Ad hoc rather than stable coalition.  A core group of policy actors emerged representing statewide governing entities.  Stability varied depending on which agency has the most political capital.

As illustrated in Table 6, respondents in New Mexico characterized the higher education community as an ad hoc arrangement of coordinating board officials and campus representatives. Given the highly decentralized nature of higher education governance, institutional involvement varied depending on the extent to which the policy debate affects their campus. The decentralized arrangement also presents a structural challenge to the Commission on Higher Education, which is charged by statute to coordinate the higher education sector. In the case of the Lottery Success Scholarship eligibility criteria determination process, CHE staff played an active role in providing

information and analysis and in advocating policy alternatives. However, given the lack of support, or even involvement, of New Mexico colleges and universities, this ad hoc coalition had limited success.

When asked to characterize the higher education community in West Virginia, Governor Wise replied, “There ain’t much of a community.” Respondents overwhelmingly corroborated this perspective in support of an ad hoc rather than stable coalition of higher education policy actors. During the creation of the Promise scholarship program, however, a small group of higher education officials and senior administration officials coordinated efforts to promote the scholarship program. Respondents suggested that similar groups have formed in support of or dissent from other policy issues; however, rarely is the same group of actors involved. Given the active roles that West Virginia governors have played in higher education, this lack of stability is, at least in part, a result of gubernatorial turnover.

Like the New Mexico case, the higher education governance structure influenced the stability of policy coalitions in Tennessee. As in the other two cases, respondents identified an ad hoc arrangement of policy actors as opposed to a stable coalition. The core group of policy actors identified by respondents consists of representatives from the coordinating board and two governing boards. Despite the organizational stability of the three statewide higher education boards, this small group of “usual suspects” varied in terms of influence depending upon which board had the most political capital. For example, during the lottery scholarship debate, due to recent changes in leadership at both governing boards, the Tennessee Higher Education Commission emerged as the

agency with the most political capital. As such, the coordinating board staff led this core group of higher education officials.

*Influence of elected officials and non-elected officials*

The comparative case analysis demonstrates that in each episode elected officials exerted their influence and that statewide structure—political, educational, or both—affected this influence. In West Virginia, and especially in Tennessee, non-elected officials also exerted influence in the policy process through which scholarship program eligibility criteria were determined.

Table 7. Influence of Elected Officials and Non-Elected Officials

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Influence of Elected Officials and Non-Elected Officials</b>	<p>Elected officials dominated process with little impact of non-elected officials.</p> <p>Low level of legislative professionalism and decentralized higher education governance structure contribute to levels of influence of elected and non-elected officials.</p>	<p>Both elected officials and non-elected officials critical to policy process.</p> <p>High level of governor’s budget power contributes to levels of influence of elected and non-elected officials.</p>	<p>Both elected officials and non-elected officials critical to policy process</p> <p>Informal government and higher education norms contribute to levels of influence of elected and non-elected officials.</p>

In stark contrast to the episodes in the other two states, elected officials dominated the policy process that created the New Mexico Lottery Success Scholarship program. While each state case included primary policy actors who expended political capital in

support of their proposed set of criteria, Senator Michael Sanchez had a more significant impact on the Success program than did any other policy actor involved in the criteria determination process of Promise or Hope. Non-elected officials attempted to influence the process, but Senator Sanchez always seemed to have the right of first refusal. In part, this unusual amount of influence can be explained by governmental structure, namely the extremely low level of legislative professionalism. With the New Mexico Legislature in session only one or two months each year and a paltry number of professional legislative staff members, legislators appeared to rely either on their own resources or on the policy communities of each sector (i.e., transportation, healthcare, education) for policy alternatives. In this case, the decentralized structure and tenuous coordination of higher education reduced the sector's influence on the process and Senator Sanchez, already determined to follow his preferences, relied on political means to enact Success.

In West Virginia, non-elected officials influenced the process only as a result of elected officials seeking their involvement. The original sponsor of the Promise program, Senator Lloyd Jackson, invited the participation and advice of the SREB. Then, Governor Bob Wise invited representatives from the merit aid programs in Georgia and Florida to provide assistance in the determination of Promise eligibility criteria. Even opponents of the Promise program sought the involvement of non-elected officials, most notably Delegate Jerry Mezzatesta's invitation to national financial aid expert, Dr. Bridget Terry Long, to present research on negative trends of merit aid programs. However, elected officials clearly exerted the most influence. Governor Wise made funding the Promise program the centerpiece of his gubernatorial campaign and of his administration. Therefore, he actively campaigned and sought out political compromises to implement

Promise. The strong veto powers and budgetary control afforded the West Virginia executive had a tremendous effect on the governor's ability to press so hard on Promise. By threatening "no Promise, no budget," Governor Wise had the formal authority to stand behind this ultimatum.

In Tennessee the informal norms of statewide policy agenda and of statewide coordination of higher education affected the influence of both elected and non-elected officials. The historic precedent of the legislative and executive branch ceding to one another the autonomy to promote their own distinct policy agendas left the legislative leaders relatively free from the governor's meddling in crafting the scholarship criteria. Also, as mentioned in the previous dimension, the higher education governance arrangement is conducive to a fluctuation in leadership, which at the time of the lottery scholarship deliberations rested with the coordinating board.

Similar to the West Virginia case, elected officials sought the participation of non-elected officials in Tennessee, but to a greater extent than in West Virginia. The appointment of Dr. Richard Rhoda, executive director of THEC, as chair of the Education Lottery Task Force solidified the influence of non-elected officials which continued even after the ELTF disbanded. Ultimately, however, elected officials exerted the most influence by crafting the criteria to suit their constituents' preferences.

#### *Availability of technical information*

The cross-case analysis reveals that technical information became increasingly more available as time passed between each state episode. This trend is hardly surprising. In 1995, when the Success scholarship criteria were first crafted only two years had

passed since Georgia adopted their HOPE scholarship program. When Tennessee decided upon the eligibility criteria for their Hope program in 2003, Georgia HOPE had a decade worth of experience and 11 states had adopted similar programs.

Table 8. Availability of Technical Information

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Availability of Technical Information</b>	<p>Scarcely to moderately available.</p> <p>Information available regarding eligibility projections, other states' experience with education lotteries, and the policy objectives of the Georgia HOPE program.</p> <p>Outside experts not consulted.</p>	<p>Moderately to widely available.</p> <p>Information available regarding eligibility projections and other states' experience with merit aid programs.</p> <p>Outside experts consulted in the beginning of process.</p>	<p>Widely available.</p> <p>Information available regarding eligibility projections and other states' experience with merit aid programs.</p> <p>Outside experts consulted at the beginning of the process and again near the end.</p>

As illustrated in Table 8, technical information was scarcely to moderately available in New Mexico. Senator Michael Sanchez and the coordinating board staff turned to information regarding the Georgia HOPE scholarship program. While longitudinal evidence was not yet available, New Mexico policy actors considered the broader aims of the Georgia HOPE model to retain the state's brightest students and to increase college preparation and aspirations among secondary school students. In contrast to the dearth of information on broad-based merit aid programs, there was an abundance of information pertaining to the use of state lottery revenue to fund education initiatives. In fact, this information led policy actors to name specific education programs as direct



beneficiaries rather than have lottery proceeds supplant the existing state appropriations for education.

Technical information was moderately to widely available throughout the policy process that led to the determination of Promise scholarship eligibility criteria. Both Senator Lloyd Jackson and Governor Bob Wise sought out information about merit aid programs in other states with particular emphasis on the Georgia HOPE program. Additionally, the Higher Education Policy Commission provided cost projections and eligibility rate information to the Promise Board of Control as they were determining the final award criteria. Also, earlier in the policy process, higher education officials and legislators opposed to Promise introduced information critical of merit aid programs in other states through the research presentations and testimony of Dr. Bridget Terry Long.

Such presentations by outside experts occurred multiple times during the Tennessee episode and contributed to the wide availability of technical information throughout the policy process. In addition to the numerous scholarship scenarios generated by the coordinating board staff, the presentations and testimony of financial aid scholars and practitioners greatly informed the process and influenced policy actors. For example, when College Board representatives provided legislative Black Caucus members with eligibility rate information disaggregated by county, the abstract notion of disproportionate impact was seen in concrete terms of how few students from their districts would earn lottery scholarships based on the requirement of both a 3.0 GPA and a 19 ACT score. The Tennessee case experience supports John Wright's (2003) finding that interest groups providing district-level information to elected officials increase the chance of adoption of their preferred policy alternative.

*Effect of external influences*

With regard to the effect of external influences, cross-case analysis reveals that in all three cases multiple influences external to the scholarship eligibility criteria determination process had a strong effect. While convergence exists along this dimension for all episodes, the number of influences varied from two to four.

Table 9. Effect of External Influences

	<b>New Mexico</b>	<b>West Virginia</b>	<b>Tennessee</b>
<b>Effect of External Influences</b>	<p>Strong effect of three external influences:</p> <ol style="list-style-type: none"> <li>1. Rising tuition</li> <li>2. Increased gaming presence in the state and region</li> <li>3. Favorable public opinion of lottery and scholarship program</li> </ol>	<p>Strong effect of four external influences:</p> <ol style="list-style-type: none"> <li>1. Rising tuition</li> <li>2. National proliferation of merit aid programs</li> <li>3. State’s historical context</li> <li>4. Favorable public opinion of gray machine regulation and Promise program</li> </ol>	<p>Strong effect of two external influences:</p> <ol style="list-style-type: none"> <li>1. State fiscal condition</li> <li>2. National proliferation of merit aid programs.</li> </ol>

As shown in Table 9, three external influences had a strong effect on the eligibility criteria determination process for the New Mexico Lottery Success Scholarships. The pressure exerted by Governor Gary Johnson on New Mexico universities to raise tuition led to increased support for a scholarship program that would off-set these increased costs. However, the increased gaming presence in the state and broad public support had the most significant influence on the adoption of the Lottery

Success Scholarship program. Respondents recalled that the eligibility criteria were rarely explicitly debated, instead the scholarship program was advanced as a means to alleviate concerns of the vocal minority opposed to state-sponsored gaming. Respondents also recalled that once Governor Johnson signed the Native American gaming compact, thereby allowing casino operations on pueblo lands, New Mexicans simply wanted to play the lottery. These external influences of the statewide lottery, for the most part, dominated the lottery scholarship policy process.

The West Virginia policy process was also strongly affected by external influences. As in New Mexico, rising tuition and favorable public opinion exerted a strong effect on the Promise scholarship policy process. Two additional external sources of influence were also present in West Virginia: (1) the state's historical context, and (2) the proliferation of merit aid programs in other states. Respondents in this case repeatedly mentioned West Virginia's "strong work ethic" and the state's declining population as strong influences on the eligibility criteria. For example, the dual 3.0 GPA and 21 ACT score requirements for the Promise scholarship are the most rigorous among all state broad-based merit aid program. Respondents claimed that public support came through Governor Wise's message to aspiring Promise scholars to "work hard and play by the rules." In addition to state context, the influence of other states' merit aid programs was also significant. In fact, the Promise criteria reflect the experience of the Georgia HOPE whose representatives encouraged West Virginia to add a standardized test requirement as a means to guard against grade inflation.

Policy actors in Tennessee considered this same advice of Georgia HOPE officials. However, the merit aid landscape changed somewhat in the two years between

the adoption of Promise and the adoption of Tennessee Hope. The external influence of scholarly criticism of the merit aid model strongly influenced the Tennessee policy process, particularly due to the recency of the Harvard University Civil Rights Project report substantiating the “negative social consequences” of merit aid programs (Heller and Marin, 2002). This influence to ensure that the eligibility criteria did not disproportionately eliminate students under-represented in higher education collided with an equal influence of the state’s dire fiscal condition, which exerted pressure for the scholarship program to ensure fiscal stability within the estimated range of lottery revenue. These two external influences continued to influence the scholarship criteria process, which was ultimately resolved through a series of decidedly internal influences of political strategy and gamesmanship.

#### Cross-Model Analysis

This section of the comparative case analysis considers how each of the three theoretical frameworks informs the conceptual understanding of the criteria determination policy process in each state. The *cross-model* consideration relies on two level of analysis. First, a 54-cell table compares the explanatory power of the three theoretical frameworks in each of the three states along the six analytical dimensions. Then, relying on evidence of each theoretical framework’s explanatory power, this section concludes with a more thorough analysis of each theoretical framework in separate sub-sections.

Table 10 reports the results of a cross-model analysis of the explanatory power of the three theoretical frameworks in all three episodes utilizing the six analytical

dimensions. The analytical dimensions serve as an operationalization of core components of the three frameworks—advocacy coalition, multiple streams, and electoral connection—each of which represents a unique interpretation of the policy process. Therefore, in each of the six dimensions, the explanatory power should reside primarily with a single framework.

Each cell reports the determination of the explanatory power of the theoretical framework using a three-level scale (high, moderate, and low) to indicate the extent to which each framework offers a compelling explanation of the dimension. The level of explanatory power was determined by considering the extent to which the core constructs of each theoretical framework accounted for the *within-case* and *between-case* findings. For example, with regard to the *rationality of policy actors' behavior and preferences* dimension, the advocacy coalition framework suggests that layers of belief systems provide a foundation for policymakers' activities. However, in none of the three states did evidence exist that would support this core construct of the advocacy coalition framework, thus each of the three cells report “low” explanatory power. Alternatively, with regard to the multiple streams model, evidence reported in Table 4 suggests that in all three states policy actors attached “solutions” to broader political aims, such as creating a scholarship program as a means of attaching a “high public purpose” to a gaming initiative. As a result, the three cells in the multiple streams column of the first row all report “high” explanatory power.

Table 10. Explanatory Power of Three Theoretical Frameworks

Analytical Dimension	Advocacy Coalition			Multiple Streams			Electoral Connection		
	NM	WV	TN	NM	WV	TN	NM	WV	TN
Rationality of Policy Actors' Behavior and Preferences	Low	Low	Low	<b>High</b>	<b>High</b>	<b>High</b>	Mod	<b>High</b>	<b>High</b>
Clarity of Program Goals	Mod	Mod	Mod	Mod	Mod	<b>High</b>	Low	Low	Low
Stability of Policy Coalitions Over Time	Low	Low	Low	<b>High</b>	<b>High</b>	<b>High</b>	Low	Low	Low
Influence of Elected Officials and Non-Elected Officials	Low	Low	Mod	Mod	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
Availability of Technical Information	Mod	<b>High</b>	<b>High</b>	Mod	Mod	Mod	Low	Low	Low
Effect of External Influences	<b>High</b>	<b>High</b>	<b>High</b>	Mod	Mod	Mod	Low	Low	Low

Table 10 reveals that each theoretical framework contains the high levels of explanatory power in at least two of the analytical dimensions. Given the aim of this dissertation to explain the scholarship criteria determination process through these three frameworks, the test of explanatory power is not an effort to determine which framework *best* describes the criteria determination process. Instead, Table 10 is intended to simply determine the extent to which each framework offers a compelling conceptual perspective on the policy process in each state.

The advocacy coalition framework offers high explanatory power in five cells, including the majority of cases for both the *availability of technical information* and

*effect of external influences* dimensions. The multiple streams theory, with a high level of explanatory power in four of the six dimensions and in nine cells total, offers the most compelling explanation of the three theoretical frameworks. In fact, all three states in both the *rationality of policy actors' behavior and preferences* and *stability of policy coalitions over time* dimensions report high levels of explanatory power. Finally, the electoral connection model represents high explanatory power in five cells along two dimensions: *rationality of policy actors' behavior and preferences* and *influence of elected officials and non-elected officials*.

This cross-model analysis suggests that the explanatory power of each theoretical framework contributes to the conceptual understanding of the eligibility criteria determination process in each state. However, the multiple streams theory clearly holds the greatest explanatory with at least a moderate level explanatory power in each of its column's 18 cells and with nearly twice the number of high values than each of the other frameworks yield. The final sub-sections of this chapter explore the explanatory power of each theoretical framework.

#### *Advocacy Coalition Framework*

The explanatory power of the advocacy coalition framework is characterized by three findings: (1) the unanimous low level of explanatory power on the stability of policy coalitions over time, (2) the high explanatory power, in two cases, along the technical information dimension, and (3) the unanimous high explanatory power of the effects of external influence. The first "non-finding" regarding the stability of policy coalitions is important because this dimension represents the crux of the advocacy

coalition framework. Sabatier and Jenkins-Smith (1993, 1999), in fact, argue that the policy process is characterized by the existence of multiple coalitions over a period of a decade or longer. Yet, in all three criteria determination episodes, no coalition (ad hoc or stable) is reported to exist longer than four or five years. This divergent finding may be due to the advocacy coalition authors' consideration of the federal policy process, which has a decidedly more stable set of bureaucratic and interest group involvement.

The high level of explanatory power for the availability of technical information, however, suggests that this aspect of the federal policy process is becoming increasingly relevant at the state level. Along this dimension, evidence from the West Virginia and Tennessee cases suggests that policy actors increasingly rely on technical information to decide whether or not to support a single policy solution and to decide between policy alternatives. As mentioned in the previous section of this chapter, technical information became increasingly available as more time passed between the initial policy innovation of the Georgia HOPE program and the enactment of similar programs in other states, which explains the moderate level advocacy coalition's explanatory power in the New Mexico case.

The high explanatory power with regard to the effect of external influences represents the final contribution of the advocacy coalition framework. As seen in the advocacy coalition model in Figure 1, a set of four "external events" affect the policy process. Three of the four events appear in each of the three cases: changes in public opinion, changes in governing coalition, and policy decisions and impacts from other policy subsystems. Broad-based public support for gaming opportunities affected the policy processes in New Mexico and West Virginia. Likewise, in these two states, the



enactment of a merit aid program was possible only after the election of a new governor. Governor Gary Johnson defeated the incumbent Democratic governor who was opposed to all forms of state-supported gambling; Governor Bob Wise defeated the incumbent Republican governor who opposed regulation of the gray machines. Finally, the impact of policy decisions from other subsystems aptly applies to the criteria determination process in all three states given the influence of gaming activities and merit aid programs in other states. For instance, the episode in Tennessee benefited from the policy decision of 12 other states to adopt a broad-based merit aid program, thereby providing policymakers in Tennessee with a dozen different sets of scholarship criteria from which to learn.

### *Multiple Streams*

The multiple streams theory offers the most compelling conceptual explanation for how states decide upon the eligibility criteria of broad-based merit aid programs. With at least a moderate level of explanatory power in all cases along all dimensions, the cross-model analysis illustrates the relevance of multiple streams throughout the analytical framework. Furthermore, all cases report high levels of explanatory power along two dimensions and three additional cases report high levels in two other dimensions.

Beginning with the first dimension that contains unified high explanatory power, rationality of policy actors' behaviors and preferences, multiple streams theory is relevant based on the strategies employed by *policy entrepreneurs* in each case. As multiple streams theory posits, policy entrepreneurs play a role both in *coupling* two of the three streams (problems, politics, and policies) and through perseverance and creativity in advancing their policy. Zahariadis (2003) notes that some policy actors utilize *salami*

*tactics* to gain support of their policies. By using this strategy, with *heresthetic* characteristics as described by Riker (1986), policy actors strategically manipulate the sequential nature of the policy process. For example, in the West Virginia case, Governor Bob Wise first supported the full enactment of the Promise scholarship program, then announced that gray machine regulation would provide the revenue source. Recall that one Republican senator felt trapped into supporting Promise stating, “Who’s going to be against providing college education to A / B students of middle-class families? I mean, no one’s against that.” By advancing the benefits of merit aid and thereby increasing public support for Promise scholarships, the governor in a sense manipulated legislators into regulating the gray machines in order to fund this program.

The next dimension with unanimously high levels of explanatory power, stability of policy coalitions over time, reflects the relevance of the multiple streams notion of a fluid, serendipitous policy process. As noted first by Cohen, March, and Olsen (1972), participants in the decision-making process vary depending on the issue in an ad hoc fashion. Evidence for this fluid stream of policy actors within the higher education community abounds in all cases. Respondents also recalled the importance of timing in the determination of scholarship eligibility criteria, which reflects Kingdon’s (1995) notion of *policy windows* that emerge in either the politics or problem stream. In the New Mexico case, the passage of a statewide referendum in support of state-run gaming initiatives and the election of a governor who declared his willingness to sign legislation implementing a statewide lottery created a window of opportunity for Senator Michael Sanchez to advance a policy that would bolster support the increasingly popular notion of establishing a lottery. While Senator Sanchez clearly behaved like a policy entrepreneur,

using his personal and political resources to retain control of the criteria determination process, the multiple streams theory offers only moderate explanatory power for the influence of elected and non-elected officials based on the marginalized role of non-elected officials.

In the other two cases, multiple streams offer high explanatory power for the influence of elected and non-elected officials based, interestingly, on the significant role played by non-elected officials. Kingdon (1995) notes that this *hidden cluster* of policy actors usually plays a more active role in generating policy alternatives with a *visible cluster* of elected officials playing a more significant role in raising a policy to the agenda. Particularly in Tennessee, the role of non-elected officials in generating alternate policy solutions provided the principle policy actors with the resources necessary to advance their pet solutions by framing their preferred criteria as supporting the widely-held goals for the program.

In fact, multiple streams theory offers high explanatory power only in the Tennessee along the dimension of clarity of program goals. In the early stages of the uniquely open process through which policy actors in Tennessee determined the eligibility criteria, policymakers agreed on a set of four over-arching goals for the Tennessee Education Lottery Scholarship program. However, as multiple streams theory suggests, policy entrepreneurs used these goals as a framing mechanism for their solution. This opportunity was mitigated in the other two states since there was no broadly-supported clarity of program goals, instead policy actors held competing goals leaving no common ground from which policy entrepreneurs could frame their solutions.

### *Electoral Connection*

The explanatory power of electoral connection rests in two dimensions: rationality of policy actors' behaviors and preferences and influence of elected officials and non-elected officials. Not surprisingly, this elegant conceptual notion that policy preferences can be traced directly to public officials' re-election interests yields low levels of explanatory power in the remaining four dimensions.

The first dimension of rationality can be explained most compellingly by Mayhew's (1974, 2004) notion of the "single-minded reelection seeker." In each of the three cases, elected officials acted on the preferences, perceived or manifest, of their constituents. The clearest example of this is found among members of the legislative Black Caucus in Tennessee. These elected officials interrupted a seemingly well-greased policy process in their request to alter the eligibility criteria so that students from their districts would receive a more equitable proportion of the scholarships. In fact, this particular case reflects the findings of Fenno's (2003) more recent consideration of black representatives in the U.S. Congress, which indicates that the tendency for representatives to "internalize their constituents" is even more pronounced among African American legislators.

The other dimension considering the influence of elected officials reveals, not surprisingly, the high explanatory power of electoral connection. In all cases, elected officials fit the two strategies of political behavior that Mayhew (1974) suggests policy actors employ: credit claiming and position taking. Broad-based merit aid programs may accurately fit Mayhew's "particularized governmental benefit" description assigned to strategies by which legislators claim credit. In all cases, elected officials appear to be

motivated by this electoral connection, with the possible exception of Senator Lloyd Jackson in West Virginia whose modesty is truly an aberration among public officials. With regard to position taking, the Tennessee case offers the example of Governor Phil Bredesen's eventual public support for equal scholarship amounts for students attending private colleges. By taking this position, Governor Bredesen not only gained support from constituents with private college affiliations, but, perhaps more importantly, gained broader public support by voicing an equitable distribution of public resources that he likely knew would resonate with the Tennessee citizenry.

## CHAPTER VIII

### CONCLUSION

This final chapter provides a brief review of the study, reports seven key findings as result of the cross-case and cross-model analysis, presents a conceptual model (synthesizing elements from all three theoretical frameworks) that illustrates the policy process through which states determined scholarship eligibility criteria, and offers implications for research and policy.

#### Review of the Study

The purpose of this dissertation has been to deepen the descriptive and conceptual understanding of the process by which states determine merit aid scholarship criteria. Three theories of the public policy process—advocacy coalition (Sabatier and Jenkins-Smith, 1993), multiple streams (Kingdon, 1995; Zahariadis, 2003), and electoral connection (Fenno, 1978; Mayhew, 1974)—have guided this comparative case study of three states' adoption of broad-based merit aid programs. Ultimately, a revised multiple streams model that incorporates elements of the advocacy coalition and the electoral connection frameworks explains the process by which eligibility criteria were determined.

Five factors contributed to the conception of this dissertation topic. First, merit aid programs have proliferated at state-level over the past decade. In fact, since the adoption of Georgia's HOPE program in 1993, the proportion of non-need aid distributed by states

has more than doubled. Second, despite the well documented social ills of merit aid programs—namely that students under-represented in higher education are disproportionately ineligible—states continue to adopt these programs. Third, while the eligibility criteria of these programs are marked by wide variation, only a single published study exists considering the importance of criteria. Indeed, “the devil is in the details” as Heller (2004) illustrates regarding the most recent merit aid program in Massachusetts. Fourth, and finally, with the nearly exclusive scholarly emphasis on evaluating the effects of merit aid programs, there has been no consideration of policy process through which states decide upon eligibility criteria—a void this dissertation seeks to fill.

Relying upon archival materials and documents and interview data collected from 56 policy actors, Chapters IV, V, and VI present case studies of the policy processes that determined the eligibility criteria in three state episodes. These cases describe the criteria determination process through a narrative chronology of events and analyze phenomena across six dimensions of the analytical framework outlined in Appendix B. The penultimate chapter continues the examination of the policy process through cross-case and cross-model analysis. Finally, this concluding chapter reports key findings emerging from this analysis and presents a revised conceptual model to explain the criteria determination policy process in these three states.

## Findings

The examination of the policy process through which states determine scholarship eligibility criteria yielded seven findings. These findings relate to rational and political

dynamics of the policy process and to the roles played by organizational structures and individual policy actors.

1. The multiple streams theoretical framework provides the most compelling, yet still incomplete, conceptual explanation of the criteria determination policy process in these three cases. As reported in Table 8, along all analytic dimensions multiple streams provided at least moderate explanatory power and provided a high level of explanatory power in the majority of cells. Nevertheless, the other two theoretical frameworks offer as high or higher explanatory power in four of the six dimensions.
2. The state government and higher education system organizational structures affect the policy process through which policy alternatives are considered and adopted. With regard to governmental structures, the level of legislative professionalism, the scope of a governor's powers, and the informal governmental norms impact the policy-making process of that particular state. Likewise, the level of autonomy and accountability afforded by the higher education governance structure contributes to the extent to which campus and system representatives are involved in the policy process and their saliency with elected officials.
3. The availability of technical information increases temporally as a result of the diffusion of policy alternatives. This three case analysis reveals that as more states adopted merit aid programs more information was infused into the policy process to determine eligibility criteria.
4. Non-elected *issue experts* can have a stabilizing effect on the policy process by infusing information or recommendations based on expertise with the policy issue. For example, in all three cases, internal experts affiliated with the statewide



- coordinating boards provided information related to estimated program costs and eligibility rates. Furthermore, in West Virginia and Tennessee, external experts provided additional information in the form of recommended criteria provisions, such as an income cap or a required standardized test score.
5. The electoral connection of legislators and governors guides their policy preferences and leads to behaviors of “credit claiming” and “position taking” to increase support among their constituents. As “single-minded reelection seekers,” elected officials are constantly trying to increase their trustworthiness and relevance to citizens in their districts. In fact, this minimalist perspective on the policy process offers insight into the motivations of policy actors’ political behaviors.
  6. One or two individual policy actors exert overwhelming influence over the policy process. Indeed, such *policy entrepreneurs* existed in all three states’ criteria determination episodes. These policy actors advanced their preferred set of criteria by *coupling* the political landscape with widely held problems, such as a “brain drain” of the brightest students to out-of-state colleges. Policy entrepreneurs in each case exercised political capital and exerted a tremendous amount of time and energy to advance their policy solutions.
  7. The eligibility criteria determination process was characterized by “ambiguity” and “serendipity.” In all cases, albeit to varying extents, the scholarship program goals (and thus criteria) were linked to state-sponsored gambling initiatives that had been considered multiple times before their ultimate enactment. The uncertainty surrounding the adoption of either the revenue source or scholarship program provided an ideal opportunity for an enterprising policy actor to advance a solution.

Within this ephemeral policy window, the “black box” influences of political manipulation and deal-brokering along with the consideration of issue-specific information are weighed and deliberated until ultimately reaching a final policy decision.

### Revised Conceptual Framework

Based on the findings reported above and the within-case and cross-case analysis, Figure 3 presents a revised conceptual framework to explain the scholarship eligibility criteria determination process. This “Revised Multiple Streams Model of Scholarship Criteria Determination” reflects the finding that the multiple streams model offered the most compelling explanation of the three theoretical frameworks. However, elements of the advocacy coalition and electoral connection frameworks that registered high levels of explanatory power have been incorporated. This section summarizes the components and interactions of the model moving from left to right.

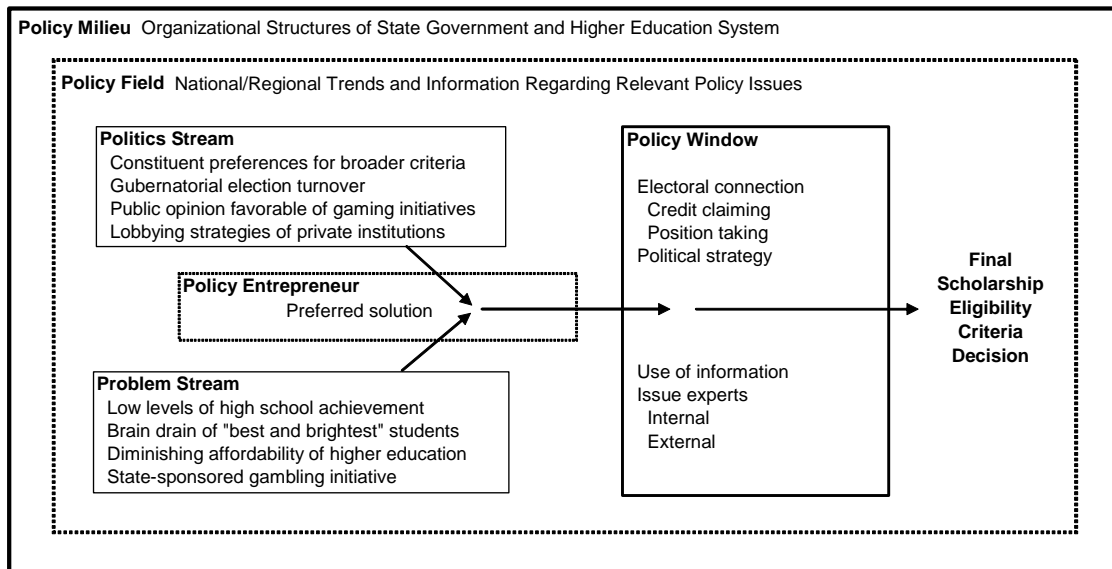


Figure 3. A Revised Multiple Streams Model of Scholarship Criteria Determination

The outer shell, or *policy milieu*, accounts for the macro-level organizational structures within which the eligibility criteria determination process unfolds. Namely, this component refers to structural effects of the state governmental system (i.e., legislative professionalism, governor’s powers, informal governmental norms) and of the statewide higher education governance structure (i.e., degree of campus autonomy and statewide coordination). Unlike Kingdon’s multiple streams model, which considers policy episodes across many sectors all set within the context and structure of the federal policy-making process, this dissertation considers similar policy episodes, but in three different state milieus. Additionally, evidence from each case, such as the high budget power of the West Virginia governor, suggests that these structural or organizational characteristics profoundly affect the policy process.

The next layer, *policy field*, represents a unique feature of this revised multiple streams model by broadening the policy, or “solution,” stream from one of three streams

to a *policy field* in which the policy formulation process takes place. Part of this reason for this change may be the result of the multiple streams model aim to consider the entire policy process, thereby moving beyond the rigid stages heuristic (Kingdon, 1995; Zahariadis, 2003). This approach, while conceptually provocative and intuitively compelling, may be limited in its ability to explain only parts of the policy process. For example, in the agenda setting stage the three stream model seems appropriate given that “solutions” often find “problems” to attach themselves to in order to rise to the agenda. However, in the alternative specification, or policy formulation, phase the “solution” is the focal point of the process. Therefore, the politics stream and problem stream must couple in support of a preferred solution. In fact, Kingdon (1995) notes that most successfully enacted policies include the coupling of all three streams.

The policy field also incorporates aspects of the advocacy coalition framework that had high explanatory power in each of the three policy episodes. When considering the adoption of merit aid scholarship criteria, the policy process exists within the broader context on that particular issue—merit-based financial aid. Therefore, the entire process appears to be a sub-level of the larger trends and information gleaned from national or regional experience. For instance, in the Tennessee case, information from a dozen other state merit aid programs was available and considered by policymakers, so *politics* and *problems* seem to exist within this larger policy issue of merit aid scholarships.

The policy field also introduces the role of diffusion in policy innovation. Two empirical studies consider state postsecondary policy innovation (Hearn and Griswold, 1994; McLendon, Heller, Young, 2005) and one study suggests a similar pattern for merit aid programs (Bell and Anderson, 2004). Extending the insights of Berry and Berry

(1990, 1999) and Walker (1969), these studies find that states are more likely to adopt the policies of neighboring states and suggest that the diffusion effect may not be limited to region, but that policies may migrate nationally through media accounts and association involvement. Evidence from the New Mexico case suggests that national migration is indeed occurring.

Within the *policy milieu* and *policy field*, beginning on the left side of Figure 3, two streams, *politics* and *problems*, follow closely the streams outlined by Kingdon and Zahariadis. In the context of the three episodes of merit aid eligibility criteria determination, the *politics* stream includes four elements. First, constituent preferences accounts for the influence of state-level constituency concerns of governors and of district-level concerns of legislators as outlined in the electoral connection framework. Second, as Kingdon notes, electoral turnover can have a significant impact on the policy process. This was clearly the case in New Mexico and West Virginia when gubernatorial candidates, supportive of implementing state-sponsored gaming defeated incumbent governors who were opposed to this innovation. Third, public opinion is identified by both Kingdon and Zahariadis as a core component of the politics stream, which evidence from these three policy processes corroborate. Fourth, and finally, interest group activity is more common in the federal-level health care and transportation sectors considered by Kingdon than can be expected to exist in the state-level higher education sector. However, the lobbying techniques employed by private colleges in Tennessee to advocate their support for equal awards illustrates an emerging trend of higher education interest group activity.

The *problem* stream includes four elements reported in the three episodes of criteria determination. First, the low level of academic achievement among high school students was identified as a problem by policy actors in each state. Second, the retention of a state's "best and brightest" students is heralded by nearly every state during the adoption of a merit aid program. Third, diminishing college affordability and its impact on access to higher education, particularly among racial and ethnic minority students and low-income students is a problem advanced by higher education representatives within each state and by the broader higher education scholarly community. Finally, state-sponsored gaming initiatives evoked strong public opinions of proponents and, especially of opponents. In both West Virginia and New Mexico, this gambling problem was indelibly linked to elements of the politics stream by a policy entrepreneur.

*Policy entrepreneurs* play a vital and necessary role in this revised multiple streams theory. Kingdon (1995) identifies three qualities of entrepreneurs: (1) claim to a hearing through expertise or authoritative position, (2) political connections or negotiating skill, and (3) persistence. Policy entrepreneurs in each of the cases relied on these qualities as they generated their preferred solution by *coupling* the two streams. In New Mexico, Senator Michael Sanchez's political connections to House leadership through his brother, Speaker Raymond Sanchez was instrumental in the adoption of the Success program. In West Virginia, Governor Bob Wise's persistence was remarkable as evidenced by embarking on a second campaign for Promise only weeks after a tumultuous gubernatorial campaign. In Tennessee, Senator Steve Cohen, by virtue of his persistence in introducing the solution of a state lottery to various problems over 18 years, earned an expertise in state lotteries, and later the Georgia HOPE program, which

gave him standing among fellow legislators. While these entrepreneurial qualities are necessary for successful coupling, they are not sufficient—the time must also be right. As Kingdon (1995) stated, “Entrepreneurs do more than push, push, and push for their proposals... they must also lie in wait—for a window to open” (p. 181).

The *policy window* depicted roughly in the center of the model is characterized by its “serendipitous” and “ambiguous” nature. The timing of an open window is largely unpredictable based on external events (captured by the policy milieu and policy field) and internal political conditions. The opening of policy windows also depends upon the *political* and *problem* streams and an entrepreneur’s ability to couple a solution with elements of either stream or both streams. Within this window, phenomena consistent with Easton’s (1965) notion of the “black box” of politics include the use political strategy and manipulation, the influence of legislators’ and governors’ re-election interests, the use of information, and, at times, the perspective of issue experts. From this window of opportunity emerges the final policy decision.

### Research Implications

The implications for researchers of this comparative case study of the merit aid eligibility criteria determination process fall into two categories: (1) theoretical and conceptual considerations, and (2) topical merit-based financial aid issues. With regard to the theoretical and conceptual contributions of this study, there are two main opportunities for future research. First, the “Revised Multiple Streams Model of Scholarship Criteria Determination” could be tested further by analyzing previous and future merit aid criteria determination episodes using this conceptual framework. Given

the temporal nature of the availability of technical information, future criteria determination processes would be of particular interest. Would technical information play an even greater role in future cases than it did in the Tennessee case? Or, would political dynamics unique to that state context supersede this trend? An alternate line of inquiry that would contribute greatly to the conceptual understanding of the adoption of broad-based merit aid program is a study of a “non-event.” That is, a study of a state that adopted a new revenue source, such as a state lottery, but chose not to utilize the proceeds for a merit-based scholarship program. Since nearly every state that has adopted a lottery in the last decade has dedicated at least a portion of lottery proceeds to merit aid, an understanding of the phenomena leading a state to an alternate use of lottery proceeds may identify latent factors in existing cases not currently considered.

The second opportunity for future research includes testing this revised multiple streams model in other policy contexts both within the higher education sector and in other sectors. Does this model contribute to a broader understanding of the policy formulation process for other statewide postsecondary issues, such as the adoption of pre-paid tuition plans, state investment in research, or need-based financial aid programs? Do the new components of electoral connection and availability of technical information in this revised multiple streams model inform the policy processes of other sectors? The political dynamics of the state-level policy process in the K-12 education sector have been explored more frequently and more systematically by education scholars (Guthrie and Koppich, 1994; Marshall, Mitchell, and Wirt, 1989; Mazzoni, 1993; Spring, 1998; Wirt and Kirst, 1997) than have similar phenomena been studied by researchers in the



higher education sector. This revised multiple streams model may provide the framework to test across education sectors.

Additionally, does Lowi's (1964) policy type—*distributive*, *redistributive*, or *regulatory*—affect the explanatory power of the revised multiple streams model? For example, this dissertation considers a *distributive* policy since the enacted scholarship program of each state draws upon a new revenue source. However, as McLendon, Heller, and Young (2005) note, Lowi's original typology has been extended recently (Gormley, 1986; Haider-Markel and Meier, 1996; Mooney and Lee, 1999) recognizing that the politics surrounding an issue is affected by the extent of its technical complexity and by the level of public interest. This has the effect of increasing the public saliency and inter-party conflict of redistributive policies. Therefore, it appears that if this model were applied to the policy process through which need-based aid criteria of an existing state program were altered, then this *redistributive* policy may lead to a more contentious policy process, especially between need-based aid advocates and other higher education officials.

With regard to the second category of research implications, there are three topical issues related to merit aid programs that this study informs. First, researchers often cite the political popularity of merit aid programs as a reason for the proliferation of such programs. Given the significant role that the gaming funding source played in the criteria determination process in New Mexico and West Virginia, it would be interesting to consider the extent to which this popular support is based on citizens' desire to participate in the gaming activity. Or, conversely, the extent to which support for a merit aid program affected citizens' opinions on a new gaming initiative. The case studies in

this dissertation provide evidence that merit aid as a “high public purpose” has a significant impact on the feasibility of adopting a gambling-generated revenue source. This could be tested empirically across states to gain a more generalizable trend.

Finally, variation between merit aid eligibility criteria has important consequences. In addition to Heller’s (2004b) study of the impact of three different criteria proposals for the recently adopted Massachusetts merit aid program, a recent study (Ness and Noland, 2004) illustrates the effects of scholarship criteria on the proportion of low-income and African American students eligible in three merit aid programs: Louisiana, Tennessee, and West Virginia. Based on Tennessee’s broad eligibility criteria, the percentage of African American and low income students who receive merit scholarships is more than double that of Louisiana and West Virginia African American and low-income students. Based on this cross-case comparison, it seems that the variance of eligibility criteria matters a great deal. Indeed, the variance in criteria of a similar policy issue affecting college access, college admissions strategies, illustrates the potential benefits of studying merit aid criteria variation for policy-practitioners.

### Policy Implications

Finally, this study yields three implications for policy and practice. First, as mentioned earlier, the variation of merit aid eligibility criteria has implications for social stratification issues related to college access. When couched in terms of college admissions standards the salience of this implication becomes clearer.

The recent Supreme Court decision regarding admission standards at the University of Michigan highlighted the various means through which selective universities determine admissions decisions. The University of Michigan's policy of awarding "points" based on race was deemed unconstitutional, upholding the Hopwood decision in Texas. However, the impact of the 10 percent plan in Texas and 5 percent plan in California have vastly different implications than the University of North Carolina's policy of considering life experiences. Of course, the enrollment of Hispanic and African American students at the University of Texas and the University of California – Berkeley have decreased precipitously since Hopwood and Proposition 209 (Hurtado and Cade, 2001; Pusser, 2003, 2001). However, admissions strategies in other states post *Gratz* have different experiences, based on differing admissions criteria. Similar profound effects may also exist due to differences in merit aid criteria.

A second policy implication concerns the use and availability of technical information. Based on this study's finding, and based on similar recommendations from other scholars (Guston, Jones, and Branscomb, 1997; St. John and Paulson, 2001; Weiss, 1983), that technical information can play a significant role in the criteria determination process, policy-practitioners who aim to influence the higher education policy process should focus on providing information that is disaggregated to the district-level. By doing so, elected officials would be exposed to the information necessary to align their policy preferences with those of their constituents. Perhaps an equally effective strategy for those aiming to shape higher education policy would be to seek out a single policy actor who has the interest and qualities necessary to serve as a policy entrepreneur. Evidence

from this comparative case study reveals that such individuals can wield considerable power throughout the policy process.

The final policy implication from this study reflects the trend of higher education entering the political policy-making fray. It seems that higher education officials appear more willing to “dance with the elephants,” as a respondent from Tennessee characterized participating in the political arena with elected officials. Indeed, as reported in recent studies of interest group activity at the federal level (Cook, 1998) and at the state level (Blackwell and Cistone, 1999), this study includes evidence higher education institutions and associations explicitly lobbying elected officials. By conceptually framing the merit aid eligibility criteria determination process within policy milieu that typifies the policy-making process, hopefully, this study accurately describes nature of the political context and the overtly political strategies through which higher education policy is generated.

Appendix A

POPULATION OF STATES WITH MERIT-BASED FINANCIAL AID PROGRAMS

Year of Criteria Adoption	State	Abbreviated eligibility criteria	Revenue source	> 10% eligible for award	Renewal	New Revenue Source
1993	Georgia	3.0 GPA	Lottery	Yes	Yes	Yes
1995	Mississippi	3.5 GPA and 29 ACT	General Fund	No	Yes	No
1996	New Mexico	College GPA 2.5 after first semester	Lottery	Yes	Yes	Yes
1997	Florida	3.0 GPA and 20 ACT (970 SAT) 3.5 GPA and 28 ACT (1270 SAT)	Lottery	Yes	Yes	No
1997	Missouri	Top 3% of all Missouri ACT or SAT test takers	Education	No	Yes	No
1998	Kentucky	Awarded on sliding scale based on GPA in grades 9-12 and ACT score	Lottery	Yes	Yes	No
1998	Louisiana	2.5 GPA and 20 ACT	General Fund	Yes	Yes	No
1999	Alaska	Top 10% high school class	Land leases and sales	No	Yes	No
1999	Nevada	3.0 GPA	Tobacco settlement	Yes	Yes	Yes
2000	Michigan	MEAP test scores	Tobacco settlement	Yes	No	Yes
2001	West Virginia	3.0 GPA and 21 ACT	Gray machinces (video poker)	Yes	Yes	Yes
2001	South Carolina	3.0 GPA 3.5 GPA and 27 ACT (1200 SAT) and Top 6% of class 3.0 GPA - 24 ACT (1100 SAT) - Top 30% class (2 of 3)	Lottery	Yes	Yes	Yes
2003	Tennessee	3.0 GPA or 19 ACT (890 SAT) 3.75 GPA and 29 ACT (1280 SAT) 2.75 GPA and 18 ACT (860 SAT) and AGI < \$36,000	Lottery	Yes	Yes	Yes

Sources: Heller (2004a) and state program websites.

## Appendix B

### INTERVIEW PROTOCOL

1. Describe how (insert state) came to decide on the eligibility criteria for (state merit aid program)?
2. Who were the major players in this decision?
  - a. Was there one person in particular who drove the process?
  - b. So far, you've mentioned elected officials, were they any other major players perhaps in the education sector or media?
  - c. Would you say that there is a core group of people who are always involved in higher education issues?
    - i. Are there multiple groups? With competing philosophies?
3. What do you think would be the ideal scholarship eligibility criteria?
  - a. What were your primary considerations in determining the eligibility criteria?
  - b. Was there a primary goal or goals of (state merit aid program)?
    - i. If so, what was it and how was it determined?
  - c. Was there an initial scholarship criterion that emerged early on or served as the baseline?
    - i. If so, where did this come from?
4. When the scholarship criteria were being determined, what type of information was considered?
  - a. For example, did agency or political staff provide technical reports or cost projections?
  - b. Were researchers or national experts involved in the process?
  - c. If technical information was considered, was it available at the legislative district-level?
5. Were there significant events or trends in the past that may have influenced the criteria selection?
  - a. Everyone seems to be referencing the diminishing affordability of college costs, do you think this was the primary impetus for the creation of (state merit aid program)?
  - b. What was the public opinion of the scholarship program initially? Now?
  - c. What role did the political structure play in how the decision was reached?
6. Can you think of examples of particularly contentious issue that arose during the merit aid program deliberations? How were they resolved?
  - a. What do you attribute this to? Personalities? Partisanship?
7. How would you characterize the political climate of your state when (state merit aid program) was enacted?
  - a. To what extent was the merit aid program a bipartisan issue?
  - b. Were preferences for eligibility criteria split by party lines?

## Appendix C

### ANALYTIC FRAMEWORK

<p>1. Rationality of policy actors' behavior and preferences</p>	<p>a. To what extent were policy actors' motivations and preferences "rational"?</p> <p>b. Did policy actors have explicit goals toward which their activities were aligned?</p> <p>c. Did policy actors support certain policy alternatives based on either their constituents' preferences or based on what they determined to be "good public policy"?</p>
<p>2. Clarity of program goals</p>	<p>a. Was there one commonly agreed upon goal of the state's merit aid program?</p> <p>b. Were there competing goals for the merit aid program?</p> <p>c. To what extent did program goals influence the proposed policy solutions?</p>
<p>3. Stability of policy coalitions over time</p>	<p>a. Were policy actors grouped into coalitions based on core beliefs?</p> <p>b. If so, for how long? A decade? Longer?</p> <p>c. Were policy actors grouped in a more fluid manner based on issues?</p>
<p>4. Influence of elected officials versus non-elected policy actors</p>	<p>a. Did elected officials dominate the policy process?</p> <p>b. To what extent did non-elected policy actors influence the policy process? Were they more involved with generating policy alternatives?</p> <p>c. What was the effect of the political structure in each state? For example, legislative professionalism, governors' powers, higher education governance structure?</p>
<p>5. Availability of technical information</p>	<p>a. Did interest groups provide information on higher education issues?</p> <p>b. Was technical information available to support more than one policy solution?</p> <p>c. To what extent did policy actors utilize technical information?</p>
<p>6. Effect of external influences</p>	<p>a. Did other higher education issues affect the policy deliberations of merit aid eligibility criteria?</p> <p>b. Did other state/regional/national issues affect the policy deliberations of merit aid eligibility criteria?</p> <p>c. To what extent did public opinion influence policy deliberations of merit aid eligibility criteria?</p>

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