

REDUCED FINANCIAL RESOURCES AND THE
STRATEGIC POSITION OF COMMUNITY COLLEGES:
HOW AN “EMBEDDED COMMUNITY COLLEGE” CAN NEUTRALIZE
EXTERNAL PRESSURES

by:

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DEDICATION

To the greatest person I have ever known,

my Mother

Pauline Nako`olani Namu`o

for raising me to be more than I could be.

“There's a wren in a willow wood
Flies so high and sings so good”

Mahalo nui loa

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Abstract

This multi-site case study is really the story of three same-state community colleges (Bridge and Buffer Community College, Grants and Reserves Community College, and Crystal Ball Community College) two years after they suffered a potentially catastrophic 50% reduction in state allocations. This study examined their responses to those reductions and attempted to frame those responses according to existing research on strategic activity and strategic positioning.

The theoretical framework used, referenced as a theoretical mesh, consisted of academic capitalism (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004), resource dependence theory (Pfeffer & Salancik, 1978), state relative autonomy perspective (Dougherty, 1994), and neo-institutional theory (DiMaggio & Powell, 1983). The synthesis of these theories facilitated the analysis of the findings of this study.

This study identified three key phenomena: The *Quartering of Community Colleges* to conceptualize and organize the abundance of external pressures facing community colleges, *Mandates to Neutralize* to explain the importance of an aggressive and formal approach to neutralizing external pressures, and *Embedded Community Colleges* whose strategic positions are strengthened through a deliberate, committed approach to fostering close relationships with their local communities.

Chapter 1: Nature and Purpose of the Study

Given the recent downturn in the U.S. economy, institutions of higher education are facing a potentially unprecedented reduction in financial resources. How they choose to respond to this challenge will affect their strategic position in higher education, the students they serve, the communities that rely on their economic might, and the industries that rely on their graduates. To compound those pressures, many community colleges are expected to see an increase in enrollment as individuals seek re-training due to unemployment (Betts & MacFarland, 1995). Most of the existing research on strategic positioning; beginning with Keller's (1983) seminal book *Academic Strategy* has focused on four-year institutions. Research in this area has shown that four-year institutions position themselves strategically in a number of ways (Keller, 1983; Rhoades, 2000; Rhoades, 2007; Slaughter & Rhoades, 2004). Alfred, Shults, Jaquette, & Strickland (2009) contribute to this area for community colleges with concepts such as forces of opportunity, differentiating between strategic vs. operational efforts, collective forces of influence, and community colleges as the hub of their communities.

Since their inception over 100 years ago, community colleges have grown and developed into an integral part of the U.S. higher education system educating nearly half of all undergraduates at 1,132 institutions (American Association of Community Colleges, 2013). Community colleges across the U.S. seem to share a common identity as demonstrated by their university transfer programs, career technical education (vocational/occupational) programs, governance models, open-access admissions standards, and relationship to their local communities (Dougherty, 1994). Given the influence of these institutions and the dearth of research relating to the strategic

positioning of community colleges, there appears to be an opportunity to contribute to the field in this area. For the purpose of this research, strategic positioning encompasses the activities of a community college and its stakeholders to define its purpose, provide institutional direction, and to identify and satisfy its priorities.

Most community colleges derive their revenue from tuition, property taxes, and state allocations. As a result of reduced property valuations and a reduced willingness of government to support higher education, some community college systems are facing the prospect of significantly reduced financial resources (Cheslock & Gianneschi, 2008). According to the Center on Budget and Policy Priorities (Johnson, 2010), 39 states have cut spending for higher education since 2008 and the trend is likely to continue into the future. The California Community College system, which consists of 72 districts and 112 colleges serving over 2.9 million students annually, recently absorbed a \$520 million cut for FY2010 which represented a 7.9% overall budget reduction. Chancellor Jack Scott reports that this reduction alone resulted in the California Community College system having to turn away approximately 200,000 students (Scott, 2010). The state of Illinois' 39 community colleges have experienced a 50% reduction in their state appropriations to the tune of \$148 million despite sharply increasing enrollments (Krishnamurthy, 2009).

The state of Arizona faced a particularly severe financial crisis for fiscal year 2011 (and beyond) to the tune of \$3.2 billion based largely on expenditures nearly doubling that of its revenues (Brewer, 2010). In addition to the deficit, Arizona lost approximately 280,000 jobs between 2007 and 2010, and its tax revenues declined 34% over that same three-year time period. After significant cuts to higher education in FY2011 the Governor and legislators in Arizona are looking to make additional cuts to

various state-funded organizations; community colleges and universities included.

According to the Arizona state legislature Joint Legislative Budget Committee's FY2011 baseline budget document, the projected total state aid budget for all ten Arizona community college districts was reduced from \$107,308,800 (FY2009) to \$99,893,300 (FY2011). This reduction comes on the heels of a \$20,088,800 reduction prior to FY2010 to all Arizona community colleges in the area of "Capital Outlay" which are funds used for land and facilities. Most recently, Arizona has seen a \$170 million cut (out of \$873 million in FY2011) in state appropriations to the three state universities and a 47% cut of \$64 million (out of \$135 million in FY2011) in appropriations to the state's community colleges for FY2012. In addition to statewide cuts, Arizona's rural community college districts may experience an additional reduction in state allocations. In FY2010, the counties of Cochise, Graham, Navajo, Yuma, and La Paz received a total of \$34,869,500 in equalization funding which is designed to provide additional state allocations to those districts whose local property tax base does not provide an adequate amount of revenue to support them. For FY2010, Graham County's Eastern Arizona College received \$17,465,400 in 'equalization' funding. This amounted to 38% of its total revenue. For FY2011, Arizona Western College (Yuma/La Paz counties) received \$2.9 million in equalization funding. This amount dropped to \$1.4 million in FY2012 and is expected to be lost completely for FY2013. Any reduction or elimination in equalization funds will have a significant impact on the community colleges that rely on this revenue source.

Some of the most useful findings and implications of this study arise from the dynamic and strategic interplay between the sites in this study and their many

stakeholders. All three of the sites in this study are rural community colleges serving unique student populations, economies, and communities. Each site is involved in a myriad of relationships that require their own careful care and consideration. Each community college is pulled in different directions by these stakeholders. Whether it be legislative pressures, industry pressures, national trends, federal government regulations, universities, K-12 districts, accreditors, or their own locally-elected governing boards, each community college is impacted by these pressures and each manages these pressures to a varying degree in an attempt to remain innovative and strategic.

The purpose of this study is to explore the behaviors and efforts of community college leaders as they manage the challenge of satisfying their missions while responding to the reality of reduced financial resources. This study pays close attention to the strategic decisions of community college leaders and how those decisions influence the strategic position of each respective institution.

Chapter 2: Background, Relevant Literature, Theoretical and Conceptual Frameworks

This chapter is divided into two main sections. First, the background and context section provides just that; an attempt to contextualize and frame this study according to relevant background research in areas including history, strategy, identity, and pressures. Second, I provide some specific research relevant to this study. I present research on strategy and strategic responses to declining resources at four-year institutions. I then present research on strategy and strategic responses to declining resources at community colleges.

Background and context

Strategic positioning is the collective (not necessarily coordinated) effort of stakeholders to shape and define the priorities, objectives, and direction of a particular institution. These efforts can include concerted efforts to seek distinctive strategic niche markets (Rhoades, 2007), purposeful efforts to increase an institution's U.S. News and World Report ranking (Ehrenberg, 2002) or can include creative and innovative partnerships with the private sector (Slaughter & Rhoades, 2004).

According to the American Association of Community Colleges, 45% of all U.S. undergraduates attend one of the 1,132 two-year institutions with a total enrollment of 13 million students (American Association of Community Colleges, 2013). Through their comprehensive missions and direct-to-employment programs, community colleges play a significant role in higher education.

This section is intended to provide background and context as an introduction to the relevant research presented in the next section. I present some background and

historical context of community colleges and discuss how that context has affected their current collective identity. I also introduce information relative to strategic positioning and academic strategy to help situate this study. I then present some information regarding the fiscal environment of higher education and some of the pressures this environment exerts on institutions. Considering the fiscal environment and the declining financial support of state government to community colleges, this study has yielded some interesting results as the sites in this study attempted to identify their institutional priorities and position themselves strategically to remain relevant and to continue to serve their communities and their students.

History and identity of community colleges.

The development, growth, and vocationalization of community colleges has been well-documented and debated by a number of researchers throughout the years (Brint & Karabel, 1991; Brint & Karabel, 1989; Dougherty, 1994). There seems to be a consensus among scholars that a variety of factors and influences led to the current identity of community colleges as comprehensive, open-access institutions. From students to industry to legislative forces (Dougherty, 1994), each can claim to have played a role in crafting the identity of the modern U.S. community college.

Origins, transformation, and vocationalization.

The mission and identity of community colleges have changed since the first community college was created in 1901 (Brint and Karabel, 1989). For the first fifty years, the community college system primarily (approximately 75% of institutions) served students seeking liberal arts transfer courses (Brint and Karabel, 1991). Over the

next thirty years, community colleges slowly modified their strategic position to open-access institutions focused on vocational education. By 1980, the vocationalization of community colleges was complete with the clear majority of students in direct employment vocational programs (Brint and Karabel, 1991).

There has been considerable academic debate as to the reasons behind the vocationalization of community colleges. Scholars seem to agree that vocationalization was the result of a variety of influences. Brint and Karabel (1989) do present a number of models but in the end, they do not conclude that any of the following models apply. Borrowing from economic theory, they posit that the migration toward vocational education may have occurred primarily because of two groups of stakeholders; students and industry. First, the consumer-choice model indicates that student demand and choices based on efficiency resulted in growth and vocationalization. The consumer-choice model suggests that students choose a community college education because it is cheaper and they get more 'bang-for-the-buck'. Second, the business-domination model says that industry plays a large role in affecting curriculum and determining course and program offerings at community colleges. Brint and Karabel (1989) also add a level of complexity to the research by introducing the role of community college leaders and proponents of vocalization.

Bowles and Gintis (1976) argue that the capitalist demands of the elite class served to subordinate community colleges into the distinct role of junior colleges. This role resulted in a subservient strategic position for community colleges where they were prevented from training future upper class professionals and forced to train the working

class. Bowles and Gintis also contend that this effort was purposeful on the part of capitalist elites.

Drawing upon research involving community college systems in five states, Dougherty (1994) contends that government officials (legislators, school superintendents, high school principals, school board members, etc.) played an extraordinary role in the development and vocationalization of community colleges. Dougherty's state relative autonomy perspective argues that often times policymakers from local school board members up to Governors and state legislative leaders use their influence to shape the strategic direction of the community college system whether it be to maintain the prestige of four-year institutions, fiscal constraint issues, or simply self-interest and political gain.

Practitioners and researchers alike must understand the role of all stakeholders in developing the strategic position of an institution. While Brint and Karabel (1989), Bowles and Gintis (1976), and Dougherty (1994) have each contributed pieces related to the identity of community colleges, none have taken a detailed, qualitative approach to understanding the efforts of these stakeholders in response to fiscal constraint. This study will do just that and will examine how these forces interact with each other and other forces that exert pressure on community colleges to define their identities. Next, I examine the contributions of both proponents and critics of community colleges.

Organizing the advocates and critics of community colleges.

In Chapter 2 of *The Contradictory College* (1994), Dougherty assembles and organizes the contributions of a number of community college researchers into three distinct groups. First, the Functional Advocates (p.22) such as Charles Monroe support the democratization of community colleges and open access to all students. Functional

Advocates understand the power of education and its ability to bridge the gap between the elites and the lower class. These advocates understand that community colleges serve economic needs as well. Second, the Marxist Instrumentalist Critics (p.24) such as Bowles and Gintis (1976) see community colleges as serving the needs of the business community through “capitalist commands” (p. 24). Marxist Instrumentalist Critics recognize that community colleges have at times served to widen the gap between the elites and the lower class. These critics contend that elites have perpetuated this gap in order to preserve their place as elites. Third, the Institutional Critic (p.25) such as Brint and Karabel (1989) recognize the power of organizational behavior and the dynamic interactions that exist within institutions of higher education. The Institutional Critic recognizes the influence of four-year institutions and understand their desire to remain selective, thereby subjugating community colleges to the role of junior colleges.

Organizing the current literature and research efforts on community colleges sets a solid foundation on which to build my analysis of not only strategic positioning but also the factors involved in building capacity for strategic activity. Dougherty’s categorizations serve to organize and identify the motivations of these different stakeholders (policy makers both internal and external to the institution). While the influences of these stakeholders have been heavily researched, my research examines how these stakeholders behave in response to the current economy of reduced financial resources. My analysis will challenge the influence of each of the three groups introduced above. I hypothesize that the findings of this study will support the contention of Functionalist Advocates regarding the role of community colleges as democratizing

agents. I hypothesize that the findings will support the contention of Instrumentalist Marxists regarding the role of industry in the economic development of a community although my secondary hypothesis would challenge the influence of industry in areas that have very little private industry drivers. I would also hypothesize that the role of the state and universities be significant forces in shaping the identity of the sites in this study considering the transfer function relationship between community colleges and universities and the funding structure of community colleges. Next, I will examine the various forms of institutional isomorphism.

Isomorphism.

DiMaggio and Powell (1983) recognize that organizations and institutions tend to behave similarly due to three different types of processes; coercive isomorphism, mimetic isomorphism, and normative isomorphism. Coercive isomorphism happens when influences external to the organization such as governments, high schools, colleges, universities exert influence on the institution. Coercive isomorphism is largely a response to an organization's need to legitimize itself such as the charter-building efforts of community colleges (Deil-Amen & Rosenbaum, 2004). This particular type of isomorphism could prove to be a useful comprehension tool considering the forces that exert pressure on community colleges. Mimetic isomorphism involves an institution mirroring the activities and behaviors of other institutions typically in response to pressures associated with uncertainty. An example of this might be exploring new programs based on their perceived success at other community colleges. Normative isomorphism typically results from influences associated with professionalism such as

when an institution adopts practices or policies learned through best practices conferences, professional associations, and union-related activities.

However, the concept of isomorphism alone would prove inadequate. For example, specific theories associated with the role of external forces might be used to contextualize isomorphic behaviors.

Additionally, while isomorphism provides a conceptual tool to understand the organizational behavior of community colleges, additional theories and research are necessary to comprehend the strategic activities of community colleges. That is provided in the next section.

Academic strategy and strategic positioning.

Similar to academic strategy, strategic positioning research is broad and deep and begins with Riesman's (1958) identification of institutions mirroring the behaviors of those institutions with high prestige (i.e. Ivy League schools). The research continues with Keller's (1983) significant contributions in his seminal book *Academic Strategy*. This book consists of a number of separate case studies involving strategic activity at four-year institutions. This work has special meaning to this case study as it identifies various instances of institutions reacting to financial challenges. For example, in the 1950s, Carnegie-Mellon University suffered from annual deficits and declining enrollments (p. 89). Carnegie-Mellon responded to this situation by hiring Richard Cyert, a forceful leader who implemented a plan to focus on what Carnegie-Mellon did best; Technology. President Cyert created the first computer science department in America in 1956 (p. 90) and Carnegie-Mellon has been a leader in that area ever since. Keller uses David University as an example of an institution that failed to find a new

strategic direction in the face of adversity. When faced with declining enrollments in its graduate programs, education school, humanities and science courses, David University seemed to have all the wrong answers. David University's response was to drastically increase tuition and fees, maintain high faculty salaries, increase investment in their athletics programs, and prolong campus maintenance needs (p. 73). Another example from Keller's book involves St. Swithin's College. When faced with declining enrollments and fiscal crisis, St. Swithin's abandoned its Roman Catholic roots to become nondenominational to qualify for more public money. It also expanded its traditional liberal arts course offerings to include business administration and computer programming (p. 73). The consequence of these tough strategic decisions was that faculty were upset and alumni were not happy with the changing direction of the school, but the school also had a promising new strategic direction coupled with new revenue streams.

These are three specific case studies from Keller's (1983) book relating to institutions responding strategically to financial challenges. While these are useful studies, they only serve to advance the study of academic strategy at private four-year universities. This study intends to address academic strategy in response to very specific reduced financial resource conditions at community colleges. While this prior research helps to frame this study, it does not contribute to understanding the complex and influential community college ecosystem. Considering the size, scope, and influence of community colleges (45% of all U.S. undergraduates with a total enrollment of 13 million students) (American Association of Community Colleges, 2013) and their economic importance (Dougherty & Bakia, 1999), these institutions deserve special

consideration. I expect that many of the positioning strategies employed at research-driven universities would not connect well with the instruction-driven environment of community colleges. I expect to find strategic behaviors relating specifically to the local communities of the sites in this study as opposed to the more broad geographic focus of a university.

Academic capitalism.

Academic capitalism is a theory introduced by Slaughter and Leslie (1997) then subsequently expanded by Slaughter and Rhoades (2004) to encompass institutional and faculty market-like behaviors. Academic capitalism has become an important lens through which to view the phenomenon of institutions aligning themselves closer to the market. As an evolving seminal theory, it makes sense to use academic capitalism to potentially increase our understanding of the market-like behaviors of the sites in this study. This theory is expanded upon in a later section entitled Relevant Literature as well as the Theoretical Framework section.

Strategic niches.

Rhoades (2007) challenges institutions to fight the urge to behave isomorphically and, instead, actively search for ways to develop strategic niches. He encourages institutions to participate in a “recalibration of emphasis and investment” (p.140) indicating that institutions should seek to innovate and invest in new activities. He also suggests that institutions would benefit from a focus on local and regional niche market needs. Rhoades cites the Center for Research on Educational Equity, Assessment, and Teaching Excellence (CREATE) at UC San Diego, a charter school for low-income minority students and challenges institutions to develop similar educational incubators as

a way to turn outreach activity into revenues from professional development activities (p. 138).

Rhoades (2007) also challenges institutions to be more involved in their local communities and proposes collaborative public health projects involving science, health professions, social sciences, and education to address real community health problems. He argues that the benefit in prestige and revenue from the high-tech fields would more than justify the meager costs associated with those types of projects (p. 137). He uses the University of Arizona as an example of an institution that could do more for the surrounding community by demonstrating its expertise in hydrology and arid land studies. He also cites potential educational, political, and economic benefits associated with the University of Arizona expanding its area of influence to include southwestern Arizona and northwestern Mexico (p. 138).

Community colleges are now facing some very difficult decisions given the reality of reduced financial resources. The decisions they make will affect their identity and strategic position and could drastically alter both. We know very little about strategic activity and the strategic positioning of community colleges in response to fiscal adversity. We know that community colleges are influenced by a variety of stakeholders both inside and outside the institution but we do not know whether their responses are truly strategic or simply the product or result of all of these forces (state government, federal government, local communities, private industry) colliding with one another; constantly pulling the institution in different directions. The current fiscal climate is forcing community colleges to re-prioritize, re-allocate, and look very closely at their position in higher education, be it a strategic response or otherwise.

Fiscal environment and pressures.

Over the past two decades, state funding of higher education has decreased relative to other government subsidized services while the cost of higher education as measured by the higher education price index (HEPI) has increased relative to the consumer price index (CPI) (Callan, 2002). How institutions have managed this challenge has bred a significant amount of research including how institutions might generate alternative revenue sources (Cheslock & Gianneschi, 2008; Slaughter & Rhoades, 2004; Keller, 1983) and how institutions respond strategically to these and other financial constraints or pressures (Keller, 1983; Rhoades, 2000; Hossler, 2004; Ehrenberg, 2002; Bastedo, 2007). The following sections detail how higher education has been affected by a declining level of government support, economic influences, political influences, and the effect of subsequent responsive policies on student behavior.

Declining state support.

While state support for both public and private institutions (publics more than privates historically) has been consistently present over the years (Heller, 2002) especially in the area of total appropriations from state-funded grant programs, we also see a level of inconsistency or variability that may be troubling for certain institutions that rely on this type of funding. Heller (2002) presents data that shows state support per student has included just as many increases as decreases and tends to follow the health of the economy. Simply put, states tend to reduce higher education appropriations during tough economic times and increase them during healthy economic times. Heller (2002) also notes that between the years of 1969 and 1995, state appropriations decreased as a percentage of expenditures at public institutions. He also notes that tuition and fees now

account for a larger percentage of expenditures over the same time period. In short, state appropriations have decreased while tuition and fees cover a greater percentage of the costs to run an institution. As state support for higher education continues to dwindle (Selingo, 2003), institutions will seek alternative ways to generate revenue such as those associated with academic capitalism.

Some states are attempting to address their budget shortfalls by placing more of the financial burden on students through tuition increases. A number of researchers have attempted to determine the effect of tuition policy on enrollments. Leslie and Brinkman (1987) found that for every \$100 increase in tuition, enrollments fall by 0.7%. Subsequent studies by Kane (1991), McPherson (1978), and Heller (1997) put the range from -0.05% to -1.53%.

Political influences.

Dougherty's (1994) state relative autonomy perspective argues that often times policymakers from local school board members up to governors and state legislative leaders use their influence to shape the strategic direction of the community college system.

Anderson et. al. (2006) recognized that states began to actively support and encourage articulation agreements between community colleges and public four-year state universities between 1985 and 1995. The authors posit that these agreements were not motivated by student demand but rather, using Dougherty's state relative autonomy perspective (Dougherty, 1994), they argue that these agreements were the result of government stakeholders attempting to generate new cost-effective pathways for transfer students since it is cheaper to fund a community college education as compared to a

university education. As a form of coercive isomorphism (DiMaggio & Powell, 1983), community colleges will continue to feel the influence of government stakeholders especially given that most are governed by locally elected governing boards and funded in part by state governments. As referenced in prior sections (isomorphism), my intent is to now combine state relative autonomy theory and coercive isomorphism to assist in my analysis of the findings of this study.

Sensemaking and sensegiving.

Since the objective of this study is to be obtained through my analyses of how community college leaders explain and understand their contexts, environment, and actions, I have decided to introduce the concept of sensemaking and sensegiving as presented by Gioia and Chittipeddi (1991) as essential components of strategic change. Through their ethnographic study of strategic change at a large public university, the researchers utilize the concept of sensemaking to frame the actions of upper administrators and their ability to assign meaning to the strategic activities in their environment. This sensemaking, or the ability of the leaders to make sense of the complex strategic change process, was essential to facilitating the complementary component of strategic change, which was the sensegiving process. Sensegiving involved effectively diffusing change throughout the organization by effectively communicating the strategic vision and change concepts. As community college leaders describe how they strategize, I expect to see elements of sensemaking and sensegiving.

Relevant Literature

This section is designed to provide a clear review of the relevant literature in four distinct sections: Public four-year strategy research, public four-year strategy research in

response to declining resources (primarily declining state support), community college strategy research, community college strategy research in response to declining resources (primarily declining state support). This final section speaks to the heart of this research in that the goal of this study is to contribute to the research in this specific area.

Public four-year strategy.

An institution's strategy affects its position within the academy or the landscape that is higher education. According to Keller (1983), much of what is distinctly strategic at higher education institutions occurs because of strong leadership from the top of the organization. Given the influence of administrators at all levels, it makes sense to examine their decision-making processes. However, much of the existing research on academic strategy identifies strategic behavior happening at all levels within the institution (Rhoades, 2000; Bastedo, 2007; Hossler, 2004; Rhoades, 2007; Slaughter & Rhoades, 2004). For example, Slaughter & Rhoades (2004) identify strategic activity at the academic department level while Bastedo (2007) and Hossler (2004) identify the strategic activity of managerial professionals at the middle of the institution. Rhoades (2007) proposes strategic activity at the faculty and discipline levels through the identification of strategic niches.

Rhoades and Sporn (2002) draw on the work of Rhoades (1996) that recognized and defined the term "managerial professionals" as individuals who operate outside the faculty ranks in support positions but whose influence has grown over the years. The authors recognize that this group has organized and, in many cases, created professional associations and organized conferences to support their field, but they are still subordinated to the power of faculty and administration (p.16). The authors also

recognize that this group has and will continue to grow due in large part to their involvement in revenue generating activities (i.e. Technology Transfer offices).

Rhoades (2000, 2007) has contributed to our knowledge of the dynamics of academic strategy through his (2000) study of 40 department heads at four public research universities where his findings included the following: a lack of systematic follow-through on strategic initiatives (p. 46), an impetus by central administration to partner with private enterprise (p. 48), strong legislative pressures at some institutions (p. 49), and incentive structures to promote innovative practices (p. 53).

Slaughter and Leslie (1997) then Slaughter and Rhoades (2004) demonstrate that many institutions are aligning themselves closer to the market in a variety of strategically significant ways. These market-like behaviors can take the form of research funded by private corporations or professors holding equity in biotechnology startup companies (Slaughter & Leslie, 1997). Other types of academic capitalism behaviors include competition for external monies, royalty agreements, and other academy-industry partnerships. Also, institutions have begun marketing practices that mirror the objectives of private industry. More and more marketing campaigns are designed to attract high SES students who can afford to pay higher tuition, thereby generating revenue for the college. Here, we see the needs of low SES students being ignored (Slaughter & Rhoades, 2004). While Slaughter and Rhoades only touch on this briefly, various researchers have discovered that underrepresented racial/ethnic minority students are disproportionately represented among low SES students (Astin & Oseguerra, 2004). Slaughter and Rhoades (2004) also note that institutions are increasingly using facilities and technology to recruit students. They also contend that students who do not major in

the new economy fields such as information technology, computer science, engineering, and biotechnology may languish under the practices of academic capitalism. Given that minorities and low SES students are severely underrepresented in these fields (Lin & Vogt, 1996), it appears as though academic capitalism may serve to increase stratification and limit access to higher education for those groups (Lin & Vogt, 1996).

Public four-year responses to declining resources.

While the academic capitalism activities referenced in the previous section have clear strategic implications, this section focuses on the concept that academic capitalism is largely seen as a response to receding government funds. Slaughter and Leslie (1997) then Slaughter and Rhoades (2004) demonstrate that many institutions are aligning themselves closer to the market as a way to generate new revenue streams or to replace dwindling revenue streams.

Slaughter and Rhoades (2004) offer an updated definition of academic capitalism. This definition includes an institution's behaviors relative to the new information/technology-based economy. While the traditional definition remains relevant, Slaughter and Rhoades expand the definition to include the creation of relationships with new economy stakeholders (Slaughter & Rhoades, 2004). The second book on academic capitalism focuses not on the encroachment of the industry into the academy but rather the fact that the academy is already saturated with market-like behaviors and initiatives such as product patents, development of products with commercial value, and technology transfer in advanced fields such as the STEM areas (Science, Technology, Engineering, Math) (Slaughter & Rhoades, 2004).

In the first academic capitalism book, Slaughter & Leslie (1997) seem to caution against the intrusiveness of the industry in biotechnology and engineering but also treat them as necessary evils that fund important research. In the second academic capitalism book, (Slaughter & Rhoades, 2004) recognize the prevalence of market-like behaviors and offer suggestions and examples from which to learn. The second academic capitalism book also delves into the idea that academic capitalism might have an effect on student access to higher education. Slaughter and Rhoades document the historical access and persistence struggles of low SES students, minorities, and women in higher education. One group to suffer under academic capitalism might be students from a low SES background. Academic capitalism's market-based theories have led some institutions to shift the burden of cost away from the institution or the state and toward individual students in the form of higher tuition or higher availability of financial aid. Should institutions continue high tuition/high aid market-like behaviors then an increasing number of low-SES or even middle class students will begin to be priced out of higher education. As institutions continue to compete against one another for external money and prestige, low-SES students may be unable to afford tuition at most institutions.

Slaughter and Rhoades (2004) also build on Slaughter and Leslie's (1997) recognition of reduced government support by showing that institutions are engaging in a variety of activities related to student recruiting. The authors recognize that public universities employ a "need conscious" (p. 295) approach to admissions where students who can pay the full price are admitted over students who are more academically qualified but cannot pay the full price. The authors show that public universities are now

targeting more “elite or moneyed segments of the student market” (p. 298) as a way to maximize tuition revenue.

Selingo (2003) notes that reduced state allocations at public universities have resulted in higher tuition for students. He also notes that dwindling state support has led many public universities to link higher education to economic development activities. He notes that these reductions have led 16 states to raise tuition by more than 10% as a response. Selingo also notes the strategic decision by 16 public universities to initiate capital fundraising campaigns of at least \$1 billion.

Mortimer and Tierney (1979) studied the responses of public universities to diminishing resources and identified trends relating to reducing their operations, reallocating resources, and the retrenchment of faculty and programs. This research led them to predict that these trends would continue into the 1980s. These trends were largely confirmed in a later study (Mortimer, 1985). The authors uncovered the inclination of public universities in the 70s and 80s toward cuts which is very different from the response of today’s public universities and their gravitation toward the market.

In his book entitled *Building the Responsive Campus: Creating High Performance Colleges and Universities*, Tierney (1999) argues for public universities to be more responsive and agile institutions in light of state reductions and reduced resources. He argues for inclusive leadership, reflective assessment, and greater accountability within institutions.

Hossler et. al.’s (1997) research showed not only dwindling state support for public higher education but also showed that from 1983 to 1992, a student’s cost to attend

a public four-year university rose 22.8% while median family income rose by only 6.4% over the same time period.

In this section, we see that public universities have behaved in some very specific, strategic ways in response to reduced financial resources, including cutting costs, faculty and program retrenchment, and an ongoing cycle of tuition increases over the years which have placed more of the financial burden on students. These studies serve to better contextualize the objectives of this study. They demonstrate the importance of leadership as presented by Keller (1983) but at the same time show an evolution towards sensegiving and the importance of sensemaking in terms of creating an inclusive leadership environment (Tierney, 1999). While these studies have been of great situational value, the element that they lack - the element of how and why these response decisions are made, is missing. This study has attempted to fill that void.

Community College strategy.

Alfred et al. (2009) offers an in-depth look at strategic activity at community colleges through their empirical study of fourteen unique community college sites. The authors present a number of concepts related to institutional behavior and strategy namely the forces of influence that exert pressure on community colleges and identifying the importance of *abundance* whereby a community college leverages resources beyond reasonable expectation. The authors recognize the challenges many community colleges face due to the “collective forces” (pg. 14) that exert pressure on community colleges. Through this study, the authors identify three types of community colleges: community colleges of challenge, community colleges of choice, and community colleges of abundance. For example, Patterson Community College struggles to attract quality

talent, is experiencing deteriorating instructional quality, has a history of weak leadership at all levels, sees an increasing divide between administration and faculty, and suffers from dwindling financial resources. In short, Patterson Community College is a *college of challenge*. Another example from this study identifies Great Lakes Community College as a *college of choice* based on its ability to initiate strategic activity, pursue a clear mission (comprehensiveness), attract quality faculty, develop program planning and evaluation procedures, and to implement decentralized decision-making. Lastly, the authors identify Harrison College as a *college of abundance*. Harrison College operates at full capacity despite having less resources than other more affluent community colleges. The President is concerned with servant leadership and participatory management and works with employees to build support for initiatives. Harrison pursues and imagines opportunity where other colleges see only struggle and challenge. It remains true to its mission and adapts to changing conditions.

Rosenfeld (2005) encourages researchers to see community colleges as “cool” places that innovate in a variety of ways in the areas of arts, culture, economic development, and more. He points to different “avant garde” community colleges that excel in programs like culinary arts, woodworking, pottery, music, blacksmithing, along with programs that combine arts and technology to create innovative programs.

Eddy’s (2003) study of five technical community colleges demonstrates that community colleges are forming strategic alliances in an attempt to neutralize external pressures like reduced state allocations. These alliances are temporary in nature and allow community colleges to maintain their autonomy while enjoying the benefits of combined resources and efforts. Eddy interviewed a number of upper administrators

across five institutions and discovered the importance of strong leadership but also the importance of those leaders to facilitate buy-in related to strategic organizational efforts.

In regards to the strategic role of community colleges, Kalogrides and Grodsky (2011) contribute to the identity and vocationalization discussion started by (Brint & Karabel, 1989;1991) through their analysis of the National Education Longitudinal Study. Their findings point to the “overlooked” role of community colleges as a safety net for students who started at four-year institutions but found themselves ill-prepared for that level of higher education.

Community College response to declining resources.

This section speaks to the heart of this study; community colleges strategic responses to declining resources. The following research demonstrates how community college leaders are currently managing the challenge of reduced financial resources through analyses of the data collected as part of this study.

Boggs (2004) notes that community colleges are facing a “perfect storm” of negative pressures. These pressures include reduced state allocations, aging leaders, rising costs, increased remediation needs of students, and economic pressures both national and local in many states. Boggs also notes that community colleges will soon face an unprecedented surge in enrollment as more high school seniors will choose community colleges than ever before. He states that this perfect storm of severe budget cuts and unprecedented demand will put an enormous amount of strain on community colleges into the future. Boggs notes that community colleges receive 60% of their revenue from state and local funds compared to an average of 35% for public four-year institutions so are more sensitive to state allocation reductions. He also notes that

community colleges have historically kept their tuition increases modest but in 2002 and 2003 were shown to have raised tuition by 7.9% and 13.8% respectively. Boggs notes that community colleges have implemented aggressive cost-cutting measures, early retirement incentives, initiated reductions in force, and have increased their reliance on adjunct faculty (to the detriment of quality). Boggs also notes the rise of state and federal legislative efforts to curb tuition increases by colleges and universities. The author does note that some states (California, Florida, and New Jersey) have implemented policies to support community colleges and to actually increase their allocations but these increases might not be enough. Boggs makes a compelling argument as to the importance of community colleges as open-access, affordable institutions that occupy an important strategic position in higher education.

McCurdy's (1994) study of the state of California's disinvestment in its community college system identified a number of detrimental effects. He notes several findings after three straight years of reductions and budget cuts to community colleges. These findings include: raising student fees, laying off part-time instructors en masse, turning away 140,000 students, neglecting equipment and maintenance, cutbacks to build financial reserves, increased class size, and an overall decrease in instructional quality.

Sheldon (2003) discuss the impact of "fiscal contraction" on community colleges and notes how state allocation reductions have negatively impacted student support services thereby undermining the open-access mission of community colleges. She notes decreased access to instruction, declines in scheduled offerings, increases in the cost of attendance, and decreased funding for support services. Using the California Community

College system as a case study, she argues that both access to and transfer from community colleges suffered due to budget cuts to community colleges.

As community colleges continue to face reductions, their strategic responses to those reductions will impact their strategic position in higher education and have far-reaching effects on the landscape of higher education. As in the previous section on public four-year universities, these studies help to contextualize my research and to illuminate the difficulties faced by community colleges. However, they do not address the agency of community college leaders. They do not answer the questions of how and why these leaders respond in certain ways. This study intends to fill that void.

Theoretical Framework

Following the advice of Denzin (1989), I propose to employ theory triangulation to better understand the issues in question from a number of angles. This triangulation will help to create a theoretical framework whereby the use of multiple theories will serve to uncover intricacies that a more narrow approach might overlook. I will combine elements of different theoretical approaches to arrive at a hybrid theoretical framework to best analyze and understand this multi-site case study. I label this hybrid framework in the next section (Conceptual Framework).

First, I will draw upon the work of DiMaggio and Powell (1983) on isomorphism; a phenomenon previously discussed. This theory has become known as neo-institutional theory and consists of various types of isomorphism (mimetic, normative, coercive).

Second, I will draw upon the work of Slaughter and Rhoades (2004) in their influential book on *Academic Capitalism and the New Economy*. The authors identify a number of instances whereby representatives in higher education attempt to commoditize

and profit from educational services and products through partnerships and agreements with private industry. The authors also identify significant top-down pressures on department heads and faculty to generate new revenue streams to neutralize the effects of scarcity (p. 183). The authors also identify numerous instances of disturbing industry-academy partnerships that raise significant ethical questions (p. 185). These partnerships can take the form of simple consulting agreements whereby faculty are paid by industry for various educational services or more sophisticated examples such as the technology transfer process found at many public and private universities. Slaughter and Rhoades clearly identify entrepreneurial activity at various levels within academia but more specifically, identify various attempts to secure external revenue streams (p. 189) such as the creation of executive MBA programs or the development of curriculum for specific future employment opportunities. Overall, Slaughter and Rhoades identify a variety of ways institutions are aligning themselves closer to industry, usually in conjunction with the development of new revenue streams.

Third, as mentioned in the previous section, Dougherty's (1994) state relative autonomy perspective argues that policymakers tend to use their influence to shape the strategic direction of institutions, often times at the detriment of those closest to the institution.

Fourth, I will use resource dependence theory (Pfeffer & Salancik, 1978) which contends that organizations depend on external resources for survival and in turn tend to rely on these external organizations to shape their identities and direction. Resource dependence theory focuses on the taxing dynamic between the organization and its external funding sources. It also contends that organizations tend to organizationally

reflect their external funding sources (Slaughter & Rhoades, 2004). Academic capitalism builds on resource dependence theory but a notable difference is that resource dependence theory emphasizes a clear boundary between an organization and its external funding source whereas academic capitalism sees a blurring of that boundary and a more proactive effort on the part of higher education stakeholders to seek new relationships and in turn, new revenue streams (Slaughter and Rhoades, 2004, 12). It is worth noting that there are some very clear similarities between resource dependence theory and state relative autonomy perspective as well especially since state government remains an important funding source for many community colleges.

By utilizing aspects of these theories (neo-institutional theory, academic capitalism, resource dependence theory, and state relative autonomy perspective), I gave myself a plethora of tools to choose from to better understand how the reality of reduced financial resources has affected the strategic positioning of community colleges. Since community colleges are influenced by so many different stakeholders, and each to a varying degree, the fusion of these theories should allow for an effective analysis as to whether activities are truly strategic or simply reactionary. Are these sites bullied by external disturbances or are their responses deliberate, thoughtful choices? Utilizing just one of these theories would not fully capture the interplay and collision of all of these different influencing factors and stakeholders. I expect to find numerous theoretical overlaps. I imagine that academic capitalism (Slaughter & Rhoades, 2004) will continue to challenge resource dependence theory regarding the clear definition of boundaries between community colleges and their environment. I expect an analysis of isomorphic pressures will crossover into resource dependence theory which may then crossover into

state relative autonomy theory. Since each individual theory fails to account for the unique and complex environment of community colleges, I expect that where one theory fails, another will provide analytical continuity. For example, a site's response to reduced state allocations might consist of aggressively seeking alternative revenue streams. Resource dependence theory might help to understand the role of external funding sources and the site's desire for fiscal autonomy. Isomorphism might help to understand why sites might look to other community colleges for guidance. State relative autonomy perspective might help to frame the rationale for such reductions. Lastly, academic capitalism might help to explain the specific types of alternative revenue seeking activities a site might participate in.

Ultimately, this study aims to determine how the community colleges studied respond to reduced budgets and financial resources. Do they significantly alter their strategic position in the greater landscape of higher education? If so, how? If not, why? These institutions are currently responding to these pressures and some have already made these significant decisions that will alter their missions and identities. Examining these activities now, as opposed to times when community colleges have budget surpluses, will lead to a deeper understanding as to institutional priorities and the overall strategic direction of each institution. Will they continue to serve their communities in the same way? Will they alter the ways in which they provide vocational education? Will they drastically shift the way they provide remedial education? Will they bow to political pressures or mount initiatives to neutralize those external influences? Will their relationship with universities change? Will they actively seek alternate revenue sources by partnering with private industry? Will they implement layoffs and if so, how will they

prioritize who gets laid off first? Or will they adjust, adapt, innovate, and redefine their role in higher education? These are just some of the questions I have strived to answer in my study.

Conceptual Framework

There are two components to the conceptual framework I have constructed for this study. First, I use a carefully constructed framework component called “*The Quartering of Community Colleges*” to explore and understand the forces that exert pressure on community colleges. Second, I use previously-introduced concept of sensemaking to frame my conceptual understanding of the agency of community college leaders as they respond to reductions. Utilizing these two components to construct the conceptual framework for this study provides a dual-homed approach; providing both an appreciation for internal activities (sensemaking of community college leaders) and an appreciation for external forces (Quartering).

Quartering.

During one of my pilot study interviews, one of my interviewees (a community college administrator) dejectedly stated that he felt pulled in a number of directions by a number of different forces. He explained that the courses he develops need to be approved by the universities; and sometimes they are denied. He explained that the local industry expects his college to train their future employees (defense industry primarily). He explained that his locally elected governing board can exert a significant amount of pressure and has done so in the form of pressure to increase full-time faculty loads. He explained that each year the legislature reduces their allocation and serious discussions and countless internal budget sessions are had. An image came to mind initially of a tug-

of-war between this administrator and the external forces exerting pressure on his efforts as a community college administrator but this did not seem to adequately capture the strife he communicated to me.

At first read, the first part of my conceptual framework may seem a bit harsh but I believe it does indeed adequately capture what the sites in my study experience. I am labeling my conceptual framework approach “The Quartering of Community Colleges.” I have found a challenging phenomenon, which I will present in greater detail in Chapter 5 whereby community colleges struggle to neutralize the plethora of the external influences that exert pressure on them. From state government pressures to community pressures to regulatory pressures to the pressures to conform to other community colleges, successfully strategic and innovative community colleges actively engage and carefully manage these many pressures while others allow these pressures to overcome them thereby limiting their ability to behave in innovative ways or to chart their own distinctive strategic position (Rhoades, 2007). Quartering is a term I am borrowing from medieval times. It was a punishment for any individual convicted of high treason against the British crown or the French monarchy. It was a brutal practice of tying a rope to a condemned person’s limbs then tying those ropes to four horses; one limb per horse. These horses were then whipped to run in opposite directions thereby severing the individual’s limbs. My goal in using “Quartering” as a metaphor is to label the phenomenon and to communicate that community colleges are “pulled” in many different directions. These institutions have to struggle to balance these pressures while maintaining their identities, satisfying their missions, all while attempting to behave strategically. The following diagram helps to explain the “The Quartering of Community

Colleges”. I will revisit this conceptual framework in greater detail in Chapter 5. I will also present the varying degrees of success each site has demonstrated to neutralize these various Quartering forces.

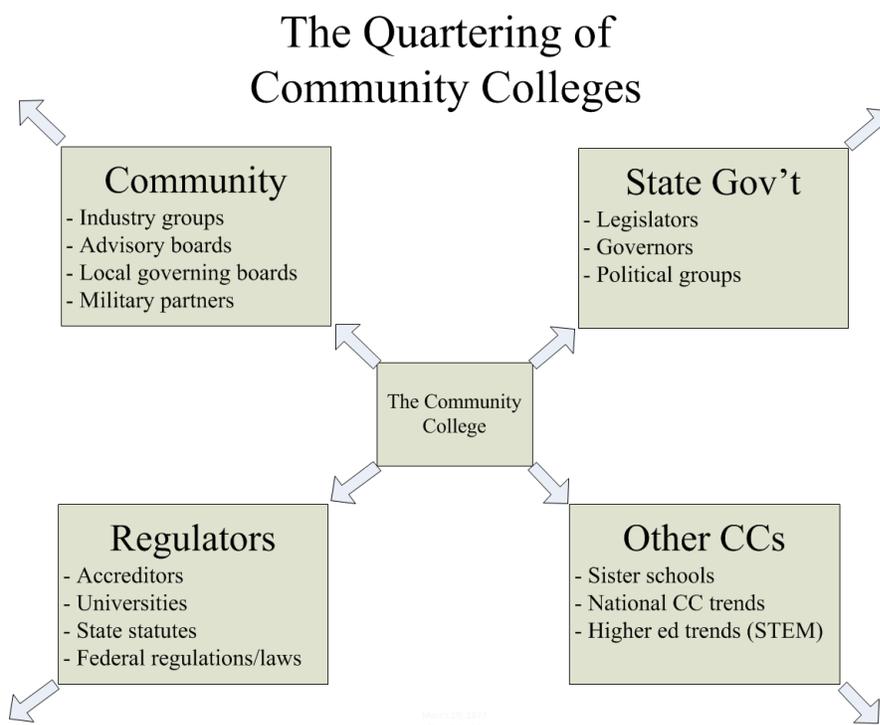


Figure 1 - Quartering Diagram

Sensemaking.

While *The Quartering of Community College* framework provides and understanding and appreciation for external forces, sensemaking (Gioia & Thomas, 1996) provides for an internal perspective; an understanding of the reasons stakeholders behave the way they do. In their qualitative ethnographic study, Gioia and Thomas (1996) explore sensemaking during times of strategic change at a large public university. The findings of this study point to the importance of an institution’s identity to internal stakeholders. The researchers note that amid strategic change, internal actors will categorize activities as either “strategic issues” or “political issues”. Strategic issues

involve activities that directly support the chosen strategic direction of the institution. Political issues involve activities that are management-related and designed to address internal interests or preferences; such as the preference to maintain the status-quo. This study demonstrated how a clearly defined strategic direction can affect all parts of an institution as it strives to achieve that direction. The study also served to demonstrate the sensemaking process leaders undertake to conceptualize the impact of their actions on the institution. I have used this concept of sensemaking to better understand the agency of community college leaders as they manage the challenges of responding to reduced financial resources.

Justification and Synthesis

In this chapter, I have attempted to provide background information and frameworks to provide context for my study. Additionally, I have attempted to provide, not only a review of relevant empirical research on related topics (strategy and reduced resources), but also a justification for this study. The background information presents the evolution of community college identity, academic strategy, and declining state support. The relevant literature demonstrates our current level of understanding regarding public four-year institutions and community colleges strategic responses to declining resources. Here we find both types of institutions responding in a number of different ways. The theoretical and conceptual frameworks attempt to provide a formal, functional approach to understanding and analyzing the findings in this study. The concept of sensemaking is introduced partly to address gaps/opportunities in prior research. While prior research has revealed specific responses to reduced resources (drastically increased fees, market alignment, etc.), this study has attempts to further our

understanding as to the reasons for those responses. For example, why might a community college president choose to raise tuition incrementally versus drastically like his/her university counterparts? Also, considering the decreased reliance on state government for financial support, why might community college leaders become more immersed in local political activities? Why do community college leaders place a higher value on one pressure versus another? What role do positive supports have in terms of offsetting negative pressures? What role might the historical mission of community colleges (serving the disadvantaged and poor) play in affecting the decisions of community college leaders? Research has established a range of strategic responses to decreased resources but perhaps more can be learned as to the reasons for those responses. In chapter 5, I present some new concepts that emerged through just this type of analysis; utilizing the background information, relevant prior research, and both theoretical and conceptual frameworks to enhance our understanding of the impact of reduced financial resources on the strategic position of community colleges.

Chapter 3: Methodology

In order to gain a richer view and a clearer understanding of the efforts of community college leaders as they grapple with the difficult decisions associated with reduced resources coupled with the ongoing pressures to satisfy their missions, I have engaged in a multi-site case study approach to this research project. I used a case study approach as this had the greatest potential to illuminate a wide variety of issues facing community college leaders (Merriam, 1998). In addition to semi-structured interviews of various leaders at each site (see Appendix B), I conducted a thorough analysis of various publicly available documents relative to the financial condition of the institution and its strategic activity and strategic position. These documents served to prepare me for each respective interview. I received preliminary site approval and support of my research by each of the three community college Presidents. My research proposal was officially approved by the Institutional Research Board at the University of Arizona during the spring 2013 semester. Following this approval, I proceeded to engage the Institutional Research entities at each of my three sites/community colleges. All were supportive and approved my research immediately following the required paperwork. These three institutions are community colleges in a state that requires local funding of community college districts through local property tax levies in addition to state allocations. Studying three institutions within the same state added a certain degree of control to my study. I have examined how each was affected by the same statewide policies but I expected to find a wide variety of reactionary activities considering they serve different and unique communities and populations. Although my study was not able to adequately account for the influence of different state policies across multiple states, the state context

I have chosen was ideal. This particular state saw a staggering 50% reduction in state allocations to community colleges for FY2012. This methodology section is divided into the following sub-sections: Research questions, site and sample, participants, data collection and analysis, pilot study, limitations statement, and positionality statement.

Research questions.

I have one over-arching research question and six sub questions. The questions aim to determine how community college leaders are managing the reality of reduced financial resources while maintaining a strategic position for their institution. The questions correspond to specific questions in my interview protocol located in Appendix C.

How do community college leaders describe their approach to strategic decisions in response to reduced financial resources?

How do community college leaders display strategic behavior in response to isomorphic pressures?

How do community college leaders describe their efforts related to innovation and distinctive choices?

How do community college leaders prioritize programs?

To what extent is academic capitalism on display through the actions of community college leaders?

How do community college leaders describe efforts to position the institution (strategic direction) before and after these reductions?

How do community college leaders describe their efforts to replace lost revenue/income?

These questions are addressed directly at the end of Chapter 4 and discussed further in Chapter 5.

Site and sample.

This section provides details on the three community college districts (Bridge and Buffer Community College, Grants and Reserves Community College, and Crystal Ball Community College) that served as the sites for this multi-site case study. These three sites were selected for this study for a number of very specific reasons. They differ slightly in funding structures and each had already begun the process of dealing with these state cuts in proactive and aggressive ways. As you will read in the next chapter, Crystal Ball Community College reacted immediately to the state reductions by slashing \$1 million from its administration and immediately closing one of its centers. Bridge and Buffer Community College aggressively and successfully lobbied the state legislature three years after the state's drastic cuts to provide a new state-allocated revenue stream to all community colleges in the state. Grants and Reserves Community College brought in over \$20 million in new grants in response to the state allocation reductions. Each site responded in a variety of ways, strategic and otherwise to the 50% state allocation reductions and served as informative sites for the purpose of this multi-site case study. Each community college district differs in the amount of state aid they receive and each has faced and is expected to face some very challenging, ongoing budgetary issues.

Bridge and Buffer Community College (BBCC) serves a rural student base in Bridge and Buffer County. Bridge and Buffer Community College serves approximately 14,000 students in credit and non-credit courses across two main campuses and four remote centers. 26% of its students transfer to a four-year university and the average age of a student is 31. Bridge and Buffer Community College operates on an approximately \$40 million budget of which 30% comes from the state, 20% from tuition and fees, and

50% from local property taxes and is governed by a locally-elected governing board and President. BBCC has a close relationship with its local military installation and has established a center on this installation complete with both academic and student support services. BBCC is actively engaged with its external stakeholders through a variety of activities including lobbying state government, K-12 partnerships, university partnerships, various industry connections, and the creation of a statewide community college clearinghouse to better represent the interests of community colleges in the state.

Grants and Reserves Community College (GRCC) operates in a rural community and serves approximately 12,000 students. GRCC has ongoing partnerships with some of the state's universities to offer bachelor's, master's, and doctoral degrees at their facilities. One of the state's universities has had a permanent presence on campus for over two decades. GRCC operates on a \$35 million budget of which 10% comes from the state, 30% from tuition and fees, and 60% from local property taxes. GRCC is governed by its locally-elected governing board and President. GRCC has two military installations in its service area and has maintained strong relationships with both. GRCC has been successful in securing local bond and federal grant funding for a number of their recent strategic initiatives. These funds have enabled GRCC to participate in activities that would have otherwise been out of reach financially. GRCC's financial reserves have served the same purpose.

Crystal Ball Community College (CBCC) serves approximately 10,000 students in two of the largest (square miles) and poorest counties in the state. CBCC operates on a \$25 million budget of which 30% comes from the state, 20% from tuition and fees, and 50% from local property taxes. CBCC operates eight total locations across two counties

covering approximately 20,000 square miles. Maintaining these eight locations has proven to be inefficient in a number of ways. Consequently, CBCC has had to make some very difficult staffing decisions in the recent past and struggles to justify the distributed allocation of resources across all of these many locations. Of all community colleges in this state, CBCC responded the fastest and the swiftest with some immediate reductions to its administration, other reductions in force, the closing of a remote center, and other types of reductions. CBCC does not claim significant industry players outside of government entities and utility companies but has engaged in some strategic projects in hopes of preparing its students for potential employment in its service area.

Selecting these three sites provided me the opportunity to compare and contrast how different institutions responded to reduced financial resources. This study considered the actions of each institution and has uncovered a wide variety of activities in response to the drastic (50%) state allocation reductions of FY2012.

Participants.

The following individuals from each site participated in my study:

- President
- Provost/VP of Instruction
- 2 Deans or Division Deans
- 4 Department Chairs or faculty members
- 2 administrative staff (Directors, Finance, Budget)

As mentioned in the literature review section, there is ample research to suggest that an institution's strategic position is influenced by individuals at various levels within an institution hence the selection of stakeholders at the top of the institution (Presidents and Vice Presidents of Instruction) and the middle of the institution (Deans, Chairs, Directors).

I interviewed a total of ten individuals at Bridge and Buffer Community College and collected five hours and thirteen minutes of recorded interviews. I interviewed a total of nine individuals at Grants and Reserves Community College and collected a total of five hours of recorded interviews. I interviewed a total of nine individuals at Crystal Ball Community College and collected a total of five hours and four minutes of recorded interviews. All participants were briefed on matters related to human subject research prior to participating in the study. All participants signed the official consent form for my study approved by the Institutional Research Board at the University of Arizona.

Data collection – interviews and document analysis.

I conducted a series of semi-structured interviews with the individuals listed above using the interview protocol in Appendix C. This resulted in a total of twenty-eight interviews across three sites for a total of fifteen hours and seventeen minutes of recorded interviews. Most interviews lasted between thirty to forty-five minutes with the shortest interview lasting eight minutes (Faculty member) and the longest interview lasting seventy-five minutes (a Vice President for Instruction). All but two interviews were conducted in person. The remaining two were conducted over the phone due to scheduling issues. All interviews were recorded with a digital recorder. The interviews were then transcribed and coded using a hybrid coding scheme combining elements of the descriptive and interpretive coding scheme developed by Miles and Huberman (1994) and the open coding and selective coding system promoted by Strauss and Corbin (1998). This approach is detailed in the following section entitled Data Analysis.

I received varying levels of logistical support from the administration at each site but all were supportive of my research. In general, I scheduled and coordinated my

interviews with participants via email or phone. I traveled to Bridge and Buffer Community College and conducted all interviews over a two day period. At Grants and Reserves Community College, my interviews were arranged and coordinated by the administrative staff at the President's office. I traveled to Crystal Ball Community College twice and conducted all interviews over a total of three days. I did utilize a cluster sampling tool (Weiss, 1994) to select specific individuals at the middle of the institution. I attempted to choose faculty who were more likely to be affected by budget cuts (CTE, STEM, resource-intensive fields). I achieved varying levels of success in this area.

According to Whitt (2001), documents can be a very powerful tool if used and analyzed correctly. I utilized a concurrent approach as prescribed by Whitt and took careful measures to ensure the trustworthiness and credibility of all documents (p. 450). Since this study was concerned primarily with finances and strategic positioning, the documents I selected related specifically to those areas. Using Whitt (2001) as a guide, I used qualitative content analysis to include coding techniques (see next section for more detail), data interpretation, developing themes, and connecting those themes to themes from other data sources (p. 451). I also used some documents to inform and prepare me for my interviews. These documents allowed me to understand the financial and strategic picture of the institution prior to each interview. This allowed me to establish credibility with interview subjects and allowed our conversations to progress past lower-level explanations and to higher-level analysis and discussion regarding finances and strategic positioning. I triangulated between interviews and documents as advocated by Denzin (1989) throughout the research process in an attempt to constantly verify information.

Often times I read about financial matters then asked for details in my interviews. Other times I read about strategic initiatives and projects and asked for clarification and detail in other interviews.

I analyzed the following documents at each site:

Table 1 - Documents Analyzed

| Site | Documents |
|---------------------------------------|--|
| Bridge and Buffer Community College | <ul style="list-style-type: none"> • District Governing Board Meeting Minutes December 2012 • District Governing Board Meeting Minutes January 2013 • District Governing Board Meeting Minutes February 2013 • District Official Budget Forms FY2012-2013 • Comprehensive Annual Financial Report FY11 |
| Grants and Reserves Community College | <ul style="list-style-type: none"> • District Governing Board Meeting Minutes January 2013 • District Governing Board Meeting Minutes February 2013 • District Governing Board Meeting Minutes March 2013 • District Governing Board Meeting Minutes June 2012 • District Governing Board Meeting Minutes December 2012 • District Official Budget Forms FY2012-2013 |
| Crystal Ball Community College | <ul style="list-style-type: none"> • District Governing Board Meeting Minutes January 2013 • District Governing Board Meeting Minutes February 2013 • District Budget Analysis 2013-2014 |

Data analysis – pyramid analysis.

All interviews were recorded with a digital recorder, transcribed, and coded using a hybrid coding method combining elements of the descriptive and interpretive coding scheme developed by Miles and Huberman (1994) and the open coding and selective coding system promoted by Strauss and Corbin (1998). I refer to this hybrid coding method as “pyramid analysis” as large numbers of codes are identified, grouped, then evolve into a smaller number of themes or categories that all come together at an apex where a central explanatory concept is developed.

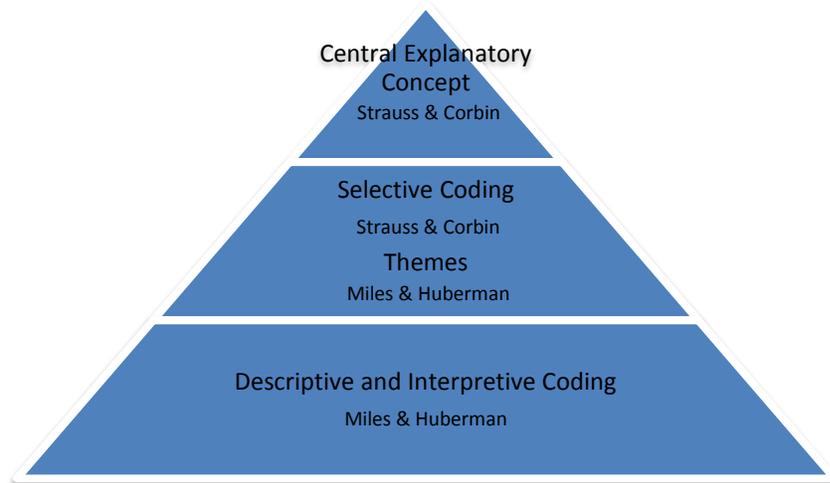


Figure 2 - Pyramid Analysis

Miles and Huberman (1994) propose that researchers start with the use of a simple descriptive coding scheme to identify any items of interest. For example, the code STRATEGIC-POS may be used to identify instances of strategic positioning activities. A second example is the use of the code PRESSURE to identify any reference to external pressures the institution might face. Miles and Huberman (1994) then promote the use of an interpretive coding method to develop sub-codes. For example, PRESSURE-STATE may indicate instances of pressure exerted by state government or the state legislature while STRATEGIC-CORE might represent institutional efforts to identify activities close to the core of the institution (Clark, 1998). The following table displays some of the descriptive and interpretive codes generated from my pilot study (see next section). Descriptive and interpretive coding occurs at Level 1 of the pyramid analysis process.

Table 2 - Sample Descriptive and Interpretive Codes

| Descriptive Code | Explanation | Interpretive Code | Explanation |
|-------------------------|--|--------------------------|---|
| PRESSURE | External pressures | PRESSURE-FED | Federal government pressures |
| NEUTRAL | Efforts to neutralize external pressures | NEUTRAL-LOBBY | Examples of lobbying efforts for site representatives |
| STRATEGIC-POS | Examples of strategic positioning activities | STRATEGIC-FLEX | Examples of a site's strategic flexibility |
| FINANCES | References to the financial state of the institution | FINANCES-RESERVES | References to financial reserve accounts |
| COMMUNITY | References to a site's local community | COMMUNITY-SUPPORT | Examples of community support of the institution |

Strauss and Corbin (1998) offer a similar approach to Miles and Huberman (1994) but in the opinion of this researcher, offer a more effective approach in terms of theme and category development. Strauss and Corbin (1998) offer an open coding approach that calls for line-by-line analysis of transcriptions followed by the identification of codes and sub-codes very similar to the method promoted by Miles and Huberman (1994). Strauss and Corbin (1998) then offer tools that allow researchers to organize those codes and sub-codes into categories. This occurs at Level 2 of pyramid analysis. This eventually leads to the identification of a central explanatory concept in Level 3 of pyramid analysis. Considering the direction of this study and the anticipated breadth of codes, I decided that combining these two noted and respected approaches to qualitative analysis in what I am referring to as pyramid analysis would result in the most useful contributions to the field of higher education.

I conducted a line-by-line analysis whereby codes and sub-codes were identified. I created an analysis document for each interview consisting of not only codes and sub-codes but also an area for key concepts. For an actual analysis document, see Appendix D. The key concepts section of each analysis document allowed me to quickly identify

items that spoke directly to the heart of my research. I found myself populating this section with key quotes as well. These analysis documents served as the building blocks for the next step in the pyramid analysis process. I then created analysis documents for each site that allowed me to begin the category and theme development process. For an actual site summary analysis document, see Appendix E. Each site summary analysis document contains various key concepts from interviewees as well as some key quotes that spoke to my research questions.

Pilot/mini study results.

For my pilot study, I chose to interview three community college administrators; a Division Dean and the now-former Vice President of Instruction at Bridge and Buffer Community College and a Division Dean at Urban Community College in the same state in 2010. The interviews lasted 21, 23, and 31 minutes respectively and included some of the questions found in Appendix C. The interviews were structured to start but all interviews could be categorized as semi-structured since questions were added based on interviewee responses. Some added questions were simple clarifications while others were complex and strategic intended to probe further in a certain direction. All interviews were conducted face-to-face. The selection of interviews was done with purpose and an attempt to provide a diverse perspective from different levels of the institution.

The administrators interviewed for the pilot study were not taking a ‘wait and see’ approach with the state fiscal crisis. Rather, the administrators interviewed in this study were more motivated than ever to manage the crisis, minimize its effects, and position the

institution for long-term viability. Some of their efforts could be categorized as isomorphic while others could be categorized as truly innovative.

The Division Dean at Bridge and Buffer Community College stated:

These financial challenges force us to really examine our priorities...what's really important to the institution and allocate resources accordingly...to seek out inefficiencies and turn them into efficiencies...in some ways this fiscal crisis is good for us. (Dean BBCC, 2010)

The Division Dean at Urban Community College stated:

The economy will right itself in a few years, maybe 2 or 3 years and when it does we need to be able to live with the decisions we make now so I guess what I'm saying is that we understand the long-term implications of what we do today. For example, we can't just start pouring money into job training programs unless there's a need for those programs now and into the foreseeable future. (Dean UCC, 2010)

The Division Dean at Urban Community College articulated some of the pressures and opportunities he sees with private industry:

...there's a lot of pressure from industry to produce good students.

We need to keep doing that through partnerships if we lose some of

the money that...you know....we've been getting. We need to serve that role. (Dean UCC, 2010)

The now-former Vice President for Instruction at Bridge and Buffer Community College also spent a considerable amount of time identifying potential areas of increased efficiency such as increasing offerings through the online campus, sustainability/green initiatives, and a smarter use of instructional resources (faculty time, course schedules, etc.). The VP stated that adhering to the college's strategic plan is an institutional priority.

The pilot study proved to be useful in uncovering strategic decisions at each institution. The study also helped me to identify two additional questions that were added to the interview protocol. These additional questions related to financial challenges (#2) and long-term implications of difficult decisions (#6) and are labeled as questions #2, #6 in Appendix C. This pilot study helped me to identify specific descriptive and interpretive codes, all of which I ended up using in my study. This pilot study was instrumental in developing my conceptual framework (*The Quartering of Community Colleges*) to better frame my understanding of the impact of external pressures.

Limitations statement.

The results of this study will not be generalizable to the overall U.S. community college system. More specifically, each of the three sites in this study are rural community colleges in a state that requires community colleges to levy property taxes in their counties. These property taxes along with tuition and state allocations are consistently referred to as the "three legged stool" of funding models. While the difficult

financial issues that face this state and its community college districts are similar to other states, the specific issues relative to funding structures, governance models, faculty issues, student issues, strategic positioning and more are unique to these sites. For example, the results of this study would almost certainly not be generalizable to urban community colleges that rely solely on state allocations and tuition as their revenue sources and are governed by a single, university-driven higher education system. The sites in this study all seem to participate in a dynamic mesh of intertwined relationships with various community stakeholders. These relationships are almost certainly due, at least in part, to their rural nature and to their respective statuses as locally governed taxing authorities.

Positionality statement.

Understanding that validity and ethics (Berg, 2004) play a large role in the acceptance of qualitative research, this section is intended to divulge my positionality or personal situation and experiences as they relate to this case study.

I am currently in an academic leadership position at one of the sites in this study. I do have a professional relationship with my interview subjects at this community college. Consequently, I spent more time at this site explaining my role and responsibilities as a researcher and emphasizing confidentiality requirements. I do have a considerable amount of internal knowledge on this institution as I have been a faculty member there for eight years. I was not granted more access at this institution than other institutions but I was privy to more information because of my position and because of certain presentations I attended in my role there.

Summary and impetus.

This study has enormous potential to inform the field of higher education research by illuminating the processes that community colleges undertake in response to reduced financial resources. This study has attempted to discover to what extent these behaviors are truly strategic or perhaps simply a reaction to external pressures. This study aimed to discover the impact of state allocation reductions on the strategic direction of these three community colleges. The results of this study should serve to provide other institutions with the tools necessary to successfully navigate the ebb and flow of state allocations and to manage all the pressures that influence each institution. The results of this study will lead to a more thorough understanding of the role of community colleges in higher education, their reliance on different funding sources and how a reduction in those sources will impact their overall strategic position. We may see a drastic shift in the role of the modern community college as these institutions are forced to prioritize, streamline, reduce services, replace revenues, all while attempting to serve their respective communities. This study has explored the relatively unexplored area of the strategic positioning of community colleges through an in-depth qualitative multi-site case study.

Chapter 4: Findings

The overall goal of this chapter is to organize and present the raw data (interviews and documents) in a way that begins to answer the research questions posed in Chapter 3 and presented in Appendix B. My analysis in this chapter will be at a relatively low level compared to the analysis presented in Chapter 5. However, I do attempt to connect some of my analysis to the theories associated with my theoretical framework albeit at a cursory level relative to the comprehensive connective analysis I present in Chapter 5. Neo-institutional theory (DiMaggio and Powell, 1983), academic capitalism (Slaughter & Rhoades, 2004), state relative autonomy perspective (Dougherty, 1994), and resource dependence theory (Pfeffer & Salancik, 1978) are all referenced as appropriate but my conceptual framework approach (*The Quartering of Community Colleges*) is used to analyze the findings at a higher level in Chapter 5.

In this chapter, I present the findings associated with the first two levels of pyramid analysis. These findings consist of codes, sub-codes, themes and categories with low-level analysis provided throughout. The top level of the pyramid analysis process (the Central Explanatory Concept) is referenced briefly at the end of this chapter but will not be thoroughly analyzed until Chapter 5. In accordance with consent requirements, I reference each individual participant by a standardized job title (all chief academic officers are referenced as Vice President for Instruction, etc.). I also identify the site to which they are attached.

I present the findings of this multi-site case study in three distinct sections. First, I revisit the pyramid analysis methodology I used to analyze the findings of this multi-site case study. Second, in an attempt to frame the raw data presented in this chapter, I

present findings across all sites that speak to each of my six individual research questions. Third, I report the findings at each of the three sites in this study: Bridge and Buffer Community College, Grants and Reserves Community College, and Crystal Ball Community College. I frame each site findings report with a presentation of selective coding and themes (Level 2 of the pyramid) supported by quotes and examples attached to the descriptive and interpretive codes (Level 1 of the pyramid) related to those themes.

Pyramid Analysis

As described in Chapter 3, pyramid analysis combines elements of the descriptive and interpretive coding scheme developed by Miles and Huberman (1994) and the open coding and selective coding system promoted by Strauss and Corbin (1998). This chapter presents the findings belonging to Levels 1 and 2 of the pyramid: Descriptive and Interpretive Coding (Miles & Huberman, 1994) and Selective Coding (Strauss & Corbin, 1998) and Themes (Miles & Huberman, 1994). The findings associated with the first two levels are presented as a part of each site findings report.

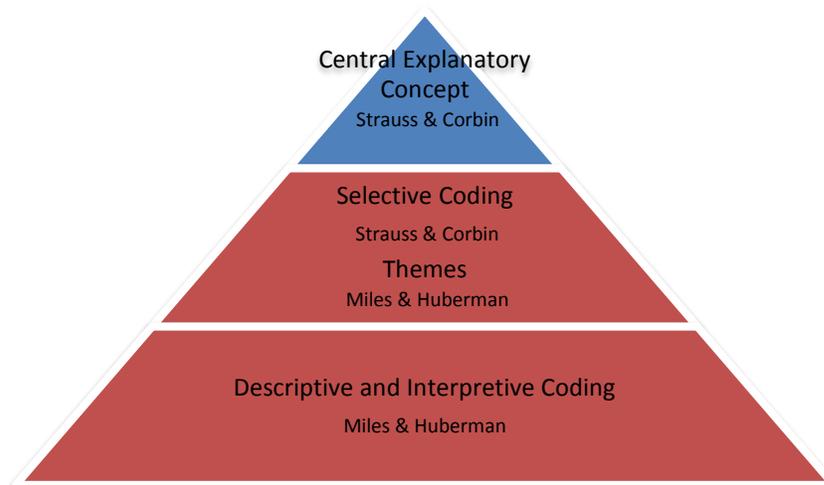


Figure 3 - Pyramid Analysis - Level 1 and Level 2 Focus

Addressing the Research Questions

This section summarizes how the findings across all three sites address each of my research questions. My over-arching research question along with each of my specific research sub-questions are presented verbatim at the beginning of each respective section. The broad over-arching question directing my research reads as follows:

How do community college leaders describe their approach to strategic decisions in response to reduced financial resources?

Strategic behavior and isomorphism.

Research question #1: How do community college leaders display strategic behavior in response to isomorphic pressures?

The findings appear to validate prior research that community colleges are bombarded by a wide array of external pressures that each exerts a specific type of influence on the institution (Alfred et al., 2009; Pfeffer & Salancik, 1978). These external pressures can require compliance, partnership, or negotiation, but never ignorance. These pressures all require different strategies; different levels of involvement and interaction. Those institutions that actively manage the specific needs and requirements of these external pressures in-turn facilitate strategic behavior or at the very least, the capacity for strategic behavior at their institution. These pressures converge to coerce community colleges into the complacent realm of *operational* activity. *Strategic* activity can seem an unreachable goal in the face of constant and dynamic external pressures (Alfred et al., 2009). Strategically active institutions seem to have first mastered the art of neutralizing these external pressures.

The findings of this study seem to validate prior research that shows strategic behavior is driven by members of the upper administration (Vice Presidents and

Presidents) (Keller, 1983). This is not to say that strategic activity does not exist at other levels of the institutions but strategy is clearly the domain of upper administration.

Upper administration at community colleges have an extraordinary amount of control over the finances of their respective institutions and the burden to replace reduced state allocations has fallen almost exclusively on their shoulders. With few exceptions, upper administration have directed strategic activity in the areas of facilities, new program development, renewable energy projects, community partnerships, and assume the role of setting the overall strategic direction for the institution. The findings seem to contradict prior research relating to strategic activity at the middle of the institution (program-level and managerial professionals) (Slaughter & Rhoades, 2004; Bastedo, 2007; Rhoades, 2000; Bastedo, 2007; Hossler, 2004; Rhoades, 2007; Rhoades & Sporn, 2002).

The findings appear to validate prior research regarding isomorphism (DiMaggio & Powell, 1983) by identifying various isomorphic activities across all sites in this study but not in the way research has suggested over the years. The three traditional forms of isomorphism (coercive, mimetic, and normative) all seem to blend together. The sites behave similarly in efforts to legitimize themselves to state and local government (coercive isomorphism). They behave similarly due to uncertainty (mimetic isomorphism) while also increasing their collaborative efforts through statewide associations (normative isomorphism). The lines between the different forms of isomorphism are not as distinct as with other types of institutions. In response to the drastic state allocation reductions for FY2012, members of the upper administration at all sites involved themselves in what can best be labeled as an *isomorphic huddle*. Much the same way a football team huddles to plan their next play, these community colleges

responded by *huddling* together to plan their next move. They became more active through statewide community college professional associations. The community college Presidents' association became more active than ever in response to state cuts. The Financial Officers' association also became more active in response to state cuts. Groups that had met sporadically with casual agendas were now participating in this isomorphic huddle, to strategize, and to eventually strengthen the strategic position of community colleges in this state in an attempt to prevent another round of cuts or another equally damaging state-level decision. The Presidents' association morphed into a more formal entity designed to provide community colleges with a unified front against external pressures.

Innovation and distinctive choices.

Research question #2: How do community college leaders describe their efforts related to innovation and distinctive choices?

By way of theoretical introduction, Rhoades (2007) challenges institutions to fight the urge to behave isomorphically and, instead, actively search for ways to develop strategic niches. He encourages institutions to participate in a “recalibration of emphasis and investment” (p.140). However, these findings suggest that community colleges encounter a number of pressures that serve to neutralize innovative activity. Isomorphic pressures seem to be so strong that they pull institutions together, consequently aligning their strategic directions and efforts. This would seem to support the premise of neo-institutional theory (DiMaggio & Powell, 1983). In some cases, this isomorphic behavior might build the capacity for strategic activity. For example, according to the findings of this study, the widely accepted practice of creating a significant financial reserves

account to replace state allocations might allow an institution to invest in innovative activities thereby increasing their capacity for strategic behavior. The findings suggest those institutions that replicate perceived successes at similar institutions often times fail to account for the intricacies of their local environment; the needs that make their environment unique. These institutions tend to perpetuate academic management fads (Birnbaum, 2000) that may have been innovative at one point but have since lost their luster due to an inability to connect to the local environment of a community college. One might argue that all strategy should be local before anything else is considered (Rhoades, 2007).

Rhoades' (2007) call for distinctive behavior appears to be on display at some of the sites in this study while others fail to adequately capitalize on opportunities to be unique. The findings suggest that true innovation seems to be related to an institution's closeness with its local community. Innovative initiatives seem to be those that first consider the unique needs of the local community whether that involves alternative energy, predictive program development, university partnerships, or private industry incubator partnerships. The innovative sites in this study actively listen to the needs of their local communities and respond accordingly regardless of whether such a program has been implemented elsewhere. These sites succeed because local needs are valued more than isomorphic pressures. The findings validate resource dependence theory (Pfeffer & Salancik, 1978) and its call for a perspective of external controls and constraints.

Prioritization of activities.

Research question #3: How do community college leaders prioritize programs?

This research question was initially designed to elicit feedback related to financial cuts and shrinking budgets. However, this question served to inform this research study primarily in the area of identifying the strategic strengths of an institution. The sites that succeeded in behaving strategically provided *direction* not *directives*. Institutions that identified strategic concepts or strategic priorities then actively promoted those priorities, spawned the greatest amount of seminal strategic activity. Institutions that not only identified strategic priorities but then unapologetically moved those priorities closer to the core of the institution through increased resource allocation and through greater strategic flexibility, tended to see those priorities flourish. These findings would appear to validate Clark's (1998) conception that an institution's commitment to its core activities serve to steer the institution strategically.

Academic capitalism.

Research question #4: To what extent is academic capitalism on display through the actions of community college leaders?

As a return to prior literature, Academic capitalism is a term used by Slaughter and Leslie (1997) then subsequently by Slaughter and Rhoades (2004) to encompass institutional and faculty market-like behaviors. Slaughter and Leslie (1997) then Slaughter and Rhoades (2004) demonstrate that many institutions are aligning themselves closer to the market as a way to generate new revenue streams or to replace dwindling revenue streams. Prior research demonstrates that the academic capitalism apparatus at

universities is well-established and the mechanism to support such activity is also well-developed at the university level. This appears *not* to be the case at the sites in this study. The findings show that faculty and instruction were almost completely insulated from the drastic state allocation reductions. This could explain the lack of academic capitalism behavior by the faculty at these sites. If community colleges continue to experience dwindling state support (Selingo, 2003) and the function of instruction is adversely affected then I argue that we could see an increase in academic capitalism-related activity similar to the phenomenon identified by Slaughter and Leslie (1997). However, this study found very little academic capitalism activity by faculty. Perhaps the most notable activity that could be categorized as academic capitalism was in the area of grants. Some sites used grants to replace lost revenue and in some cases these grants had an impact on the strategic direction of the receiving institution. If these grants were then used to fund activities identified as strategic priorities then they served to solidify the strategic direction of the institution. In other cases I found that grants were acquired without a clear connection to the core of the institution or an institution's identified strategic priorities. While I did see an increased emphasis on STEM fields, this study did not find any of the types of academic capitalism activity such as technology transfer or development of products with commercial value, that are traditionally the domain of active research universities. There seems to be very little expertise in this area at the sites in this study and no mechanism to support or facilitate activities associated with academic capitalism.

Strategic positioning and reductions.

Research question #5: How do community college leaders describe efforts to position the institution (strategic direction) before and after these reductions?

A return to the prominent literature in this area shows the mission and identity of community colleges has changed since the first community college was created in 1901 (Brint and Karabel, 1989). For the first fifty years, the community college system primarily (approximately 75% of institutions) served students seeking liberal arts transfer courses (Brint and Karabel, 1991). Over the next thirty years, community colleges slowly modified their strategic position to open-access institutions focused on vocational education. We now see community colleges with more comprehensive missions that include many other functions such as workforce and economic development (Levin, 2001). The strategic position of modern community colleges remains comprehensive due in large part to the multitude of pressures it confronts. Strategically successful institutions conform to the needs of the communities they serve and invest in their distinctive needs (Rhoades, 2007). The findings would seem to suggest that the term “strategic position” may not be the correct phrase to describe the role occupied by today’s community colleges. The word *position* implies a fixed state; a clear and obvious direction nestled between its K-12 and university education partners. The findings seem to suggest that the role of the modern community college is more fluid; more an agile entity than a stodgy institution; more an adaptive force than a traditional establishment. It is extremely difficult to arrive at a stationary conclusion because modern community colleges are moving targets, constantly adapting and reacting to external pressures. In some ways, the concepts associated with resource dependence theory (Pfeffer &

Salancik, 1978) are confirmed in that externalities do indeed shape the sites in this study and the aggressive actions of internal stakeholders may be responsible for the agile nature of these institutions.

While I argue that the strategic position of community colleges is fluid, the *strategic orientation* of community colleges has clearly changed. The findings show that the sites in this study have clearly pivoted away from a reliance on state allocations and toward a reliance on their local communities for financial support. Students have to bear more of the burden through slow and steady tuition increases. Local taxpayers have to bear more of the burden through slow and steady increases in property taxes. The findings confirm the disappearing state in higher education (Selingo, 2003). It appears as though community colleges are bearing more of the financial burden through budget cuts, reductions to their workforce, and constrained financial stewardship practices. In Chapter 5, I discuss the concept of *embedded community colleges*; the result of this new *strategic orientation* toward local communities and a phenomenon that might explain why the strategic position of one community college might be stronger than the strategic position of another. I will argue that institutions should strive to be embedded in their local communities to achieve the greatest capacity for strategic behavior.

Replacing lost revenue.

Research question #6: How do community college leaders describe their efforts to replace lost revenue/income?

The findings confirm the widely recognized phenomenon of decreased state support of higher education (Hossler et al., 1997; Hossler, 2004; Cheslock & Gianneschi, 2008). Prior research is validated by way of this state's 50% reduction in allocations to

the entire community college system in this state. The findings show that the sites in this study have actively sought ways to replace lost state allocations. Some of these efforts have placed the burden on local communities (property taxes) and students (tuition) but some of the most informative findings came in the area of financial reserve accounts and grant activity. All institutions now have rather large financial reserve accounts; in some cases close to an entire year's budget. This aggressive approach to saving is a direct response to reduced state allocations and has allowed each site to remain active strategically. These reserves have also served to minimize the impact of those reductions at each institution.

The findings of this study also show that grants have allowed some sites to invest aggressively in areas of identified strategic strengths despite dwindling state allocations.

Site Findings Reports

Bridge and Buffer Community College (BBCC)

You can't replace the type of resources that have been lost from the state side, so then you look at public private partnerships. There are opportunities, but public private partnerships come with strings attached and if we come to rely too heavily on those types of funding streams then we could fundamentally change the mission of the college (003-President-BBCC para. 5)

This statement by the President of Bridge and Buffer Community Colleges articulates the concept at the heart of this study; how might the decisions of community college leaders, in response to reduced financial resources, affect the strategic direction, position, and identity of their institutions.

As presented in Chapter 2, Bridge and Buffer Community College (BBCC) serves a rural population in Bridge and Buffer County. BBCC serves approximately 14,000 students in credit and non-credit courses across two main campuses and four remote centers. BBCC operates on an approximately \$40 million budget of which 30% comes from the state, 20% from tuition and fees, and 50% from local property taxes and is governed by a locally-elected governing board and President. Bridge and Buffer Community College is an institution that is actively engaged with its environment at all levels. These include some of the following activities: employing a lobbyist to exert influence on state government, lobbying efforts on the part of upper administration, allocating additional resources to comply with federal regulations, and strategic

partnerships with industry and universities. BBCC stakeholders participate in a variety of activities designed to protect the institution from the negative influences of external pressures. This *buffering* (Meznar & Nigh, 1995) of environmental pressures is seen at all levels but most notably as a concerted effort by members of its upper administration. BBCC stakeholders also participate in activities designed to conform or to meet the requirements and expectations of its external regulators such as the federal government and its regional accrediting body. These *bridging* activities (Meznar & Nigh, 1995) are on display at different levels of the institution but most notably at the middle of the institution where administrators and staff work to meet the frequently changing requirements related to federal financial aid, the latest re-authorization of the Higher Education Act, and the cyclical requirements of its regional accrediting body. BBCC demonstrates a certain level of flexibility when it comes to strategic activity. It displays a willingness to behave strategically but perhaps more significantly, its ability to actively engage and listen to its environment allows BBCC to take advantage of strategic opportunities as they arise.

I frame and organize this site findings report with a presentation of selective coding or themes (Level 2 of the pyramid) supported by individual quotes attached to the descriptive and interpretive codes (Level 1 of the pyramid) that relate to those themes. In the table below, I present a complete list of the descriptive and interpretive codes used in this report.

Table 3 - Descriptive and Interpretive Codes for Bridge and Buffer Community College

| Descriptive Code | Explanation | Interpretive Code | Explanation |
|------------------|--|----------------------|--|
| PRESSURE | Pressures on the institution | PRESSURE-STATE | Pressure from state legislature or Governor's office. Statutory requirements. |
| | | PRESSURE-FED | Pressure from federal government (financial aid requirements) |
| | | PRESSURE-LOCAL | Community pressures (industry, taxpayers, military) |
| NEUTRAL | Neutralizing external pressures | NEUTRAL-LOBBY | Lobbyist or lobbying activities on the part of upper administration |
| | | NEUTRAL-ASSOC | Professional associations formed to neutralize pressures (President's group, CC CFO group) |
| STRATEGIC-POS | Strategic positioning activities | STRATEGIC-CORE | Identification of core values or strategic strengths and priorities |
| | | STRATEGIC-ACT | Examples of strategic activity |
| | | STRATEGIC-FLEX | Philosophy of being flexible, agile, open to opportunity |
| | | STRATEGIC-PARTNER | Strategic partnerships with industry, universities, community groups |
| FINANCES | Relating to financial state of institution | FINANCES-ALT-REV | Alternative revenue seeking activities (primarily grants) |
| | | FINANCES-RESERVES | Financial reserves |
| | | FINANCES-INSTRUCTION | Faculty/instruction unaffected by reductions |

Upper Administration Buffering and Neutralizing

Three individuals are actively involved in lobbying efforts on the part of BBCC: the President, Chief Financial Officer, and their contracted lobbyist. Each has achieved significant successes in not only *buffering* (Meznar & Nigh, 1995) state government pressures but each was instrumental in facilitating positive change for the institution in the form of a new revenue stream for the institution and revising the state's revenue bond

statute. These lobbying efforts allow the institution to be aware of potential negative pressures at the state level and to be proactive about those pressures. These individuals are also actively involved in statewide groups whose activity has increased due to the recent 50% state allocation reductions to community colleges. These groups participate in activities designed to neutralize pressures coming from the state.

[NEUTRAL]

BBCC's President and Chief Financial Officer are actively involved in buffering activities at the legislative level all in an attempt to protect the institution from any future negative outcomes. BBCC's top neutralizing activities fall into two main areas: lobbying and professional association activities. There are different types of isomorphism on display at BBCC especially related to neutralizing activities. Mimetic isomorphism (DiMaggio & Powell, 1983) is evident as institutions come together through statewide professional associations. In the case of this state, community colleges have increased their coordinating activities in response to the uncertainty of state funding. There is an element of normative isomorphism (DiMaggio & Powell, 1983) as well as community college leaders hunker down and rally together through these statewide groups to develop action plans to neutralize pressures exerted by state government.

[NEUTRAL-LOBBY]

BBCC employs a lobbyist to represent its interests at the state legislature and in dealings with the Governor's office. This lobbyist along with the Presidents of Bridge and Buffer Community College and Crystal Ball Community College were instrumental in the acquisition of a new revenue stream (upcoming fiscal year) from the state relating to STEM funding. This new revenue stream will send millions of dollars in funding to all

community college districts in the state. This lobbyist is under contract by Bridge and Buffer Community College and Crystal Ball Community College. The President of Crystal Ball Community College had this to say about their shared lobbyist:

Our lobbyist is a weapon. Let me tell you. She is really good. I guess both <<President of BBCC>> and I primarily use her to get in ahead of what's coming; keep us keyed in to what she thinks is coming so that we can get down there and fight with her. She's great at getting into all areas of legislators offices. She's friends with all of them. She's always in there for us but she gets us in when it's most critical where we need to fight for the rural colleges. [NEUTRAL-LOBBY]

State relative autonomy perspective (Dougherty, 1994) recognizes the influence of state legislators on community colleges and their often selfish motives. In the case of BBCC, the state has withdrawn much of its financial support and is now expecting its community colleges to be more self-sufficient. As state allocations have gone down, tuition and property taxes have increased to place a larger financial burden on students and BBCC's local community. In Chapter 5, I will discuss the implications of this phenomenon on the strategic position of Bridge and Buffer Community College.

[NEUTRAL-ASSOC]

Multiple individuals at BBCC are involved in statewide professional organizations. The President is involved in the statewide President's organization. The Chief Financial Officer is involved in the statewide Financial Officer's organization. The

Deans of Instruction and Vice President of Instruction are involved in a similar statewide organization. Since the recent state allocation reductions, it appears as though all of these groups have become more active. The Presidents' organization and the Chief Financial Officers' organization are both actively involved in activities designed to influence decisions at the state legislative level. When asked whether the state allocation reductions motivated the Chief Financial Officer's group to be more active, BBCC's Chief Financial Officer responded with the following:

I think it did a lot because when you're all feeling pressured, you tend to group together and I think that it's helped us solidify ourselves. We are a far more candid group than the Presidents will ever be. The Presidents play poker. We discuss strategies. So some of the things we've discussed particularly when our budgets were being hacked by the state was what statutory things should we *not* have to do since the state is defunding us. We had those discussions. [NEUTRAL-ASSOC]

BBCC's Chief Financial Officer shared how he, along with support from other Chief Financial Officers through the statewide organization actively lobbied the state legislature in hopes of modifying the statute governing revenue bonds. These bonds allow institutions to borrow money while pledging future revenue, often in the form of tuition. The former statute allowed institutions to allot just 25% of the total revenue bond to instruction. Based largely on the legislative lobbying efforts of BBCC's Chief Financial Officer, the revenue bond statute was changed and now allows for 100% of the bond to be used for instruction.

...what we need are classrooms and we're pledging tuition anyway. That's the revenue we're pledging and that's directly related to classrooms. It actually took us two years to get that change through but we got the 25% cap removed so now we can issue \$10 million and build \$10 million of classrooms. [NEUTRAL-LOBBY]

The President's group is also actively involved and while the group has existed for many years, it has also recently become more active. The President of BBCC reported on the formation of a new, more organized, coordinating statewide community college group represented by all the community college Presidents in the state.

Now the key thing moving forward is creating the <<statewide group>>. It is considered a political subdivision and authorized under the same statute as the league of cities and towns. It will be a voluntary association creating a one stop shop for all community college stuff. We don't have a one go-to place for all things community college so you either get one college having to speak for everyone or worse you get someone who doesn't know about community colleges speaking for us. This will be an organization that will allow for a one stop place but will still allow the community colleges their sovereignty, their own decisions but coordinate stuff together. Presidents and governing boards. It is really modeled after the league of cities and towns. I think it has a chance of being really effective. [NEUTRAL-ASSOC]

We see both the President and the Chief Financial Officer actively involved in statewide organizations attempting to influence and neutralize pressures from the state. It appears clear to me that the activities of these two groups have increased as a response to the recent state allocation reductions and that these activities represent a clear strategy on the part of all community colleges in this state to protect themselves against any future reductions. We saw in a previous example that these types of lobbying efforts can actually yield positive results (new revenue streams) as opposed to simply neutralizing state pressures.

Breadth of External Pressures

This institution feels a variety of pressures from a variety of sources: state government funding, state statutes, federal government regulations, local community pressures. Most of these pressures affect the entire institution but some pressures impact instruction directly by way of industry partnerships and advisory councils. This finding would point to resource dependence theory's (Pfeffer & Salancik, 1978) call for organizations to identify and manage the constraints of external pressures.

[PRESSURE]

When asked about the potential impact of external stakeholders on the institution's finances, BBCC's Chief Financial Officer answered:

Absolutely. There's potential. Donors and possible donors can definitely influence an institution if you let them. A military installation commander can extremely influence us. The federal government changes in financial aid. What has that done to our

enrollment? What are the financial impacts of that? Huge. All sorts of externalities can kill you. [PRESSURE]

BBC's Chief Financial Officer also discussed the influence of a very powerful political organization that has so much influence with state legislators that it has the power to kill or pass almost any tax-related bill in front of the state legislature.

**** is an ultra-conservative organization that the state legislature relies on heavily. They are one organization that has way too much power and this organization can quash a bill like you've never seen. They oppose it and it's gone. It was very important to get them onboard <<with a revenue bond bill>>. I had to meet with them one year. I thought we had them onboard and they quashed that bill right at the very end. [PRESSURE]

These examples speak to resource dependence theory in terms of the power associated with one organization's dependence on an external organization for resources or an external organization's ability to withhold those resources (Pfeffer & Salancik, 1978). In the case of Bridge and Buffer Community College, these external organizations consist of the federal government, donors, the military, political groups, and the state legislature.

[PRESSURE-STATE]

Ever since the state reduced its allocations to community colleges by 50% for FY2012, the relationship between community colleges and the state has been contentious

(Pfeffer and Salancik, 1978). The Chief Financial Officer at BBCC explained how the allocation reductions occurred:

The state and the governor made it very clear two years ago when they did something very radical with community college appropriations. They took some documents that we had been preparing for years in a certain manner and said 'It looks to me like you're going to have increased tuition and property tax revenues of, pick a number 10%, therefore what we're gonna do is hold your total funding level down and we're not gonna give you 10% of your total budget in state appropriations. Then they cut that and basically they cut 50% of the community college budget and they're deal was you community colleges need to fund your colleges locally. [PRESSURE-STATE]

The state sent a clear message through this reduction. The traditional balance provided by the three-legged stool of a funding model (equal parts state allocations, tuition, and local property taxes) would need to be adjusted.

When asked about the current financial situation at BBCC, the President responded:

I will call it shrinking. Over the last four years we've probably lost 25-35% of our state aid... Clearly we have county taxes that come in although I will say that the financial stability of the college is still there so some reserves were built up there was some capacity in there

so when I say shrinking clearly things have gotten significantly tight. We've had to make some significant adjustments. We've had to do some reductions in force. We've deleted certain things but we have not had to be in a panic. We've got all the low hanging fruit. We've cut most of the fat but were now down to where the shrinking resources have become significant. I am not necessarily concerned about fiscal year 2014 but I am very concerned about the fiscal year 2015 unless things change radically... We are not in crisis mode but we are to the point where things are tight. [FINANCES]

The President of BBCC communicated the importance of state allocations to the operations of BBCC:

If the state wants to play a prominent role as they want to then they need to step-up and fund. That's easy for me to say because still a huge portion of my overall budget comes from state aid but if I am <<other less dependent community colleges>>, I wonder at times if they don't say take the remaining million dollars and leave us alone. I don't have that luxury. I'm still highly dependent on the state for funding. [PRESSURE-STATE]

[PRESSURE-FED]

The federal government exerts a considerable amount of regulatory pressure on BBCC. In his report to the governing board at the February 2013 meeting, the Vice

President for Instruction discussed his theory as to the reasons for BBCC's recent decline in enrollment this year. When I asked him about it, he shared the following:

Well, financial aid is the reason we are down in enrollment this year. A third less students received financial aid this year in terms of the number of applications versus those who received aid so the feds are doing a wonderful job, as politicians are good at, of making it look like they're doing one thing and sticking the knife in the back with their other hand. They have kept the Pell (Grant) amount the same so if you don't know what you're looking at, but they keep adding other things which make it difficult to actually get that aid. [PRESSURE-FED]

Another example of federal government pressure on BBCC is the example shared by the Director of BBCC's Online Campus. He shared that the federal government had recently attempted to "put teeth into a law" (the latest reauthorization of the Higher Education Act) by starting to enforce the previously unenforced clause in the Act that states online learning providers need to be licensed in each state they operate in.

BBCC has to be authorized to do business in every state we have a student. That hadn't been enforced for a decade but finally in 2008-2009, the feds started enforcing that and they tied it to financial aid so what they did was they said if we have a student living in Michigan who has received one penny of financial aid and the feds find out that we're not licensed to do business in Michigan then we have to pay

back that financial aid and we run the risk of losing future financial aid for students so it's a pretty serious situation. Unfortunately, every state has its own regulations concerning higher education and there's no regional authority or reciprocity between any states. So I had to study each state's rules and figure out if we were even able to do business there; some states were extremely complex. [PRESSURE-FED]

One of BBCC's Directors shared the Department of Education's new "gainful employment" provision for students seeking direct-employment certificates:

There's this gainful employment rule and even though a lot of that got deflated by the proprietary schools because they didn't like the provisions, and it was really set out because of them because they were misusing and abusing financial aid and causing students to build up this huge debt and at the end of their program they couldn't even get a job. That's also affected community colleges because we have to show the Department of Ed that once you get a 16-credit certificate that there's going to be something out there for you. So that affected our internal curriculum planning, planning not only the curriculum but also which disciplines we're going to pitch. [PRESSURE-FED]

The federal government applies a specific sort of pressure on Bridge and Buffer Community College. While it does not provide direct funding to the operation of BBCC, the federal government controls financial aid and the majority of BBCC's student

population receives some form of federal financial aid (Brint & Karabel, 1989). The federal government in its regulatory role exerts a significant amount of pressure on BBCC to conform to its regulations specifically in the areas referenced above (financial aid and distance education). The Vice President for Instruction commented that federal financial aid is near to the core of BBCC's operations as an open-access institution that serves a population that relies on federal financial aid to access that education. He states: "If our value is helping those who don't have the deck stacked in their favor, federal financial aid is the big part of that." While BBCC has recognized the negative pressures exerted by the federal government, its response to these pressures remains firmly in the area of bridging and not in the area of buffering (Meznar & Nigh, 1995).

[PRESSURE-LOCAL]

BBCC also actively manages a variety of pressures from its local community. I include local industry, local K-12 schools, local taxpayers, community groups, and its local military installation as members of BBCC's local community.

A Dean of Instruction shared an example of managing local community pressures. The example involved the proposed move of the nursing program from a smaller campus to a larger campus.

There aren't enough beds or patients at the hospitals and clinics countywide so it has to be centered <<at larger campus>> but politically that was a very unpopular decision on the east side of the county and I remember one very ugly board meeting where people were shouting at our board members and our President and me but it's local political pressure. [PRESSURE-LOCAL]

The Vice President for Instruction discussed the inefficiencies associated with maintaining outreach centers in remote locations while also referencing the local political pressures to do so:

My theories around centers is that they're primarily political in that you tend to do it to keep those voters and citizens connected to the college in cases like here where they vote on property tax and other things to keep them supporting but would you do a center if you're looking at impact and effectiveness and efficiency? No.

[PRESSURE-LOCAL]

As a rural community college with the ability to levy property taxes, the pressure to keep those taxes low is something that BBCC manages. The Chief Financial Officer states:

Obviously, in terms of taxation, Bridge and Buffer Community College has the ability to levy taxes within some constitutional parameters... There's a tax rate that says that if we tax at this rate then we could potentially increase our income by about \$200,000 and not have to go through a taxation hearing so that's obviously the most comfortable in terms of political stress. Or we could go to the max and the other end of the scale and maybe have 100 people at our board meeting speaking about why it's not advisable for our governing board to pass that. [PRESSURE-LOCAL]

One of BBCC's Department Chairs expressed concern that the pressures exerted by both the federal government and other funding sources might impact traditional lifelong learner students who attend the college to sporadically take classes for personal enrichment.

To me, the direction we're going is already changing, has changed our core values. To me, the direction we're going, that the college is going, and I know we're mandated to do it, but it's going away from our mission statement, which provides lifelong learning. I've been told I don't know how many times, you've got to just concentrate on people who are seeking a degree. We don't care about the guy who wants to come in and take a welding class. So, that kind of stuff bothers me. [STRATEGIC-POS] [STRATEGIC-ACT]

Bridge and Buffer Community College experiences pressure from the federal government, state government, and their local communities. Each one of these entities presents unique pressures that BBCC manages with varying degrees of success.

Identification and Communication of Strategic Concepts and Priorities

Members of the upper administration direct strategic activity at BBCC. Once strategic concepts and priorities are identified, they are funded and resources are allocated accordingly in concentric circles outward. This finding would seem to support the importance of strategy (Keller, 1983) and the importance of identifying strategic priorities (Rhoades, 2000; Rhoades, 2007). The concept of a steering core (Clark, 1998); that institutions can transform themselves being steered strategically by its core functions

is on display at BBCC. That core function at BBCC is clearly instruction and certain disciplines have been identified as strategic strengths and are allocated additional resources and afforded certain freedoms because of this distinction.

[STRATEGIC-CORE]

The Chief Financial Officer discusses the importance of identifying strategic core concepts and competitive advantage areas:

While we haven't done good in terms of a strategic plan. We have strategic concepts that have been well-communicated things like student-centered, future-focused, employee-friendly. Those sorts of high level concepts and we do very well following those... We want to be able to fund courses in our competitive advantage areas then in concentric circles go out and see what else we can fund.

[STRATEGIC-CORE]

The President provided additional insight into these strategic concepts:

We, in the last four years we've focused around some strategic priorities initially they were three competitive advantages and leverage them those things that make us unique things we can do better than anyone else <<priority 1, 2, 3>> we've had those be our strong driving forces there are pieces that were plucked from the strategic plan that ran through 2014 that is not my style of planning. It had everything in it which means if you're trying to do everything so that's not really strategic [STRATEGIC-POS]... Will start a new

annual process with two or three strategic priorities that follow those. The other part everything new or everything we've done in our budget process had to be linked to one of those. As overriding budget principles we had three things that said first it had to be student-centered, future-focused, and employee-friendly. Those were the strategic priorities were not in order, these are in order. Those are our guiding principles but they must be tied to our strategic priorities.

[STRATEGIC-CORE]

BBCC has clearly defined its strategic priorities and concepts and tied those concepts to the budgeting process. Organizations within BBCC that have been deemed to be strategic strengths by the upper administration seem to be afforded a certain degree of autonomy in their operations. This autonomy has allowed them to experiment with different strategic initiatives without fear of revocation of funds or other negative impacts to their programs. The Director of Nursing, a strong strategic leader (Keller 1983), reports on her program's strategic activities:

I have a strategic plan, and I share that strategic plan with Administration. I always have a 5 year strategic plan and so far I've met all my goals. Nobody asks me to do this, I just do it. As an Administrator I think it's a good idea to have that. So on my most recent strategic plan, we're going to have an LPN (Licensed Practical Nurses) to ADN (Associate's degree in Nursing) program and there's a community need. I've written a grant. A HRSA (Health Resources and Services Administration – Federal Program under the U.S.

Department of Health and Human Services) grant and if we do not get that grant this summer then I'm gonna put in a strategic initiative next year and Administration is supportive of us having that program and we'll admit maybe 20 students a year in the LPN to ADN program.

[STRATEGIC-CORE]

When asked whether the institution had made the strategic decision to support distance education and the online campus, the Director of the Online Campus responded with the following:

Yes, very much so. Our previous President and Vice President for Instruction were not as enamored with online education. I'm not sure they really understood it however when the new President and Vice President for Instruction came in, a lot of things changed for me. I think they do have a strategic vision that the online campus will play a role in the future. [STRATEGIC-CORE]

This same Director shared that as his program expands, he receives ongoing financial support from upper administration.

When asked about the impact of reduced financial resources on the strategic direction of the institution, a Dean of Instruction replied:

I worry about the college losing its focus on its smaller campus (two-campus system). Are we going to become a center one day? If we're not already...Admin offices are moving more and more towards the larger campus. I see it as a strategic shift. I see it because of a

reduction in resources. I see it as the money's gotta go where the students are and the students are more at the larger campuses than the smaller campus... We've spent a lot of money and invested a lot in aviation [STRATEGIC-CORE]... We have a wonderful athletics program [STRATEGIC-CORE] but I know there are a lot of people at the larger campus that believe we should move athletics there.

[STRATEGIC-CORE] [FINANCES]

This Dean is expressing a concern that resources to outlying centers and smaller campuses will suffer as the financial situation worsens. This is closely related to the Vice President for Instruction's concerns regarding the inefficiencies associated with maintaining remote campuses or centers.

Core Unaffected by State Reductions

There appears to be a purposeful effort on the part of upper administration to keep budget cuts as far from the core (faculty and instruction) as possible (Clark, 1998).

Faculty report very little impact on their programs.

[FINANCES]

A notable finding in the area of finance is that faculty were largely unaffected by the recent state allocation reduction and resulting budget cuts. Faculty report consistently that their programs did not suffer because of these cuts. This seems to have been a strategic decision on the part of BBCC's administration to keep these cuts as far from the core as possible. When asked about the impact of recent state reductions, one of BBCC's Department Chairs reported the following:

In most of the areas, it's been rather minimal. To me it seems in my area that I teach in, it seems like it's been nonexistent and we've actually been able to put in budget requests and get additional tools and different things, but I think that's because we have a strong program. Some of the other areas, not being really privy to the budget process or any of the numbers, I'm not really sure who's suffering, I haven't heard any complaints from anybody saying our budget got cut and I can't afford to buy this for the students. So all in all it seems like we're hanging pretty tight and it seems like things are still moving along ok. [FINANCES-INSTRUCTION]

When asked about the impact of budget cuts on his program, a different Department Chair at BBCC responded with the following:

I feel I would be affected is... maybe less supplies we might get but really that's it. There hasn't really been any cost reductions for my area (Business)...The Business Department might be the first one to lose (because of enrollments) as a result of budget crunches, but really nothing yet. [FINANCES-INSTRUCTION]

Strategically Flexible

BBCC stakeholders seem to understand that the community college environment is one of shifting concepts, changing priorities (local, state, national), with paradigms that cycle through the environment as management fads (Birnbaum, 2000). A few years ago it was enrollment management. Now, it is completion and accountability. Understanding

the nature of the ever changing, dynamic environment allows BBCC stakeholders to adapt quickly and easily.

[STRATEGIC-FLEX]

Upper administrators driving the strategic positioning process at BBCC promote being strategically flexible and being able to adapt to changing circumstances. The CFO states:

That's where you have to be flexible as an organization to make sure you're compliant when these things happen. You can't get into a blame game and say we had our lobbyist out there and why didn't we see this thing but nobody did (state allocation reductions). You just have to be able to adapt. There are big things like that and there are little things as well... At a university it's less likely to be adaptable so being a small college with a solid administration that can sense the direction rapidly and move is important. [STRATEGIC-FLEX]

The Vice President for Instruction also seems to understand the importance of adapting and responding to pressures.

We're starting to have to think about it differently because we just don't have the budget slush anymore to help us so as far as an institution and the state of our financial affairs, we're still in very good shape although trying to change how we act. We've got good fund balance but depending on how things go we will have to change the way we operate and adapt. [STRATEGIC-FLEX]

The CFO of BBCC understands the importance of being open to strategic opportunities. He shares his philosophy first then the specific example of a large solar array project installation on BBCC's smaller campus:

As a CFO you beat your head against the wall. Sometimes opportunities find you. I really think that whatever the key to figuring out the funding issues for all of higher education are gonna be something that we haven't thought about yet so it's gonna find us by surprise. [STRATEGIC-FLEX]

For example the solar project down on the smaller campus just kind of fell into our lap. That has saved us tens of thousands of dollars each year. It has probably been able to fund a faculty member. Those things if you go out and look for them you may never find them. If you learn to recognize them when they become visible and you can latch onto them then those are certainly some options. [STRATEGIC-FLEX][STRATEGIC-ACT]

Strategic Importance of Financial Reserves

Financial reserves have allowed BBCC to weather the storm of reduced financial resources and to invest in resource-intensive strategic priorities like new facilities and renovations in addition to funding areas near the core of the institution. Without these reserves, BBCC would have responded less strategically to the reduction in state allocations and those cuts would have most likely hit closer to the core of the institution. Considering the clear trend in regards to state support of higher education (Hossler et al.,

1997; Hossler, 2004; Cheslock & Gianneschi, 2008), this finding would suggest a logical response to the decline in state allocations.

[FINANCES-RESERVES]

According to the President, BBCC responded to state reductions by reducing resources in certain areas, reductions in force through attrition, and “cutting the fat”. One might expect an organization that receives 30% of its revenue from state allocations to react more severely or exhibit some signs of crisis but according to the President, BBCC is not in crisis mode. In an attempt to triangulate this claim, I reviewed all interviews from this site and discovered numerous references to “reserves”. I then looked to the Comprehensive Annual Financial Report for BBCC and discovered that over the past ten years, BBCC has allocated significant sums of money to reserve accounts ostensibly to be used to weather the type of reductions it experienced in FY2012. The reserves for the current budget year alone totaled 50% of BBCC’s overall budget and have been as high as 60% of its overall budget when looking at the past ten years. After learning this, I later asked BBCC’s Chief Financial Officer to comment further on these reserves. He had this to say:

In general BBCC is still financially solvent. It’s in a good financial position largely because about ten years ago senior administration which didn’t include me made some very good strategic moves regarding some financial capturability and setting aside governing board reserves for future investments. When I came here in 2007 there was a significant reserve base. [FINANCES-RESERVES]

This confirmed to me as a researcher that this was a concerted, strategic decision by senior administration. It appears as though while these funds were initially set aside for future investments, they were also used to replace some of the state allocation reductions thereby lessening the impact of those reductions on the institution as a whole.

[STRATEGIC-ACT]

As mentioned in a previous section, BBCC made the strategic decision to accumulate considerable financial reserves. These reserves have been used to fund some of BBCC's strategic priorities; one of them being facilities. The CFO of BBCC reports on the institution's recent much-needed investment in improving aging facilities:

When we talk about future-focused, facilities is obviously something we need to consider. We've invested \$50 million in new facilities which is by far the most aggressive facilities plan that this college has had since it was constructed so maintaining those facilities and not letting them degrade is an important piece. [STRATEGIC-ACT]

Numerous Community Relationships and Partnerships

BBCC participates in numerous relationships and partnerships with its community. These relationships allow it to be the dominant higher education force in its community. These relationships include partnerships with K-12 districts through recruiting events, nursing clinical relationships with local hospitals, partnerships with the local fire department, various contributions to the local non-profit community, industry partnerships resulting in in-kind donations, partnerships with its local military installation, incubator activities through its small business development center, and more.

These relationships help to make BBCC a pillar in its community and afford it a strong strategic position.

[STRATEGIC-PARTNER]

Academic capitalism is largely seen as a response to receding government funds (Slaughter & Rhoades, 2004). While the activities related to academic capitalism at the university level differ greatly to those exhibited here at Bridge and Buffer Community College, the activities do exist to a certain degree. These activities are primarily in the area of strategic, grant-funded industry partnerships.

A Dean of Instruction shared the details of a National Science Foundation grant-funded project involving university and industry partners, professional learning communities, industry advisory councils, and the creation of a new transfer degree.

Through our STEM advisory groups which is being supported by NSF grant money but the government agencies the contractors associated with the <<military installation>> are all members of the group. We try to get together once or twice a semester if we can and we're having them review curriculum and what they're looking for as far as skills and jobs and trying to build our curriculum around that... We created this AAS degree partly to serve that purpose (needs of industry) but also what we were hearing from <<military installation>> is they can hire students with associate's degrees if they had certain levels of certain classes...on the lower levels of the GS but they're hired as engineers. [STRATEGIC-PARTNER]

The Vice President of Instruction shared a number of creative industry partnership examples from his previous institution. These examples do speak to the direction of this research but note that these industry partnerships did not occur at Bridge and Buffer Community College.

...with the kinds of co-op and internships and all of those kinds of things business and industry plays a big part in all of that. In some cases they can be key for in kind financial resources. I would say that's very...it can be institutionally specific based on how the institution operates and where. The best place I've ever been for that aspect was up in <<other state>> because we had a relationship with John Deere. We had a credit based diesel program that was tied into John Deere...At any point in time they might drop off a half a dozen combines, tractors and other equipment. We were probably just in kind stuff using several million dollars of stuff that we didn't pay a nickel for which is a hell of a big deal. [STRATEGIC-PARTNER]

While this partnership may not result in any sort of profit for the community college, it does involve the leveraging of industry partnerships to significantly reduce the costs of a normally high-cost program. In addition to cost-savings benefits, the institution benefited from industry representatives lobbying the state on its behalf which resulted in continued state allocations to the institution.

Bridge and Buffer Community College Conclusion

At Bridge and Buffer Community College, we encounter an institution that is actively engaged in neutralizing the pressures of its environment. BBCC invests in its identified strategic concepts and priorities and has not allowed the state allocation reductions to impact instruction. BBCC is strategically flexible and agile and responds to changing conditions and opportunities accordingly. It has accumulated sizable financial reserves in response to reduced financial resources and has used these reserves to invest in some of its strategic priorities. BBCC participates in a wide range of community relationships and partnerships.

Grants and Reserves Community College (GRCC)

Community colleges, I believe, have been their worst enemy over the years because no matter what the funding structure was, community colleges always met the need one way or the other so what that really says to the legislature and the Governor is we can continue cutting no problem because they're making it work. (003-President-GRCC para. 5)

This statement, by the President of Grants and Reserves Community College articulates GRCC's strained relationship with its state government and serves to introduce the growing gap between these two entities, as you will find in this report.

As presented in Chapter 2, Grants and Reserves Community College (GRCC) operates in a rural community and serves approximately 12,000 students. GRCC has ongoing partnerships with some of the state universities to offer bachelor's, master's, and doctoral degrees at their facilities. One of the state universities has had a permanent presence on campus for over two decades. GRCC operates on a \$35 million annual budget of which 10% comes from the state, 30% from tuition and fees, and 60% from local property taxes. GRCC is governed by its locally-elected governing board and President. GRCC has been successful in securing significant amounts of local bond revenue and federal grant funding for a number of strategic initiatives. These funds have enabled GRCC to participate in activities that would have otherwise been out of reach financially. GRCC has implemented an aggressive financial reserves strategy resulting in a significant amount of financial reserves totaling close to an entire year's budget. GRCC recently passed a local bond initiative for over \$60 million with an approval of

over 60%. This has allowed GRCC to build new facilities and renovate older facilities. In addition to the community-supported bond, GRCC recently brought in over \$20 million in grant funds to support a number of their initiatives. With strong community connections, community support, and a significant reserve bases, GRCC successfully replaced revenues lost from state allocations and consequently has been able to strengthen its strategic position by aggressively investing in a multitude of strategic initiatives.

I frame and organize this site findings report with a presentation of selective coding or themes (Level 2 of the pyramid) supported by individual quotes attached to the descriptive and interpretive codes (Level 1 of the pyramid) that relate to those themes. In the table below, I present a complete list of the descriptive and interpretive codes used in this report.

Table 4 - Descriptive and Interpretive Codes for Grants and Reserves Community College

| Descriptive Code | Explanation | Interpretive Code | Explanation |
|------------------|--|-------------------|---|
| FINANCES | Relating to financial state or activities of the institution | FINANCES-RESERVES | Relating to financial reserves |
| | | FINANCES-CUTS | Reductions in force, administration reductions, budget cuts. |
| | | FINANCES-TUITION | Discussions and actions to raise tuition and fees to rebalance revenue (three-legged stool) |
| | | FINANCES-ALT-REV | Grant-related activities, applying, attaining. Bond-related activities. |
| STRATEGIC-POS | Strategic positioning activities | STRATEGIC-INNOV | Examples of strategically innovative activities |
| | | STRATEGIC-OPP | Examples of being open to and aware of strategic opportunities as they arise |
| COMMUNITY | Community connections | COMMUNITY-SUPPORT | Examples of community support of the institution |
| | | COMMUNITY-REL | Community relationships, partnerships, and references to the institution's influential place in the community |
| PRESSURE | Pressures on the institution | PRESSURE-FIN | Financial pressures on the institution |
| | | PRESSURE-REG | Pressure from regulators such as the federal or state government |

Financial Reserves Are a Strategic Asset

GRCC's considerable financial reserves; those approximately equal to one year of GRCC's annual budget, have served as a strategic asset that not only helped to neutralize the drastic state allocation reduction but allowed it to invest in several strategic initiatives at the same time. Prior research shows the state's dwindling support of higher education (Hossler et al., 1997; Hossler, 2004; Cheslock & Gianneschi, 2008) and subsequent research calls for the creation of reserves accounts to replace these lost revenues (Massy,

1994). The findings of this study would appear to validate prior research in these areas. Secondary findings related to this primary theme are also presented to provide context such as the overall financial health of GRCC and its conservative approach to spending and budgeting.

[FINANCES]

According to multiple interviewees, the overall state of GRCC's finances is strong due to four specific actions on the part of the upper administration. First, a commitment to create a strong financial reserve base (Massy, 1994) which has resulted in a large reserves account equal to almost an entire year's budget. Second, GRCC has taken a conservative approach to spending. Third, GRCC responded to the drastic state reductions by reducing positions and shrinking its administration. Fourth, GRCC has received over \$80 million in grant and bond funding (the equivalent of approximately 2.5 years of its annual budget) over the last few years.

[FINANCES-RESERVES]

While Massy's work (1994) on resource allocation in higher education focuses primarily on universities, the message is clear: use financial reserves to cover revenue shortfalls. The President of GRCC reported on his administration's concerted effort to create a strong, reserve base that is large enough to not only cover revenue shortfalls but allow the institution the ability to behave strategically:

Fortunately, we're really blessed to have had over a number of years a very conservative spending pattern. So in respect to building a budget and expenditure patterns we were probably spending 92-93% of the

total budget when you spend less than you have, the ability to carry over an amount each year and as that amount builds up then you can weather these difficult times [PRESSURE-FIN] a little bit better perhaps than some institutions that were spending a greater percent of their budget each year. [FINANCES] [FINANCES-RESERVES]

GRCC's Chief Financial Officer confirmed the President's statements regarding reserves and an effort to reduce expenses throughout the budget year:

What I can say is in each of the last six years we've had good years. We've increased our unrestricted fund balance each year and have been able to operate within our means meaning that from a financial situation whatever budget we set we were able to actually in just about every case reduce our expenditures throughout the year [FINANCES-CUTS] so that we did not spend the entire budget from an expense side as well on the revenue side tried to look at different opportunities. [FINANCES] [FINANCES-RESERVES]

[FINANCES-CUTS]

When asked to describe the GRCC's response to the drastic state allocations, the President shared the details of his reductions and restructuring initiative:

So I came to GRCC three years ago and began a concerted effort to reduce the number of administrators and to reduce the amount of salary that we pay new administrators coming in...so new administrators coming in will come in at a lesser amount and we are

making a concerted effort to reduce the number of administrators at the college at the highest level typically VP levels. When I came we had four Vice Presidents. Starting in the fall next year we will have one. [FINANCES-CUTS]

GRCC's CFO shared that GRCC is now better because of the drastic state allocations:

We're becoming leaner and actually I see us moving forward I think the tougher times are pushing us to better meet the needs of the communities we serve so I think it forced us to really think about expenses and how we do things with more of a sustainable approach.

[FINANCES-CUTS]

[FINANCES-TUITION]

Leslie and Brinkman (1987), Kane (1991), McPherson (1978), and Heller (1997) have demonstrated the negative impact of tuition increases on enrollments. However, in an attempt to replace some of the lost state allocation revenue, there were a number of discussions among the upper administration regarding raising tuition at GRCC. These discussions involved rebalancing the traditional "three-legged" stool funding model of tuition, state allocations, and property taxes. In response to state allocation reductions, GRCC made the decision to raise tuition \$8 per credit hour; half of that increase was for a technology fee to support the maintenance and upgrade of technology across the district. This represented a larger increase than the annual, incremental \$1 or \$2 increase per

credit it had typically enacted. When asked about these discussions at the upper administration level, the CFO provided some insight with the following:

Sure and we had that was quite a long discussion we had at that point because one of the things that historically at GRCC our tuition would go up a dollar a year for many many years. Sometimes that just won't sustain it especially where you see your faculty salaries are and other things that you need to address...Five years ago we did away with most of our class fees and rolled them into tuition because there was a real sense in the community that tuition at GRCC was still pretty low...we even went with \$8 with \$4 internally designated for technology we still fell in the middle of the pack...had we been the most expensive we might have rethought that strategy since we were still in the middle of the pack we thought that was better than going back to the community saying we did away with class fees and oh by the way here's a new technology fee. [FINANCES-TUITION]

Grants Can Be a Strategic Asset (supplement or supplant)

The sheer amount of grant funding received by GRCC is staggering; approximately 60% of its total annual budget in a recent fiscal year. Grant funding, similar to its reserve base has allowed GRCC to neutralize some of the negative impact of the state's reduced allocations (Slaughter & Rhoades, 2004). Where reserves offer GRCC complete freedom to spend without regulatory or external involvement, grants are tied to very specific initiatives; most of which align with the institution's strategic strengths but some of which are designed to increase activity in an area outside the

traditional core of activities at GRCC. In this way, grants have the potential to either *supplement* an institution's strategic positioning efforts or *supplant* the institution's current strategic positioning efforts. Grant activity at GRCC differs from the grant-funded research activity typically associated with academic capitalism at the university-level (Slaughter & Leslie, 1997) but more closely resembles the evolution of academic capitalism offered by Slaughter and Rhoades (2004) in that the grants at GRCC align closely with STEM-related industry priorities. The findings show a closer alignment to industry. This effort at GRCC remains the domain of upper administration and is largely absent at the program level which differs from the evidence Slaughter and Rhoades (2004) offer in *Academic Capitalism and the New Economy*.

[FINANCES-ALT-REV]

The Director of Institutional Research at GRCC also shared specific information regarding GRCC's aggressive approach to securing grant funding:

Systematically, we have been very successful in obtaining federal allocations or grants; competitive grants that through focusing on program improvement and building capacity we have built into that also renovation so for example last year it was a record year for us. We brought in over \$20 million in new awards...so we're at the top of the game when it comes to getting the grants. [FINANCES-ALT-REV]

Considering that Grants and Reserves Community College operates on an annual budget of \$35 million, \$60 million in funding from a local bond initiative and \$20 million

from grants represent considerable sums. These revenues outside of the traditional revenue streams (tuition, state allocations, property taxes) have enabled the institution to undertake some initiatives that would not have been possible otherwise. It is also clear that these grants have affected the strategic positioning of GRCC as it has pivoted to align itself with some of the requirements of each respective grant (focus on engineering, emphasis on STEM, focus on career technical education).

Embedded Institutions are Supported Institutions

GRCC is an institution deeply embedded in its local community through a wide variety of relationships and partnerships. GRCC is in many ways, a pillar in its community as the dominant provider of higher education services. GRCC has essentially commoditized its local community support through local bond initiatives to the tune of \$60 million. Academic capitalism (Slaughter & Rhoades, 2004) helps us to comprehend this phenomenon at a deeper level using the concept of commodification of higher education research and education services as presented in Chapters 3 and 5 of *Academic Capitalism and the New Economy*. The phenomenon identified in this section has the potential to expand the scope of academic capitalism altogether to include not just the commodification of research and educational services but also intangible commodities like community support.

[FINANCES-ALT-REV]

The Director of Institutional Research spoke to the level of support shown by the community through bond initiative support, essentially explaining the commodification concept. The Director stated:

We've been very strong financially over the years. We've had high voter support. The building we're in now and the one across the way there were constructed with a \$60 million bond issue that was passed with over 60% approval in our district. [FINANCES-ALT-REV]
[COMMUNITY-SUPPORT]

[STRATEGIC-POS]

GRCC has formed a number of partnerships over the years with a wide variety of organizations. These partnerships allow GRCC to enjoy a strong position in its local community. These partnerships include the local hospital, the local industry council, the local military installation, local industry representatives, the local K-12 district, and a long-standing relationship with one of the state's universities that has a branch campus on the campus of GRCC. The Director of Institutional Research communicated the importance of partnerships to GRCC's identity:

One of our missions is to serve the individuals in Grants and Reserves county through partnerships...and I'm paraphrasing but the partnerships has always been a part of our DNA and certainly grants is a good way to, in a time of cutbacks to find funding for those programs that are key and important. [STRATEGIC-POS]
[FINANCES-CUTS]

[COMMUNITY]

Grants and Reserves Community College seems to hold an esteemed place in its local community. As previously mentioned, this is an institution that participates in a

web of relationships with a number of local, external stakeholders. These stakeholders include the local industry association, the local Chamber of Commerce, the local K-12 school district, the local military installation, and the local hospital to name a few. Partnerships are also a key component of GRCC's mission statement. GRCC seems to understand the unique needs of its community. The Vice President for Instruction promotes this concept:

The trouble that I've noticed just by being here <<xx>> years is there's a tendency to view all the community colleges the same... and they're not. They're all unique. The communities they serve are unique. The population they serve is unique and yet that's the mentality. [COMMUNITY]

[COMMUNITY-SUPPORT]

The clearest demonstration of community support came from the over 60% approval of the bond initiative that resulted in an over \$60 million in bond revenue for GRCC. The Director of Student Services believes that support is so high in the local community that the institution could seek and secure another large local bond initiative:

Our community stands behind us. I think we have a strong enough connection with our community...if we had to go out and ask our community, if we were hurting to the point where we cut what we can and faculty salaries are low and we don't want to balance on the backs of our students. If we had to go out and ask our community to raise our capacity I think we could pass it. [COMMUNITY-SUPPORT]

The Director of Student Services provided some insight into how the recent bond initiative's \$10 million figure was increased to the \$60 million figure that passed with over 60% of the vote:

We polled a group of community members together to help us to decide how to push this out. They convinced us to move it from \$10 million to the \$60 million it was gonna take. If you're gonna do it, do it right and we probably should have done even a little bit more. We got a passing rate in every single district not just the main <<city>>.

[COMMUNITY-SUPPORT]

The President of GRCC discussed the importance of the community's support on the institution:

I do everything I can do to be a good neighbor and I think people know that so we are entrusted obviously with providing the educational services and community support and we do that very well and so I don't think we get the pounding on the table that some people do. [COMMUNITY-SUPPORT]

One of GRCC's Deans of Instruction also referenced the community's support and its importance to the institution:

Again, we will continue to exist because we have such strong community support. And part of it comes through the property taxes obviously, but the other part comes through where the community

values the graduates that come from our area. [COMMUNITY-SUPPORT]

[COMMUNITY-REL]

GRCC's employees are recognized in the local community for their expertise in a number of different areas and GRCC is the dominant provider of higher education services in its community. It seems to hold a central, influential place in its local community due in part to it being "embedded" in its local community. Again, the concept of *embedded community colleges* will be presented in further detail in Chapter 5.

The CFO discussed some of the specific connections that exist between GRCC and its local community:

We have a really good relationship with and we see partnerships as key to us existing in this community. We have a lot of advisory committees for some of our degree seeking programs. They play a role as advisory committee members and tell us what classes we should teach and what skills they should have. Another is <<the local industry association>>, the President is a board member on that and they get a lot of feedback and do a lot of job training. I serve on the board of <<the local hospital>> and they fund a lot of our nursing education and our nurses of course go and work for them and that so that's another big one. [COMMUNITY-REL]

The Director of Institutional Research describes the way GRCC helps the local K-12 district by serving as its external grant evaluator:

We also provide expertise for our community for external grant evaluations. I've been in a number of partnerships with <<local K-12 school district>> so that all of the teachers had more than ten successful awards for math science partnerships through the department of education. We have saved them. I know the one time we couldn't do their external grant evaluation it cost them \$30,000 to have it done. Normally, we charge around \$3,000 for a year. Math and science partnerships are in our best interest and the more money we can help them get by providing our expertise and getting back to teacher training the better. [COMMUNITY-REL]

To illustrate the type of relationship that GRCC has with its local community, the President provided some insight into a board meeting where the President of the local Chamber of Commerce argued against GRCC's annual increase in property taxes.

We actually every year have recommended the max levy (maximum statutorily allowed property tax increase) again because of the need to try to gain some dollars for faculty salaries and other things. Last year we had made that recommendation and then the President of the local Chamber of Commerce spoke at our board meeting and he really gave a compelling argument saying our businesses were really suffering in <<city>>. They had not started to see any recovery from the depressed economy...I think we took a break during that board meeting and the President and cabinet went to a separate room and said you know this might be the one year we respond to our

community and so it would mean us needing to make up the revenue in another way about \$500,000 left on the table by not doing the max levy...you know we do listen to the community so we went back to the meeting and the administration wanted to recommend to the governing board that they *not* do the max levy. [COMMUNITY-REL]

Grants and Reserves Community College chose to be a good neighbor by listening to a prominent member of its local community. This resulted in approximately \$500,000 of lost revenue for the sake of supporting a segment of its local community.

Culture of Opportunity

A *culture of opportunity* is pervasive at GRCC due in large part to strong leadership and an active strategic agenda. GRCC is in a strong financial position due to its reserves and grant funding. This is an institution that is actively investing in strategic activity through facilities and innovative academic initiatives. These activities, on the heels of and in the face of, drastic, dwindling state support have resulted in a *culture of opportunity* and optimism that seems to impact all levels of activity at GRCC.

Individuals seem to approach problems as opportunities. To frame this finding, I call upon Denison's (1990) work on *corporate culture*. Denison ties an organization's effectiveness to its ability to create a positive internal environment through the clear communication of direction. The larger implication is that an adaptable, positive culture is conducive to organizational effectiveness. It would appear as though Denison's model is supported by the findings of this study.

[STRATEGIC-INNOV]

As previously noted, GRCC has used its bond and grant funding to fund a number of facilities-related projects. These projects include the construction of a new administration and elaborate student services center, a new science building, a new engineering facility to facilitate a partnership with one of the state’s public universities, a public safety institute in conjunction with local and federal law enforcement, the renovation of a career and technical education facility, and the installation of a number of different types of large solar arrays on campus. This is an institution actively investing in strategic initiatives designed to serve the unique needs of its local community (Rhoades, 2007). As the Director of Marketing stated, “This is not an institution that’s dying on the vine but one that is making strategic decisions” (007-GRCC para. 12). The Director of Institutional Research provides some details on these initiatives:

... We brought in \$5 million that is helping to refurbish a building that is now going to be used for engineering and creating a four-year pathway partnership with <<a state university>> and also solar technologies and solar as it would feed into engineering. Another one that we built and this is a major renovation because we upgraded our vocational technical programs and they now relate directly to STEM (Science, Technology, Engineering, Math) [STRATEGIC-INNOV]

The Director of Student Services adds:

We've done some things that we wouldn't have done but like building a student success center and been able to remodel buildings with those dollars. [STRATEGIC-INNOV]

In addition to facilities, GRCC has been able to fund a number of innovative initiatives. The Director of Institutional Research reported on GRCC's grant funded initiative to support a very specific student demographic population:

We have the largest group of <<specific student demographic>> in the state and there was no college assistance <<specific student demographic>> program until we won one and given the predominance of our population or the importance for <<specific student demographic>> families, that's a kind of support that's really extremely important and the program actually provides stipends for students and helps get them through their first year of college and the goal is for them to complete four years of college. [STRATEGIC-INNOV]

[STRATEGIC-OPP]

Referenced briefly above, one of the most notable and visible initiatives at GRCC was the installation of several different types of solar arrays. The solar arrays present a number of academic program possibilities as well as offering some long-term cost savings. The CFO provides some detail on the project:

We put in a five megawatt solar array. We estimate \$20 million (in savings) by the time we get 20 years under our belt...It really is long

term so we see that and phase two of that; I'm meeting with the partner and we're looking to do some incubator sites for actually it's like the research for solar companies where GRCC will lease a plot of land to them; another potential revenue source. [STRATEGIC-INNOV] [FINANCES-ALT-REV]

Multiple interview participants communicated and described (through their actions), openness to strategic and innovative activity. I attribute this to GRCC's successful grant procurement and to GRCC's strong financial position. Despite losing millions of dollars in state allocations over the past few years, GRCC has implemented an aggressive campaign to replace those lost revenues. Its success has resulted in a *culture of opportunity* rather than a *culture of scarcity*.

Strategy Driven by Upper Administration

Keller (1983) provides some context regarding the power of strong top-down leadership. While strategic ideas and concepts are sought from all levels of the institution, and while strategic activity is implemented at all levels, strategic positioning at GRCC is driven by upper administration. Faculty and staff at GRCC depend almost exclusively on upper administration for the financial health of the entire institution and its cascading impact on their individual units. This differs drastically from many research institutions in that many university faculty participate in externally-funded research that brings in large sums of money to their colleges and/or programs (Slaughter & Rhoades, 2004). Consequently, the upper administration, as fiscal stewards, largely control the strategic direction of GRCC and its strategic position. This would seem to contradict research pointing to the importance of strategic activity at the middle of the institution

(Slaughter & Rhoades, 2004; Rhoades, 2000; Bastedo, 2007; Hossler, 2004; Rhoades, 2007; Rhoades & Sporn, 2002). As a strategic positioning activity, the upper administration at GRCC also manage pressures in order to grow the institution's capacity for strategic behavior. This would seem to validate resource dependence theory (Pfeffer & Salancik, 1978). Much of the evidence in support of strategy driven by upper administration is contained in previous sections such as the concept of *embedded community colleges* as supported institutions, the acquisition of grant funding, and the aggressive accumulation of financial reserves. The remaining sections point to strategic opportunities and the management of pressures to increase GRCC's strategic capacity.

[STRATEGIC-OPP]

As an institution with a positive overall relationship with its community through partnerships and various other activities, GRCC seems open and actively aware of strategic opportunities whether they arise through strategic brainstorming sessions or simply through discussions with one of its many partners. When asked about the funding source for the solar arrays, the President of GRCC explained:

That's the interesting thing. GRCC paid nothing. It was identified through different companies and <<financial company>> actually owns it. We don't own it but we have the benefit and the educational opportunity but GRCC paid nothing. All we do is reap the benefits.

[STRATEGIC-OPP]

[PRESSURE]

Like many other community colleges, GRCC is not immune to external pressures. When the state reduced its allocations to community colleges by 50%, this meant an overall reduction of almost \$5 million to GRCC's budget. It appears as though GRCC has largely weathered these reductions due to the reasons mentioned previously. It should be noted that GRCC's financial position is now much stronger than it was before the state reductions. By increasing its alternative revenue streams through bond funding and grant funding, it has found itself in the position to neutralize many of the external financial pressures it has endured in the past.

[PRESSURE-FIN]

The President of GRCC discussed the methods used by the state to justify their 50% allocation reduction to community colleges (Pfeffer and Salancik, 1978) and the resulting pressure to respond by placing more of a burden on GRCC's local community:

We did get a memo from the Governor when the Governor made those drastic cuts that the community colleges could increase taxes so they could recoup the money. Now the negative thing about that is you try to do that and then you've got the legislature concerned about you raising your tuition. You've got the community concerned about raising taxes but you had no option that's exactly what you did. You did raise tuition and taxes and try to fill that gap. You didn't fill it because there wasn't enough there to replace it because of the economy. [PRESSURE-FIN]

[PRESSURE-REG]

The Director of Institutional research spoke to me about some of the regulatory pressures on GRCC. The Director used the state and national trend toward accountability and completion as an example:

Most of our students attend part time they take almost four years on average to complete. So many of the metrics are looking at the three year completion rate and those are sort of blunt instruments that don't connect well with our mission or with our specific community needs so my job would be to come up with strategies that can deal with those separate sectors (state and federal regulators) and try to combine the resources in a way that won't shoot ourselves in the foot so it's a little bit of a juggling act so that's one of the pressures.

[PRESSURES-REG]

This is a concern that is shared by Bridge and Buffer Community College as well. For years, community colleges have served so-called "lifelong learners", non-degree seeking students who take classes sporadically and for personal enrichment, not necessarily for a credential (Brint and Karabel, 1991). The career and technical education or vocational areas may end up suffering from these pressures the most.

The Vice-President for Instruction discussed some of the pressures related to complying with federal financial aid regulations:

The changes at the federal government level have impacted us in terms of us having to devote more resources to comply with those

regulations. We recently had a problem with our veterans affairs where the person who was tasked with that job really didn't do it because he was spread a bit thin and we've had to put resources in that area by essentially reallocating, not filling one position in one area to reallocate those dollars to other positions to focus on vets affairs to handle the compliance issue which is handling the enhanced regulations coming in; the federal government. [PRESSURES-REG]

Grants and Reserves Community College Conclusion

Of all the sites in this study, GRCC has evolved into the least dependent on state allocations. GRCC absorbed significant reductions to state allocations and responded in a number of strategic ways. Through the aggressive acquisition of local bond revenue and federal grants along with the accumulation of significant financial reserves, GRCC is actually in a stronger financial position than before the drastic state allocation reductions of FY2012. The strategic direction set by upper administration has resulted in a number of strategic investments which has led to a *culture of opportunity* whereby internal stakeholders imagine possibilities rather than being constrained by pessimism. GRCC's new *strategic orientation*, one that is focused on relationships and partnerships with members of its local community has afforded it the strong strategic position associated with *embedded community colleges*. Again, this concept will be described in detail in Chapter 5.

Crystal Ball Community College (CBCC)

After graciously spending more than an hour of her very busy day answering the probing questions of my research agenda, I thanked the President of CBCC profusely. We then exchanged pleasantries and chatted about the direction of my research and my future plans in academia. I commented on her and her administration's ability to see the drastic state cuts coming before any other institution and how this made CBCC an ideal site for my research. I then commented that it was as if she had a crystal ball. She then smiled coyly as she made her way to a box in the corner of her office. She rifled through the box for a while and emerged with not only a small crystal ball but also a magic wand. It was the perfect end to an informative interview.

As presented in Chapter 2, Crystal Ball Community College (CBCC) serves approximately 10,000 students in two of the largest (square miles) and poorest counties in the state. CBCC operates on a \$25 million budget of which 30% comes from the state, 20% from tuition and fees, and 50% from local property taxes. CBCC operates eight total locations across two counties. Of all community colleges in this state, CBCC responded the earliest and the swiftest to the state's drastic allocation reductions to community colleges with immediate reductions to its administration, other reductions in force, the closing of a remote center to list a few. CBCC does not claim significant industry players outside of government and local utility companies but has engaged in some strategic projects in hopes of preparing its students for potential employment in the area.

I frame and organize this site findings report with a presentation of selective coding or themes (Level 2 of the pyramid) supported by individual quotes attached to the descriptive and interpretive codes (Level 1 of the pyramid) that relate to those themes. In

the table below, I present a complete list of the descriptive and interpretive codes used in this report.

Table 5 - Descriptive and Interpretive Codes for Crystal Ball Community College

| Descriptive Code | Explanation | Interpretive Code | Explanation |
|-------------------------|---|--------------------------|---|
| FORESIGHT | Efforts resulting in institutional foresight related to state allocation reductions | FORESIGHT-RESPONSE | Activities in response to reduced state allocations |
| FINANCES | Relating to financial state or activities of the institution | FINANCES-CUTS | Reductions in force, administration reductions, budget cuts. |
| | | FINANCES-RESERVES | Relating to financial reserves |
| SHARED-GOV | Examples of shared governance in policy and practice | | |
| PRESSURE | External pressures on the institution | PRESSURE-STATE | Pressure from state legislature or Governor's office. Statutory requirements or restrictions. |
| | | PRESSURE-FED | Pressure from federal government (financial aid requirements) |
| NEUTRAL | Neutralizing external pressures | NEUTRAL-LOBBY | Lobbyist or lobbying activities on the part of upper administration |
| STRATEGIC-POS | Strategic positioning activities | STRATEGIC-ACT | Examples of strategic activity |
| | | STRATEGIC-PREDICT | Efforts to predict future markets or opportunities for institution and college |

Active Awareness of the Environment Can Be a Crystal Ball

CBCC is an institution that is actively aware of its environment and the intricacies of that environment. Through the lobbying efforts of its contracted lobbyist, the lobbying efforts of its President, and a commitment to gather information relative to potentially adverse decisions by state government, CBCC has the equivalent of a strategic crystal ball. This crystal ball afforded it the foresight to learn of state allocation reductions earlier than any other institution in the state allowing it to respond swiftly and

strategically to those cuts. This finding speaks to aspects of resource dependence theory (Pfeffer & Salancik, 1978), namely the interdependence of this site on state government and the efforts it has taken to neutralize the environmental pressure of the state.

[PRESSURE]

CBCC's administration seems to be keenly aware of CBCC's external environment. During my conversations with all upper administration and those in leadership positions, all were able to articulate the impact of external pressures from various entities including CBCC's regional accrediting body, the state government, the federal government, private industry, universities, and more. While each of these external entities exert very specific pressures on CBCC, it appears as though CBCC's administration have taken considerable time to carefully strategize and analyze the institution's relationship with each of these external influences. The Director of Institutional Research started with a big-picture view of external pressures then expands to provide more detail:

We are sitting at a point of balance and trying to stay there. We are experiencing interesting pressures from various constituencies that would affect our ability to stay in balance, as you might imagine... We're beholden to a lot of stakeholders. In the micro and in the macro, of course there's always our taxpayers that give us some of our funding and we are always trying to be as sensitive as we can to their needs, because we recognize that the area is not as affluent as some other places. And there's the state legislature, who has some

decision-making authority and regulatory authority over us.

[PRESSURE]

[PRESSURE-FED]

Like many other community colleges, CBCC feels pressure from the federal government; not as a direct funding source but rather as a provider of federal financial aid (Brint & Karabel, 1989) and as a regulatory agent. The President of CBCC articulated these pressures:

We comply to the federal government. We comply to <<accrediting body>>. We comply to the state. We're doing constant reporting. Constant procedure changes. The Clery Act; the new regs on sexual assault. We are able to keep up now but I would imagine when the new higher education act is reauthorized which should be shortly. They're taking comment now. We'll probably have to do another data hire something like that. It's huge and as I told the legislature, I've said it specifically to house appropriations I can either educate students or I can comply. Which do you want because it's getting to the point where we can't do both. [PRESSURE]

[PRESSURE-FED] [PRESSURE-STATE]

[NEUTRAL]

Resource dependence theory (Pfeffer & Salancik, 1978) contends that organizations depend on external resources for survival and in-turn tend to rely on these

external organizations to shape their identities and direction. It focuses on the taxing dynamic between the organization and its external funding sources.

In this section, I focus on that taxing dynamic between CBCC and its external funding source (state government) and its external regulator (the federal government) through CBCC's attempts to neutralize those pressures thereby increasing its ability to behave strategically.

The findings in this section closely resemble those from Bridge and Buffer Community College because the Presidents of both institutions have worked together in a number of ways to lobby state government. Crystal Ball Community College and Bridge and Buffer Community College each maintain separate contracts with the same state-level lobbyist.

[NEUTRAL-LOBBY]

CBCC's lobbyist and the President of CBCC together are very active lobbyists at the state government level. The President has reported testifying for a number of legislative committees and is notified of legislative issues through CBCC's lobbyist. CBCC and Bridge and Buffer Community College, as a team were instrumental in the acquisition of a new revenue stream (upcoming fiscal year) from the state for community colleges relating to STEM funding. This new revenue stream will send millions of dollars in funding to all community college districts in the state. The President shared the details of this successful lobbying effort:

In a way it's a sleight of hand trick because we know the way the legislature sees our <<specific funding that was eliminated>> we were never gonna get it back. It was gone for so years. So, it was a

sexy name change. What is everybody pushing? STEM. They want STEM. Okay let's see how we can do this so yeah that's where it was <<lobbyist>>, <<President of BBCC>> and I {that got it passed}.

[NEUTRAL-LOBBY]

Since I provided details on this finding in the Bridge and Buffer Community College site finding report, I will not provide more detail in this section. However, it is worth noting again that this is a significant finding. Both CBCC and BBCC made the proactive, strategic decision to approach the state in hopes of generating a new revenue stream from the same entity that slashed its allocation to community colleges by 50%. Ultimately, their efforts were successful and all community colleges in the state will now benefit from this new stream of revenue. It is also worth noting that there appears to be an element of coercive isomorphism (DiMaggio & Powell, 1983) on display at CBCC as CBCC worked with BBCC in an attempt to legitimize itself to state legislators.

Foresight of Negative Pressures Can Lessen Their Impact

The foresight gained through active environmental awareness allowed CBCC to mitigate drastic state allocation reductions through a deliberate, careful, and prudent approach versus the more reactive, haphazard approach of an institution without such foresight. Upon learning of the impending state reductions, CBCC responded swiftly by making drastic internal cuts of its own. This finding also speaks to resource dependence theory (Pfeffer & Salancik, 1978) and its stipulation that organizations develop relationships with external entities to neutralize uncertainty and to increase their autonomy.

[FORESIGHT]

The most significant finding at Crystal Ball Community College relates to its anticipation of the state's drastic 50% reduction in allocations to community colleges. While other community colleges seemed to be caught off guard by these reductions, CBCC anticipated the cuts one to two years prior to them actually taking place. This allowed CBCC to proactively and strategically mitigate those reductions. CBCC was actively engaged with its environment through the lobbying efforts of its contracted lobbyist, the lobbying efforts of its President, and a general commitment on the part of CBCC's upper administration to actively listen to the information coming from the state during its budget negotiation process. CBCC's Chief Financial Officer explains the strategic benefits of this foresight:

We've made some pretty tough decisions but I think we started early and because we started early anticipating there would be cuts to our state aid in particular our operating state aid. We've been able to respond in much more of a strategic and planned way and not had any real knee jerk reactions to the situation. [FORESIGHT]

The CFO also articulated the philosophy behind this approach to stay ahead of problems to better mitigate their negative impact:

We are not from a policy perspective; a management philosophy perspective where we don't want to have urgency when we don't have to. We want to be able to think through things and think through

things in a reasonable manner which often requires a little bit of time and a lot of input. [FORESIGHT] [SHARED-GOV]

I will revisit this concept of “a lot of input” in the [SHARED-GOV] section that discusses the practices of shared governance at CBCC.

CBCC’s Vice President for Instruction recalled a strategy session four years prior to these drastic state allocation reductions. Discussions like this one demonstrate an effort on the part of CBCC’s upper administration to strategically approach the prospect of reduced financial resources at a time when other institutions were not as active in this area:

So, four years ago I can remember sitting in the President’s office as the Vice President for Student Services and we said as a group led by the President that this is gonna happen that <<this state>> along with other states were sitting on top of the housing bubble and when it bursts, as it was in the midst of doing, that it was gonna wreck the economy in the short term and we could anticipate all of the things public agencies have to anticipate. We made the decision then to try to minimize the impact on students as much as we could.

[FORESIGHT]

Crystal Ball Community College’s CFO discussed upper administration’s strategic, proactive approach to the potential (at the time) cuts in state funding:

We had started making adjustments at least two years prior to that actual cut and so when the cut occurred, two things. One, we were

expecting it, anticipating it. Two, because <<specific type of additional aid CBCC receives>> was not affected it was not nearly as damaging to us as it could've been. We had made some conscientious efforts legislatively and with the Governor's office as CBCC to try and preserve <<specific type of additional aid CBCC receives>>.

[FORESIGHT]

The President of CBCC offered more insight into why and how they knew about the cuts before other institutions and gives a preview of how CBCC; as directed by the President, responded to the drastic state allocations reduction:

We saw it coming probably earlier than most CCs particularly in this state but what we also saw early on that it was gonna be deeper and longer than anyone thought. We saw when it started I said you know we have to look at ten years and it's gonna go very deep so we need to make deep changes quickly and early to protect the college. And we did. We made some very difficult decisions in my first year as the President that probably still resonates around here in terms of what we needed to do right away. [FORESIGHT] [FINANCES-CUTS]

The CFO discussed the mechanisms in place that allowed CBCC to learn of the cuts so quickly:

We were tracking that and clearly with <<lobbyist's>> involvement. <<Lobbyist>> was hearing we've got budget issues and community colleges are on the block and again the real draconian

cut did not occur nearly as early as it could have and so yeah I'd say it was a combination of just having a lobbyist that is well-connected and just being up to date. From my perspective it shouldn't have been a surprise to anyone. [FORESIGHT]

[FORESIGHT-RESPONSE] [FINANCES-CUTS]

While CBCC's foresight is a key finding, its subsequent response to those state cuts is perhaps just as significant. CBCC responded quickly and swiftly by reducing the size of its administration to the tune of approximately \$1 million, closing a center, and began the process of actively looking for ways to reduce costs. The President provides some detail on those cuts:

The first step was the one that I needed to take which was basically RIF (reduction in force) the administration and bring us into what I thought was a more realistic administration for the budget structure we were gonna be facing. We went from three Vice Presidents to two. We went from six Deans to three. Five divisions to three. I also consolidated a lot of divisions at that point in time and of course administrative staff that were associated with those positions. We probably right off the bat cut close to a million dollars out of our budget. [FORESIGHT-RESPONSE] [FINANCES-CUTS]

In addition to the swift reduction to the administration, there was also a concerted effort on the part of administration to keep the state cuts as far away from instruction as possible. The Vice President of Instruction shared the details:

For example we went from four Vice Presidents to two and six Deans to three. Those are high salary positions. With the admin assistants and budgets associated with them....We said at the time the first steps we took we're gonna try to do that without affecting faculty, without hitting students. [FINANCES-CUTS] [STRATEGIC-POS]

In the above section, we clearly see an institution that responded swiftly, proactively, and strategically to the foresight it gained through its strategy of active environmental awareness.

Shared Governance is the Spoonful of Sugar

CBCC responded to state reductions by swiftly reducing the size of its administration by approximately \$1 million through a reduction in force that saw a reduction in the number of Vice Presidents and Deans. CBCC's response also called for a 2% reduction in pay for all of CBCC's employees. Clearly, these are difficult decisions to implement at any institution but it appears as though these decisions were largely accepted and supported by CBCC's employees. I connect this directly to the value placed by CBCC's President on the implementation of shared governance policies and procedures throughout CBCC. Shared governance (Kezar & Eckel, 2004) clearly has its disadvantages most of those associated with the logistics of gathering the input of a large and diverse group of stakeholders. Shared governance has proven to be difficult at CBCC but it is clearly embedded in the culture and has garnered support for the administration across CBCC's geographically dispersed locations. Shared governance is the spoonful of sugar that makes the medicine (difficult, typically unpopular decisions) go down. Perhaps the most helpful research related to this finding comes from Eckel's

(2000) study on the influence of shared governance on program closure. The power of shared governance seems to be validated by this finding and perhaps pushes this research forward related to shared governance and support for adverse decisions.

[SHARED-GOV]

Shared governance policies and procedures play an important role at CBCC.

Shared governance policies and procedures are nothing new to higher education (Kezar & Eckel, 2004). Shared governance is designed to involve and value the input of a multitude of stakeholders. The President of CBCC has implemented shared governance through a number of initiatives designed to seek input from faculty and staff across CBCC's geographically distributed district. This firm and ongoing commitment to shared governance has resulted in positive support of the administration across many groups of employees. Faculty and staff feel part of the strategic direction of the institution and have been more willing to support the difficult financially-driven decisions made by upper administration. Soon after reducing the size of the administration in an attempt to reduce costs, the administration proposed and implemented a district-wide 2% decrease in employee pay which was largely supported by college employees. Shared governance has opened lines of communication and made many at CBCC feel as though they are actively involved in the strategic direction of the college. This has made difficult decisions easier to swallow than if those decisions were simply dictated and directed by the upper administration. The President of CBCC explained the strategic importance of shared governance:

The reason I'm trying very hard with this college to get shared governance very broad and deep into the college is we've had some

experiences before I became President with two Presidents who took it away from the college and we need to get the college in a position where someone else coming in can't find it that easy to take away. It's gotta be very embedded and part of our day to day thinking.

[SHARED-GOV] [STRATEGIC-ACT]

The President also expanded on her efforts to continually improve the shared governance process thereby further communicating its importance as a management style:

We need the majority participating so it's always a battle for me to push it down and out across down and out and I'm constantly rewriting the shared governance procedure to try to get it deeper and try to involve our people and make every day thinking because if it gets that embedded then no one can come in and easily dismantle shared governance. [SHARED-GOV]

The Director of Institutional Research confirmed the presence of shared governance procedures at CBCC as directed by the President:

And there have been some very important faculty and staff committees put together and given some duties and that's always a learning process when you first start doing that and I gathered that the leadership prior to <<President>> was more corporate in its culture, more directive. She's really opened up a lot more shared processes, so we're having to learn how to live that way. [SHARED-GOV]

The Vice President for Instruction also confirmed the presence and importance of the shared governance philosophy along with strategic planning at CBCC:

It (strategic planning) helps you establish your core values so I think the President preaches and buys into shared governance. We don't just pay lip service to it. We do it and it's harder and slower but in the long run you get a better outcome because you have some buy-in.

[SHARED-GOV]

Here, we see the Vice President for Instruction communicating the concept of buy-in as a general concept. While none of the members of the upper administration pointed to the indirect impact of shared governance on adverse conditions; I would suggest that it has indeed served to facilitate support of the administration's more sensitive and challenging decisions in response to reduced state allocations.

Financial Reserves as Strategic Asset

CBCC maintains a reserve base equal to approximately half a year's budget. However, this reserve account has been larger than an entire year's budget in the past. As with other sites, this practice of maintaining a significant amount of financial reserves has allowed it to engage in strategic activity and to neutralize the impact of the drastic state allocation reductions. The most significant example being the construction of a new \$5 million career technical education center funded exclusively with reserves. As previously mentioned, prior research shows the state's dwindling support of higher education (Hossler et al., 1997; Hossler, 2004; Cheslock & Gianneschi, 2008) and subsequent research calls for the creation of reserves accounts to replace these lost revenues (Massy,

1994). The findings of this study would appear to validate prior research in these areas. Resource dependence (Pfeffer & Salancik, 1978) theory might also help to frame this finding in that financial reserves decrease reliance on the state as an external funding source; thereby increasing its autonomy and capacity for strategic activity.

First, I present data related to the overall financial health of CBCC. Second, I present data relating specifically to financial reserves. Lastly, I present data demonstrating strategic activity directly and indirectly related to those financial reserves.

[FINANCES]

Members of CBCC's upper administration team provided some information regarding the financial health of CBCC and its potential impact on the strategic positioning and its ability to behave in innovative ways. The CFO shared the following regarding the overall financial health of CBCC:

There hasn't been over the last several years too much overall change in the three legged stool...so that probably in general has stayed relatively constant as far as the percentage 15% range of those three major revenue sources (tuition, property taxes, state allocations). When it comes to property tax we of course are limited on what we can do to increase it. [FINANCES] [PRESSURE-STATE]

It is worth noting that the statutes of this particular state limit the amount a community college can increase property taxes in any given year; thereby capping one of its revenue streams. Since the state drastically reduced its allocations a few years ago,

this has put some financial pressure on CBCC to replace the lost revenue and attempt to rebalance the three-legged stool of financing. One approach has been through annual tuition increases. However, it appears to be the consensus that since CBCC services two of the most economically depressed counties in the state and perhaps across the nation (depending on the metrics used) that significant tuition increases would do more overall harm than good to its local population. The CFO shared the following regarding those tuition increases:

Probably ten years at least we've had anywhere from \$2 to \$5 increases but really in the last few years we've settled in on a \$2 increase. We'll never be in a position where tuition will make up any of the losses that we anticipate or anticipated when it comes to state aid. We just don't have the population as far as enrollment number one and we do provide services in a fairly economically depressed area and don't feel that we can do too much more than what we've been doing with tuition with that \$2 average increase. [FINANCES]

The administration at CBCC has carefully considered their revenue streams and is keenly aware of the dynamics among these streams and the inter-related nature of these streams. CBCC has also demonstrated a deep understanding as to the viability of each of these revenue streams into the future along with some of the pressures that exert control over these revenue streams. The Director of Institutional Research at CBCC shared the following regarding the future of state allocations and the institution's preparation related to that potential event:

We have a longstanding practice of maintaining a reasonable cash reserve, which has been highly supported by our board, and is apparently somewhat unusual. We get a lot of flak from certain community members for having, what do they call it? Excess cash on hand. Whereas in our mind, if state funding goes away, which it very well could, we'd like to have at least six months' operating costs so that we can get our students out in good shape. So we have a contingency plan. Because we've been told in no uncertain terms by certain legislators that funding will go away at some point.

[FINANCES] [FINANCES-RESERVES]

[FINANCES-RESERVES]

This practice of financial reserves is perhaps not as uncommon as the Director indicates above as my research has uncovered this as a common practice. The existence of these reserves aligns with the administration's articulated management philosophy of strategically approaching problems in a careful way. The CFO provides some details regarding the institution's purposeful accumulation of reserve funds:

We initiated a very aggressive reserves policy typically you're gonna see people who have policies for cash reserves setting it at anywhere from 7-15% level. Ours is at 50% which is pretty significant. The intent is in many ways to say because of our unique situation, if in fact things fall apart and state aid goes away or valuations decline dramatically or people quit paying property taxes whatever the case may be, we need to have time in order to one come up with a plan that

says this is how we're going to respond. [FINANCES-RESERVES]

[STRATEGIC-POS]

[STRATEGIC-ACT]

One of CBCC's Deans of Instruction shared information about the construction of a new career technical education center dedicated to vocational education activities that fit well with the needs of CBCC's local industry partners. It is also an example of a direct connection between financial reserves and strategic activity:

There's no fat in our budgets but that sits well for the college because we've had a contingency fund and as you can see behind us we were able to save and build a \$5 million building and that's a CTE building our new <<career technical education center>>. So I feel we're in a good position. [STRATEGIC-ACT] [FINANCES-RESERVES]

This same Dean of Instruction shared the details of some new programs that have recently been approved. The first is a newly revamped construction technology program. The second is a program called applied engineering that combines aspects of engineering and manufacturing. Strategically, the implementation of these programs did not come lightly. CBCC seems to understand that despite there not being thriving and diverse private industry activity in its county, the industries that exist would benefit from these two new programs. CBCC has chosen to solidify this aspect of its identity despite these programs being resource-intensive, high cost endeavors. CBCC has also made the decision to build a new career technical education center to house these new programs thereby demonstrating their commitment to these programs as closer to the core of the

institution (Clark, 1998). The development of these programs represents a distinctive choice on the part of the institution to serve its local community and to meet the needs of its specific private industry partners (Rhoades, 2007). While CBCC demonstrated its commitment through the allocation of \$5 million from its reserves account to build the new career technical education center, it is also a partner in a grant with a handful of other community colleges which helped to provide money for the equipment for its new applied engineering program. The Dean of Instruction responsible for this area shared the following:

We're all part of this consortium. Our piece is a little under \$2 million. <<other community college>> gets most of it and they're required to do most of the regulations...we've taken our students to <<manufacturing>> plant in <<neighboring city>> and the controls and operations in the power plants the process controls would all apply {to this program}. [STRATEGIC-ACT]

By minimizing the *operational* burden associated with this grant (reporting requirements), CBCC allows itself the ability to behave in a more *strategic* way (Alfred et al., 2009)

CBCC's approach to the improvement and overhaul of its construction technology program aligns with its demonstrated philosophical approach to challenges. We saw in the [FORESIGHT] section that CBCC prefers to respond carefully and thoughtfully when faced with challenging circumstances especially if they involve potentially adverse effects. The approach it took to the development of its construction technology program mirrors that philosophy. The Dean of Instruction shared the details:

So we hired a new faculty chair...and he was given *a year* {emphasis added} to put together his program to revamp it, get his curriculum through...We hired him saying you're not gonna teach much but you're gonna put this program together. He got his advisory board together and did that. Anytime you get a new program this is the way to do it. He made connections. We're ready to really go with this program because usually you're behind or catching up.

[STRATEGIC-ACT]

State Statutes as a Significant Quartering Pull

Over the years, the state in which CBCC operates has passed a number of laws that limit the activities of community colleges. These statutes limit the annual amount a community college can increase its local property tax levy. These statutes limit a community college's annual budget amount. These statutes work to confine community colleges and serve to restrict its ability to behave strategically; to raise the funds it needs to serve its local community and to limit its ability to spend those funds. CBCC is severely hampered by the latter with no clear solutions in sight. While it might be tempting to utilize resource dependence theory (Pfeffer & Salancik, 1978) to analyze this finding, the specific type of strategically limiting pressure applies more to state relative autonomy perspective (Dougherty, 1994) and its caveats related to the role of state government.

[PRESSURE-STATE]

Much of the pressure exerted by CBCC's state government is of a strategically restrictive nature. There are state statutes that limit a community college's annual

property tax increase (the max levy statute). There are state statutes that limit a community college's annual budget based on a formula developed thirty years ago (the budget limitation statute). There are conservative political organizations that exert an enormous amount of pressure on state legislators thereby indirectly affecting publically-funded entities like community colleges. The CFO commented on the power of one of these influential political organizations:

Extremely (powerful). They've billed themselves as a taxpayer protection kind of group but really they're funded and promoted and supported by the large taxpayers...and that's really who they represent. Yes, very powerful and their influence is not only quite broad in the legislature but they have a pretty significant influence in the tax oversight committee. [PRESSURE-STATE]

The CFO also communicated that CBCC traditionally maximizes its annual property tax levy increase within the confines of state statutes that limit this increase:

When it comes to property tax we of course are limited on what we can do to increase it. We had a fair amount of capacity prior to the legislative action that said whatever your levy is that's your new maximum and as a result of that we've each year taken advantage of the <<percentage>> max increase. [PRESSURE-STATE]

The President provided some detail regarding the state statute that caps a community college's annual budget amount based on a formula developed thirty years ago (the budget limitation statute):

The financial state of the college is really very strong. Our only real concern at the moment is the budget limitation statute... We're very solid financially but the budget limitation statute does say well we don't care how much money you have, you just can't spend it so we're looking at strategically what we need to do to get out from under than problem. [PRESSURE-STATE]

This statute exerts a significant pressure on CBCC as it is currently grappling with the reality that it might need to artificially constrain its activities in order to comply with the budget limitation statute.

Predictive Program Development

Rather than simply waiting to see what industries develop in its county, CBCC has taken a predictive strategic direction. This means that CBCC is attempting to predict what industries will materialize in its county and has started to invest in academic programs to support those potential new industries. CBCC has invested time and money to develop its new applied engineering program designed to satisfy the needs of these potential industries. Time will tell as to the success of this investment and direction. To contextualize this finding, we might look to existing research in the area of academic strategy and strategic positioning (Keller, 1983; Rhoades, 2000; Bastedo, 2007; Hossler, 2004; Rhoades, 2007; Slaughter & Rhoades, 2004) where we would find various strategic activities at all levels of the institution; many of which are designed to align with industry needs. While current industry needs are valid, many STEM areas are hoping to prepare students through broad training rather than traditional, skill-specific vocational education (Brint and Karabel, 1991).

[STRATEGIC-PREDICT]

Another informative finding associated with CBCC is the way it has reacted to the relative lack of local private industry presence. It has chosen a *predictive program development approach*. This predictive approach guides its current programmatic efforts by attempting to predict what industry needs may exist in the near future and what new industries might establish themselves in CBCC's service area. One of the Deans of Instruction discusses the possibility of a mining operation and a forestry program starting in the area:

We have two main projects that may happen in this area which is the <<mining>> project. There's been talk for year. There's been studies that something will probably break in the next couple of years. Everyone thought it would happen this year. I really did. Then we have what we call the <<forestry>> project ...for harvesting trees that's what's different about that industry now where it used to be the huge trees none of the mills were ready to take anything like that you had to retrofit all of that so if those two projects were to break applied engineering becomes important. [STRATEGIC-PREDICT]

Here we see an institution positioning itself as not just a direct employment training provider but rather as a direct employment training provider for potential of new industries. This may be a risky strategic position considering the amount of resources being dedicated to their new applied engineering program. However, since most of the

equipment for this new program is grant-funded this decreases the risk to the institution should these new industries fail to materialize.

Crystal Ball Community College Conclusion

At CBCC, we discover an institution that is actively aware and engaged with its environment. We encounter an institution that turned this awareness into foresight, and this foresight into a strategic tool. Through shared governance procedures, CBCC was able to garner support for some of the difficult decisions in response to reduced state allocations. Through the accumulation of significant financial reserves, CBCC is able to remain strategically relevant by investing in strategic priorities. While state statutes serve to limit strategic options, CBCC remains strategically relevant and has adopted a predictive program development strategy to anticipate future industry needs.

Results of Pyramid Analysis

This chapter presented my research findings relating to the first two levels of the pyramid analysis process. These findings were presented as three individual site findings reports. These reports included tables of descriptive and interpretive coding (Level 1) and organized each report using identified themes (Level 2) for each site in this study. The tables below present those themes across all sites. Table 6 presents themes that at least two sites have in common and Table 7 presents themes that differ across all sites.

Table 6 - Similar Themes Across All Sites

| Bridge and Buffer Community College | Grants and Reserves Community College | Crystal Ball Community College |
|---|--|--|
| <ul style="list-style-type: none"> • <i>Upper administration buffering and neutralizing</i> • <i>Breadth of external pressures</i> • <i>Strategic importance of financial reserves</i> • <i>Numerous community relationships and partnerships</i> | <ul style="list-style-type: none"> • <i>Financial reserves are a strategic asset</i> • <i>Strategy driven by upper administration</i> • <i>Embedded institutions are supported institutions</i> | <ul style="list-style-type: none"> • <i>Financial reserves as strategic asset</i> |

Table 7 - Themes That Differ Across All Sites

| Bridge and Buffer Community College | Grants and Reserves Community College | Crystal Ball Community College |
|---|--|--|
| <ul style="list-style-type: none"> • <i>Strategically flexible</i> • <i>Core unaffected by state reductions</i> • <i>Identification and communication of strategic concepts and priorities</i> | <ul style="list-style-type: none"> • <i>Grants can be a strategic asset (supplement or supplant)</i> • <i>Culture of opportunity</i> | <ul style="list-style-type: none"> • <i>Shared governance is the spoonful of sugar</i> • <i>State statutes as a significant quartering pull</i> • <i>Predictive program development</i> • <i>Foresight of negative pressures can lessen their impact</i> • <i>Active awareness of the environment can be a crystal ball</i> |

These findings will now lead to the top of the pyramid and the presentation of a few, central explanatory concepts (Level 3) to be explained as phenomena in Chapter 5. These central explanatory concepts are identified as follows: The *Quartering of Community Colleges*, *Mandates to Neutralize*, and *Embedded Community Colleges*.

Chapter 5: Discussion and Implications

Imagine if all of a sudden, your employer decided to cut your paycheck in half. Imagine raising a concern then being told that you could find a second job or perhaps ask your family or close friends for money. Imagine too, that in the midst of this financial catastrophe, your mother and father feel the need to call you every day to tell you what you should and shouldn't do with your life. The scenario I have just described is not far from what the community colleges in this study had to contend with. In FY2012, they experienced a 50% reduction in state allocations. The message to community colleges was clear: state-supported higher education was now more a contradiction than the truth. Community colleges responded in a number of ways; some operational, some strategic (Alfred et al., 2009). In the midst of their response, pressures continued to mount from a variety of sources, all requiring a certain degree of sensitivity and care. The sites modified their *strategic orientation* and pivoted away from a reliance on state government to a greater reliance on their local communities through increased tuition and fees (Heller, 2002) and increased property taxes. Their attempts to behave strategically in the face of these reductions were met with opposing forces at almost every turn; yet they persisted and in most cases thrived strategically. The sites faced a backlash from their communities as they pushed for increased property taxes in an attempt to replace state allocations. They faced regulatory challenges from the state and federal government related to adult basic education and federal financial aid. Despite the *quartering* pulls of their external pressures, each site in this study has shown an impressive amount of strategic positioning activity; and in many cases, strategically distinctive. The sites in this study demonstrated a stubborn adherence to their historical missions of being

affordable, open-access institutions designed to serve traditionally underserved populations and their local communities. This adherence represents a clear strategic position for the community colleges in this study. One might think that community colleges would have struggled to behave strategically; and some did. However, each site responded aggressively to the drastic state cuts, in many cases implementing financial initiatives to supplant and exceed those lost state allocations. Through the determined accumulation of financial reserves and the acquisition of federal grant money, the sites in this study afforded themselves perhaps a greater capacity for strategic activity than before the state reductions.

This study has revealed a number of findings as presented in Chapter 4. The following table represents Level 2 of the pyramid analysis process across all sites.

Table 8 - Level 2 of Pyramid Analysis

| Bridge and Buffer Community College | Grants and Reserves Community College | Crystal Ball Community College |
|--|--|--|
| <ul style="list-style-type: none"> • <i>Upper administration buffering and neutralizing</i> • <i>Breadth of external pressures</i> • <i>Identification and communication of strategic concepts and priorities</i> • <i>Core unaffected by state reductions</i> • <i>Strategically flexible</i> • <i>Strategic importance of financial reserves</i> • <i>Numerous community relationships and partnerships</i> | <ul style="list-style-type: none"> • <i>Financial reserves are a strategic asset</i> • <i>Grants can be a strategic asset (supplement or supplant)</i> • <i>Embedded institutions are supported institutions</i> • <i>Culture of opportunity</i> • <i>Strategy driven by upper administration</i> | <ul style="list-style-type: none"> • <i>Active awareness of the environment can be a crystal ball</i> • <i>Foresight of negative pressures can lessen their impact</i> • <i>Shared governance is the spoonful of sugar</i> • <i>Financial reserves as strategic asset</i> • <i>State statutes as a significant quartering pull</i> • <i>Predictive program development</i> |

This chapter utilizes the findings in the table above to arrive at three central explanatory concepts as identified at Level 3 of the pyramid analysis process. These concepts or phenomena are designed to contribute to a deeper theoretical understanding

of academic strategy, institutional pressures, and the impact of reduced financial resources on the strategic position of community colleges. The *Quartering of Community Colleges* provides a framework to organize and explain the multitude of pressures that exert influence on a community college. The concept of a *Mandate to Neutralize* helps to explain the strategic importance of activities designed to neutralize the *quartering* pulls of external pressures. Institutions with a *Mandate to Neutralize* tend to afford themselves a greater capacity for strategic behavior. Lastly, the concept of *Embedded Community Colleges* describes the phenomenon where community colleges pivot away from state government and toward their local communities, investing heavily in relationships and partnerships with local community entities. The sites in this study participate in a web of relationships with a variety of stakeholders. While some of these relationships are essential to their very existence, others serve to solidify their *embedded* role in their local communities thereby strengthening their strategic position. These *Embedded Community Colleges* maintain positive, symbiotic relationships with a number of other organizations in their communities. *Embedded Community Colleges* possess a greater capacity for strategic behavior than other community colleges that have failed to develop such relationships.

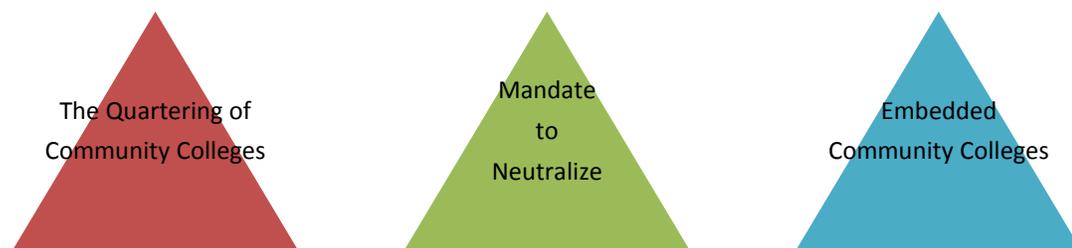


Figure 4 - Central Explanatory Concepts (Level 3)

Prior research in this area has been helpful in understanding the role of external pressures on the development and evolution of community colleges (Brint & Karabel, 1989; Bowles & Gintis, 1976); Dougherty, 1994; Anderson et al., 2006). This study has aspired to take advantage of the unique opportunity presented by the drastic reductions in state allocations for FY2012. As expected, all the sites in this study actively responded to those cuts. I analyze those responses in subsequent sections (Strategic Response and Reductions & Distinctive Choices) and evaluate their relationship to the strategic position of the sites in this study.

This chapter will combine all concepts, theories, and findings to arrive at Level 3 of the pyramid analysis process. My hope for this chapter is to use these central explanatory concepts (Strauss & Corbin, 1998) as tools to better understand and explain the phenomena discovered in this study. Secondly, I hope to inspire future research around these concepts. This chapter is organized into four primary sections: Pressures, Strategic Responses, Distinctive Choices, and Theoretical Implications with brief sections on policy implications and potential research directions to conclude.

Pressures

The strategic position of community colleges has evolved over the years due in large part to the influences of their many stakeholders and the pressures of different externalities. From a system that primarily served transfer students (Brint & Karabel, 1991), to a strategic position associated with providing vocational education (Brint & Karabel, 1989; Dougherty, 1994), to a more comprehensive mission to include economic development activities (Levin, 2001). Different researchers have identified different pressures that have helped to shape the identity and strategic position of the modern

community college. Brint and Karabel (1989) point to the student-driven consumer choice model as one of the reasons for the vocational identity of community colleges. Brint and Karabel (1989) also point to the industry-focused business domination model that claims the influence of business and industry have led to the vocational focus of community colleges. Bowles and Gintis (1976) claim that community colleges have been subordinated by the elite class into roles as junior colleges, unable to provide elite education in areas such as law or medicine. Dougherty (1994) argues that the state impacts the identity of the community college by exerting self-serving legislative pressures, labeling this phenomenon the state relative autonomy perspective. Anderson et. al. (2006) references state relative autonomy perspective when noting the rise of statewide articulation agreements. The authors argue that legislative leaders conspired to move instruction to the community college level because it was cheaper than financing instruction at the university level. DiMaggio and Powell (1983) recognize the role of isomorphic pressures on institutions. In higher education, this pressure manifests itself as community colleges and universities following the practices of similar institutions. In many cases, this leads to a lack of strategic or innovative activity. Prior research clearly shows a variety of influences over the years that have worked to create the identity of the modern community college; an open-access comprehensive institution that serves a diverse student population through a wide array of program offerings. While prior research has proven to be helpful in understanding the identity and strategic position of community colleges, no comprehensive approach exists to organize, model, and elucidate the forces that guide modern community colleges. I seize this opportunity in the next section.

The Quartering of Community Colleges

In this section, I propose a new approach to studying the pressures that affect the strategic position of community colleges. The *Quartering of Community Colleges* organizes and categorizes the most influential pressures affecting the sites in this multi-site case study. It is designed to convey the strategically inhibiting nature of the pressures in each of the four groups depicted below in Figure 5. Community colleges experience varying degrees of pressure from the entities within each category. This means that at any given time, a community college could be actively managing pressures in all four categories; perhaps multiple pressures from each category. Community colleges with the greatest capacity for strategic behavior first identify their respective *quartering* pulls then determine the specific needs and requirements of those pulling forces. The identification of accreditation pressures would then lead to an analysis of the compliance requirements of the institution's accrediting body. The identification of legislative pressures would then lead to an analysis of needs related to state statutes or lead to the hiring of a lobbyist. In some cases, a community college might create these pressures themselves. For example, through the coordination of advisory boards that are designed to provide curricular input. In other instances, universities might dictate a curriculum change at the program level. In other cases, the pull might be less evident as is the case of national community college trends such as STEM or completion. Community colleges might see this type of isomorphism (DiMaggio & Powell, 1983) as simply a "best practice", not considering whether the specific needs and requirements of its community might preclude these "best practices" from being successful at their institution.

While the concept of “Quartering” might lead one to define the sites in this study as victims; this is not entirely true. In fact, all behaved strategically and were able to effectively neutralize or manage many of these external pressures. The verbiage used is only meant to describe the phenomenon of external pressures and to communicate their severe nature. Despite the severity of its environment, the sites in this study thrived, solidified their identities, and found different pathways toward strategic success.

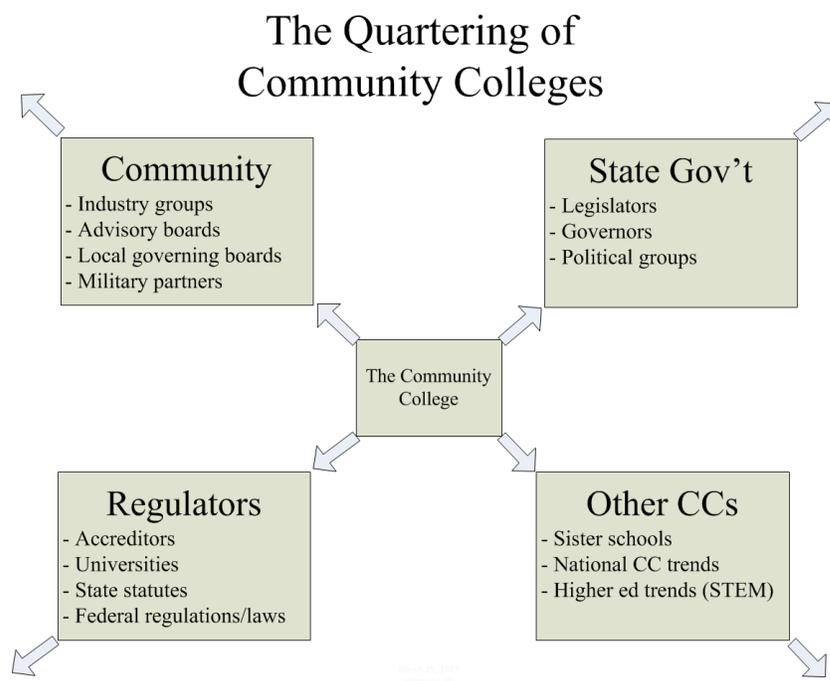


Figure 5 - Quartering of Community Colleges

Community.

Rhoades (2007) calls for institutions to be more involved in their local communities and to take advantage of the unique opportunities afforded by those surrounding communities (southwest studies in the southwest, coastal studies in coastal areas, seismic studies near fault lines, etc.). Rhoades (2007) argues for institutions to

fight the isomorphic (DiMaggio & Powell, 1983) pressures to behave similarly and to invest in distinctive, strategic directions.

The sites in this study are all impacted (by varying degrees) by community pressures. Each participates in the identification of community pressures. Each participates in determining the needs and requirements of those pressures. However, there exists no coordinated effort to do so at any of the sites in this study; nor a formal mechanism to track those activities.

Industry groups such as Chambers of Commerce or similar organizations existing to forward the interests of local private industry may exert pressure on community colleges to keep property taxes as low as possible and might pressure them to align programs to meet their specific needs.

Advisory boards may exert pressure at the discipline/program level to align curriculum with their needs as well. CBCC feels pressure from local power plants in this way. BBCC feels pressure from its local military installation and its supporting industries. GRCC feels pressure from its local law enforcement organizations in this way.

All sites feel the pressures from being governed by a locally-elected governing board representing different parts of their service area. Serving a geographically-dispersed service area appears to be a significant strategic disadvantage. Maintaining centers and outreach facilities in multiple cities; many of which serve sparsely-populated communities has proven to be operationally inefficient. However, some sites feel pressure to invest in these remote communities within their service area to garner the support of governing board members who represent those areas. Some respond to this

pressure by maintaining multiple remote facilities that often requires redundant staff (advisors, support staff) thereby exacerbating operational inefficiencies.

Community pressures can be turned into a strategic advantage through the coordinated and concerted effort to create an *embedded community college*; an institution deeply rooted in its community through a variety of relationships with local community partners (industry advisory councils, local K-12 school district partnerships, nursing clinical agreements with local hospitals, etc.).

State government.

The most significant pressures associated with state government in this study are financial. The sites in this study receive anywhere from 10-30% of their annual budgets from state government. Some sites report that other community colleges in the state have purposefully allowed the state-funded portion of their budget to dip below 10% to minimize the pressure on their institution. It appears as though Grants and Reserves Community College is headed in this direction. They have secured large amounts of funding through grants and local bond initiatives and have reached a point where they have not only replaced lost state allocations but have exceeded those lost allocations. Leaders at each site also report on the pressures associated political groups that wield influence with state legislators. Often times, tax-related proposals need to receive the support of these groups even before reaching state legislators.

There seems to exist an ongoing distrust of the Governor's office in this state due in large part to the handling of the recent 50% reduction to community colleges. Community colleges were first asked to develop budget documents to predict future

increases in revenue (tuition and property taxes). The Governor's office then used these documents to justify the drastic cuts to community colleges.

Regulators.

The sites in this study are under a barrage of regulatory pressures. The results of this study suggest that this type of *quartering* pressure is the most strategically restrictive of all pressures identified. In many cases, the ideal solution to neutralize specific pressures is simply not available to community colleges because of statutory limitations. In other cases, sites have to expend enormous amounts of energy and resources to comply with changing federal regulations or to comply with state reporting requirements.

Regulators require compliance. The consequence of non-compliance may include reductions to future allocations, restrictions placed on the type of federal financial aid offered at an institution, or censure by accrediting bodies. All possible consequences by regulators could prove catastrophic. For example, changes to federal financial aid requirements have significantly impacted enrollment at Bridge and Buffer Community College. The Vice President for instruction reported that approximately 30% fewer students received federal financial aid this year because of the new regulations. Other sites reported the need to hire additional personnel or assign extra duties to existing personnel to comply with regulations. While Crystal Ball Community College has opted out of the federal student loan program, opting out of the Pell grant system would disadvantage the majority of its student population.

Universities are also in the regulator category based on curricular pressures and their leading role in discipline-specific accreditation. Jencks and Riesman (1968) noted the phenomenon whereby faculty members are more loyal to their disciplines than their

institutions. This is the case in certain areas at the sites in this study. For example, much of what is offered in the field of chemistry is dictated by the American Chemical Society, a professional organization of chemists. Many of the course offerings in health-related fields like nursing have been standardized as well by accrediting bodies and statewide boards of nursing. Many of these organizations are driven by university professors who, through the promotion of standard curriculum driven by these professional associations and discipline-specific accrediting bodies, exert a significant amount of influence on community colleges. Also, universities govern the course transfer process. In the case of BBCC, 26% of their students transfer to a university. In order to meet the needs of those 26%, BBCC is required to modify their curriculum according to the needs of their university partners.

Perhaps the most strategically limiting pressure in this most strategically limiting group is that of state statutory limitations. The sites in this study are severely limited in two specific areas: annual budget and property taxes. State statutes limit the amount of a community college's annual budget based on a formula that considers population, inflation, and an institution's budget 30 years ago. CBCC is currently managing this crisis. The situation is that they are fiscally healthy with a considerable amount of financial reserves but because of the budget limitation statute, they will not be able to spend beyond their budget. Community colleges in this state are also limited in that they can only raise property taxes by a certain amount each year which limits one of their three important revenue streams. Not only do we see the state reducing its allocations to community colleges but we also see that community colleges are statutorily limited in their ability to increase one of their revenue streams and unable to spend any reserves

they may have built-up through prudent financial planning if their budgets exceed the limit dictated by the budget limitation statute.

Other community colleges.

The pressures exerted by other community colleges may be the most difficult to recognize or to measure. These pressures may not be as tangible as a state statute or a memo from a governing board member or the new federal financial aid regulations but they are evident in the responses of community colleges to the drastic state allocation reductions for FY2012. These specific responses will be presented in the section titled Strategy. However, there appears to be a complex dynamic at play related to state reductions, the subsequent increase in activity of statewide associations, and the resulting strategies implemented by the community colleges in this study. It would appear as though the increase in *isomorphic huddling* activities is designed to prevent future adverse decisions by state government.

The sites in this study are also affected by national community college trends such as the voluntary accountability framework promoted by the American Association of Community Colleges, the trend to fund STEM-related activities, and the trend toward measuring completion, to name a few.

While the *Quartering* concept connotes torture, it is worth noting that all of these external pressures can be converted from negative to positive energy through the process of relationship and partnership building. By understanding the potentially positive impact of these sometimes negative pressures, institutions can use these pressures to their strategic advantage. This is part of what I present in the following section and in more detail in the section on *embedded community colleges*.

Mandates to neutralize.

In the previous section, I introduced a new framework to analyze the pressures faced by community colleges. This framework called for the identification of pressures then the identification of the needs and requirements of those pressures. In this section, I propose another new approach related to those *quartering* pressures: *mandates to neutralize*. The sites in this study have increased their capacity for strategic activity by actively and aggressively working to neutralize the *quartering* pressures that impact their activities. A *mandate to neutralize* can best be described as a determined, deliberate, and coordinated approach to neutralize the forces that exert pressure on an institution.

All the sites in this study demonstrated various types of neutralizing activities and achieved varying degrees of success. GRCC seemed to focus on neutralizing the pressures of regulators and its local community whereas CBCC seemed to focus its neutralizing activities on state government and other community colleges through statewide associations. Of all the sites in this study, BBCC appeared to come the closest to possessing a clear *mandate to neutralize*. However, while BBCC can demonstrate aggressive neutralizing activities associated with each of the four *quartering* categories (community, state government, regulators, other community colleges), it lacked a coordinated approach to neutralizing those pressures and it also lacked a mechanism to track the results of those efforts. Despite that, the upper administration at BBCC seemed to possess an elevated understanding of the importance of neutralizing external pressures. Members of BBCC's upper administration participated in a variety of activities designed to protect the institution from the negative influences of current and potential external pressures. These activities are referred to as *buffering* (Meznar & Nigh, 1995). Members

closer to the middle of the institution were involved in *bridging* (Meznar & Nigh, 1995) activities designed to conform to the requirements of pressures associated with the regulators category of *quartering* pressures.

BBCC and CBCC offered the most successful example of the strategic power of an institution that might possess a *mandate to neutralize*. These sites worked together to successfully lobby state government to create a new STEM-related revenue stream potentially resulting in millions of dollars of new funding for all community colleges in the state.

It appears as though institutions that possess a clear *mandate to neutralize* the external pressures identified as *quartering* pulls are able to increase their capacity for strategic behavior. Once these pressures are identified and neutralized, community colleges are free to strategize, to innovate, and to satisfy the needs of their local communities.

The sites that were the most strategically successful understood that the *mandate to neutralize* might involve not only neutralizing external pressures but perhaps turning those detriments into positive, mutually-beneficial relationships. I will present more detail on this concept in the *embedded community colleges* section.

Strategic response and reductions

Perhaps in times of excess and budget surpluses, we might see more strategic activity at the department level (Rhoades, 2000; Bastedo, 2007) or on the part of managerial professionals (Rhoades, 1996; Rhoades & Sporn, 2002;) but the findings of this study suggest an approach that aligns more with Keller's (1983) view of academic strategy: it is a top-down process requiring strong leadership from upper administration.

The findings seem to suggest that strong strategic leadership should provide direction, not directives. While other studies have identified and promoted different types of strategy, most have done so under comfortable budgetary circumstances. While Keller (1983) uses different sites to illustrate strategic responses to financially difficult circumstances, those sites are all universities. The purpose of this study was very specific: to examine the impact of reduced financial resources on the strategic positioning activities of community colleges. In many ways, the drastic state reductions forced the sites in this study to respond and react quickly in hopes of minimizing the impact of those reductions. Some of those responses were strategic while others were more reactionary. The findings of this study suggest that the result of the *quartering of community colleges* approach coupled with a *mandate to neutralize*, serves to increase an institution's capacity for strategic positioning activity. These approaches do not guarantee strategic success but do expand an institution's ability to behave strategically.

Strategically successful community colleges take advantage of the capacity for strategic positioning activity resulting from the *quartering* framework and the *mandate to neutralize* approach. These community colleges realize that the capacity is not easily acquired. They appreciate the plethora of pressures and the amount of resources that were most likely expended to neutralize those pressures. Strategically successful community colleges seize this capacity by making distinctive strategic choices (Rhoades, 2007) that fit the needs of their local communities. These community colleges have pivoted away from state government and are now more focused than ever on the needs of the populations they serve. This new *strategic orientation* does not come without pressures of its own. The needs of their varying and dispersed communities might also

result in unsustainable inefficiencies but these sites seem to understand that those inefficiencies may be necessary to garner support from stakeholders across their entire service area. This also points to the influence of local political pressures on community colleges.

Strategically successful community colleges are strategically flexible, agile, and adaptive entities that adjust to changing conditions in their environment and are not easily swayed by temporary conditions or fads (Birnbaum, 2000). These community colleges understand the importance of identifying strategic concepts and priorities. They participate in active sensegiving (Gioia & Chittipeddi, 1991) by communicating those concepts effectively and allocating resources in support of those priorities. Strategically successful community colleges enact governance procedures that demonstrate an administration's concern and value for the input of individuals at all levels of the institution so that when difficult decisions are required, they are more likely to receive broad support. Strategically agile and inclusive community colleges seem to enjoy a culture of opportunity that stimulates strategic behavior, inspires strategic innovation, and supports strategic positioning activities.

Strategically successful community colleges also understand the importance of strengthening their strategic position. Financial reserves, community support, and strategic partnerships can all afford a community college a strong strategic position and in-turn allow it to behave with innovation and differentiation.

Strategically successful community colleges understand the role of the *isomorphic huddle* as a response to uncertainty and as a strategy to neutralize future catastrophic events but they do not allow resulting activities to stifle their strategic choices. They

strive for activities that align with the needs of their local community stakeholders. They shun “best practices” in favor of local needs and they pay close attention to whether or not national trends also meet the needs of their local communities.

The sites in this study held strong to their historic identity of providing affordable higher education opportunities to their local communities. Those chose incremental tuition increases rather than drastic increases which would have had adverse impacts on their students. Through local supports such as property taxes, the sites were able to maintain their positions as open access, affordable institutions serving their unique local populations.

Distinctive Choices

The sites in this study could have responded to state reductions in ways that would have had an adverse impact on their students and their communities. These reductions could have fundamentally altered their identities. As presented in Chapter 2, many public four-year institutions chose to respond to reduced state support by aligning themselves closer to the market to seek alternative revenue streams potentially increasing stratification and further hurting traditionally disadvantaged populations in higher education (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004). Many public four-years implemented drastic tuition increases potentially pricing low SES students out of higher education (Hossler, 1997; Selingo, 2003; Tierney, 1999). The results of this study show that these sites were not only resilient but that they stubbornly and steadfastly held to their core mission as open-access affordable institutions. All sites held firmly to their core identity and consequently, their strategic position. They chose considerable financial reserve accumulation over drastic tuition increases. They reaffirmed their

commitment to their local communities who in-turn reciprocated that commitment through financial support. These sites could have sought alternative revenue streams away from the core of their identity but they did not. They remained centered on their identities and missions and did not drift. The next section provides details on one of the key concepts of this study: *embedded community colleges*.

Embedded Community Colleges

As state support continues to recede (Selingo, 2003), and as more institutions pivot to their new, community-focused *strategic orientation*, deeply *embedded community colleges* will enjoy the strongest, most enduring strategic positions.

Embedded Community Colleges

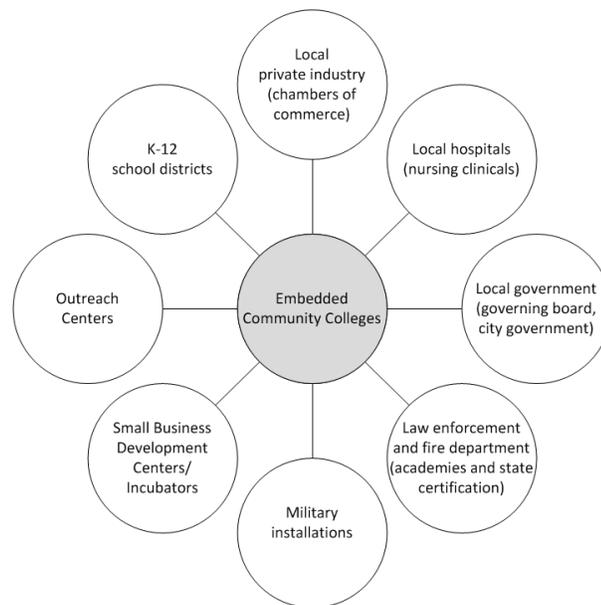


Figure 6 - Embedded Community Colleges

Embedded community colleges place a high priority on establishing and maintaining relationships with the various members of their local communities. These

local community networks are an important component of being embedded. These community colleges partner with their local military installations, engage in nursing clinical partnerships with local hospitals, partner with local K-12 school districts in hopes of attracting their graduates, are responsive to the needs of local industry representatives, encourage community college leaders to serve on the boards of community organizations and partners, participate in economic development activities in partnership with local municipalities, partner with local law enforcement and fire departments to train future professionals in those areas, stimulate entrepreneurial activity through small business development centers, and they appreciate the nuances of the local political environment.

In any of the communities served by the sites in this study, when referring to any of the individual community colleges, one need only refer to these sites as “The College” and community members know exactly what you are referring to. This phenomenon points to the role of a rural community college in its community. Often times, community colleges are the dominant provider of higher education services in their service area. While universities often have a presence, that presence usually pales in comparison to “The College”. The sites in this study are the clear educational leaders of their communities. They are respected, revered pillars in their communities and in some cases, that support is commoditized through local bond initiatives.

Embedded community colleges are supported institutions and as community colleges become more reliant on their local communities for support, it is these institutions that will enjoy the strongest possible strategic position.

Resource dependence theory (Pfeffer & Salancik, 1978) contends that organizations are shaped and defined by their external funding sources. If this new

strategic orientation is to endure; resource dependence theory would seem to imply that aligning a community college closer to its local community will result in a level of embeddedness that will be extremely difficult for any external pressure to modify.

Quartering overlap.

As referenced in previous sections, many of the quartering forces presented in the *quartering of community colleges* framework are not only negative pressures but can also be turned into positive forces as part of the *mandates to neutralize* process. These forces primarily reside in the “community” group of quartering forces. Since the pressures associated with the state and federal governments are primarily compliance-related, these are less likely to be of strategic significance. The embedded relationships; positive, symbiotic relationships can strengthen the strategic position of a community college. The diagram comparison below shows (see red text) the overlapping forces of influence. In fact, many of the forces identified as negative pressures in the quartering diagram are also referenced as positive influences that facilitate the embedded aspirations of the sites in this study.

Overlap of Forces Diagram

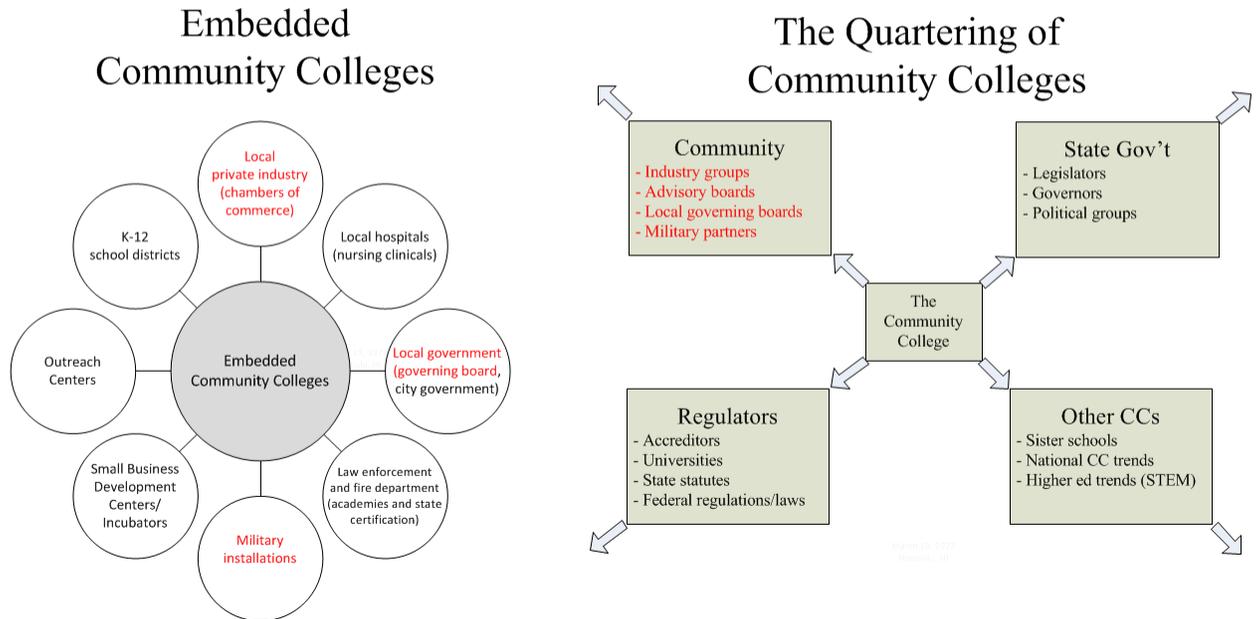


Figure 7 - Overlap of Forces Diagram

Theoretical Implications

This section is designed to present the theoretical implications of my research by challenging some of the fundamental assumptions and conclusions of the theories referenced in my theoretical framework in Chapter 2. Any *one* theory would have proven inadequate if used alone. Any *two* theories used together would also have failed to effectively analyze the phenomena discovered in this study. However, using the four theories together as a theoretical mesh served as a powerful tool to better comprehend the implications of this study.

Theoretical mesh.

Theoretical Mesh

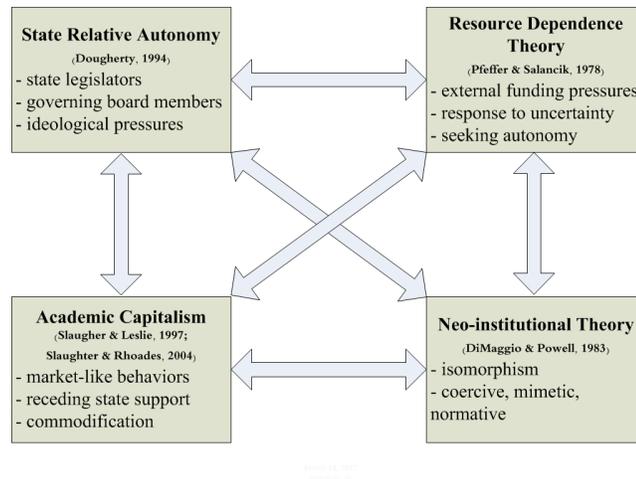


Figure 8 - Theoretical Framework Mesh

Academic capitalism.

The expectation that this study would reveal an abundance of behaviors related to academic capitalism (Slaughter & Rhoades, 2004) did not materialize. In fact, the study would have been better served to replace its lone academic capitalism research question with one related to resource dependence theory (Pfeffer & Salancik, 1978). Sophisticated academic capitalism-type activities such as technology transfer, royalty agreements, and product patents are absent from the sites in this study. Even the policies and practices Slaughter and Rhoades (2004) associate with academic capitalism at community colleges (compensation policies for the development of course content, decreased role of faculty in the administering of online education, aggressive marketing efforts) are largely absent or of little strategic consequence. I did find instances of public/private partnerships such as the installation of multiple solar arrays at Grants and Reserves Community College. Also, institutional grant acquisition activities certainly fall within the domain of academic

capitalism especially since most of the grants were related to STEM fields, which aligns with some of the arguments of academic capitalism and its role in the new economy (Slaughter & Rhoades, 2004). However, the impetus to participate in academic capitalism behaviors in response to receding government funds (as is the case at universities) was almost non-existent at the sites in this study. I predict that two things will need to happen in order for academic capitalism to truly take root at community colleges. First, the core of the institution (instruction) will need to be negatively impacted by reduced financial resources. This has yet to occur. This would provide the afore-mentioned impetus required to stimulate academic capitalism behaviors at community colleges. So far, the administrations at these sites have successfully kept state cuts away from students and faculty. Second, courageous disciplines would have to successfully pioneer academic capitalism activities thereby wresting financial control away from upper administration and transferring that control to the program level. Disciplines most likely to participate in these types of efforts would be ones that institutions have already moved to the core of the institution (EX: Nursing and STEM fields at BBCC) thereby granting those programs a greater degree of flexibility to explore strategic and innovative activities.

In a previous section, I mentioned that the mechanism to support academic capitalism is largely absent at the sites in this study. This differs greatly from their university counterparts where supports for tech transfer and the supports to facilitate the commodification of intellectual property are well-established (Slaughter & Rhoades, 2004).

The findings demonstrate the relative absence of academic capitalism behaviors at the sites in this study.

State relative autonomy and neo-institutional theory.

State relative autonomy perspective (Dougherty, 1994) and neo-institutional theory proved to be mutually informative and analytically dependent on each other relative to the findings of this study. At the heart of this case study is the drastic reduction of state allocations two years ago. State relative autonomy helps to explain the reasons for these reductions and the likelihood that they will continue into the future. State relative autonomy explains that local government officials, such as governing board members, exert influence on community colleges to increase their own prestige locally. It also explains that state legislators are influenced by their own ideological perspectives and by private industry. These arguments seem to point to the enduring influence of state and local government forces.

Neo-institutional theory (DiMaggio & Powell, 1983) coupled with state relative autonomy perspective provide another lens through which to view the findings of this study. The sites in this study participated in an *isomorphic huddle* when faced with pressures associated with state relative autonomy. They huddled together using statewide associations (President's group, Chief Financial Officers' group) to strategize, to lobby, and to attempt to legitimize (coercive isomorphism) themselves to state government. These huddling behaviors are essentially normative isomorphic behaviors normally associated with professional associations that might create "best practices" for their fields. These huddling behaviors can also be interpreted as a response to uncertainty in regards to the future of state funding of community colleges. All the sites in this study

participated in some form of isomorphism and it appears as though most of those activities can best be explained by the state relative autonomy perspective.

Resource dependence theory and state relative autonomy perspective.

If state relative autonomy perspective and neo-institutional theory crossover, so too do resource dependence theory and state relative autonomy perspective. Dougherty (1994) refers to the influence of industry on the decisions of state legislators and points to this as a constraint. Unfortunately, for community colleges this means that the pressures that influence them are also influenced by their own pressures, further complicating the *quartering* ecosystem. Dougherty understands the role of external pressures on the decisions of state legislators. While he does not explicitly mention political organizations, the influence of conservative political organizations on the decisions of state legislators in this state is profound. State relative autonomy helps to explain this phenomenon.

Resource dependence theory.

Resource dependence theory (Pfeffer & Salancik, 1978) is perhaps the most useful theory in my theoretical framework and was instrumental in labeling the central explanatory concepts of *The Quartering of Community Colleges, Mandates to Neutralize, and Embedded Community Colleges*; all of which relate to managing external pressures. The assumptions of this study failed to anticipate the sheer breadth of external pressures that exert influence on a community college. The sites in this study understood the importance of managing externalities and the importance of neutralizing external disturbances. The study assumed that community colleges would inherently possess the capacity for strategic behavior. The findings of this study do not support that assumption.

In fact, the sites in this study were under a barrage of torturous, strategically inhibiting pressures that each demanded specific neutralizing strategies. Community colleges need to intelligently manage those external constraints in order to create the capacity for strategic positioning activity. The findings of this study demonstrate and confirm one of the provisions of resource dependence theory: that organizations seek to minimize uncertainty and strive for autonomy and control over their own strategic direction. Resource dependence theory calls for clear boundaries between an organization and its environment. That is certainly confirmed by the findings of this study. The sites in this study seem to understand that as they change their *strategic orientation* to be more responsive to their local communities, that they must also maintain their autonomy.

Theoretical critiques.

In this section, I offer a critique of some of the existing theories and tools. I believe that the theories, models, and tools available to community college researchers at the highest levels of higher education research fail, in many ways, to adequately account for the intricacies of the unique environment of community colleges. This study has exposed an abundance of external forces that exert pressure on community colleges. Each of these many forces are unique and each requires specific plans to neutralize them. Often times the energy and resources dedicated to neutralizing these pressures is extraordinary and strategically prohibitive. I do not believe the current set of tools and theories adequately accounts for the complexity of the community college ecosystem.

Resource dependence theory (Pfeffer & Salancik, 1978) was extremely helpful to this study (as evidenced by its repeated use). It addresses the influence of external stakeholders and calls for a perspective of external controls and constraints to achieve

autonomy. However, it was designed with private, profit-making enterprises in mind. Consequently, many aspects of resource dependence theory do not connect well with community colleges whose output is not profit but quality, educational services for a diverse population of students. Some of the strongest critiques of resource dependence theory are that it ignores place (geography) and social class (Palmer, 1983); two things that speak to the very core of a community college's identity. They are statutorily place-bound and serve large percentages of students from low socio-economic backgrounds (Astin & Oseguerra, 2004; Lin & Vogt, 1996). This study embodies this critique. While forces converged to influence the sites in this study, the sites held true to their historic identity and remained centered on their mission to serve their local communities and to provide higher education services and an affordable price. They could have changed their mission by aligning closer to the market or aggressively seeking external funds through fundraising efforts but they did not. They pivoted and stayed true to their historic mission.

While academic capitalism (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004) has proven to be one of the most influential and seminal theories in higher education research, its focus on research-related activities does not connect well with the mission of community colleges. While community colleges are lauded for their comprehensive missions, research is typically not part of their mission (Levin, 2001). Also, when community colleges are referenced in regards to academic capitalism, the examples given typically fall outside the realm of strategic positioning activity. At some point in the future, if academic capitalism is to be *as* successful a theoretical tool for understanding behaviors at community colleges as it is for understanding market-like

behaviors at universities, it will need to adjust to the unique, instruction-driven, local community-focused mission of community colleges. There exists an opportunity to expand the scope of academic capitalism beyond a research-focused enterprise and into some of the more strategic, market-aligned behaviors at community colleges. I argue that while academic capitalism may not be a widespread phenomenon at community colleges, strategic academic capitalism exists at the fringes of the institution by pioneering, entrepreneurial faculty who have been given the strategic flexibility and freedom to behave in this way.

Return to Relevant Literature – Sensemaking and Strategic Choices

A return to the relevant literature shows us that strategically successful community college leaders have a keen awareness of the complex ecosystem of community colleges (Boggs, 2004). The leaders in this study managed the challenges associated with reduced financial resources and they constantly participated in sensemaking activities through the ongoing evaluation of their efforts. The most strategically successful leaders in this study had a deep understanding of the community college ecosystem. They actively made sense of their environment and its stakeholders and were keenly aware of the impact of their decisions. The members of the upper administration at each institution spent the majority of their time participating in what Gioia & Thomas (1996) refer to as “strategic issues” and did not necessarily concern themselves with “political issues” or management-related issues. It appears as though much of the burden of “political issues” fell to those closer to the middle of the institution. Upper administrators set the strategic course, made the case for that course not through formal communication but through the allocation of resources in support of

that course. Leaders demonstrated sensegiving (Gioia & Chittipeddi, 1991) through both formal and informal channels but the most effective types of sensegiving were those where administration articulated a vision and resources were allocated to that vision through strategic planning activities, investments in specific program areas, or through the cultivation of specific relationships.

The leaders in this study seem to understand the potential negative impact of external pressures but also seem to understand the strategic importance of embedded supports via local taxpayers, local school districts, local industry, or their local governing board. They make sense of the complex ecosystem through a calculus that incorporates both external adverse pressures and local community supports. This sensemaking appears to take the form of what I refer to as a new strategic orientation of embeddedness. These community college leaders in this study resist alienating local community stakeholders but often times entertain alienating state government upon realizing the declining trend of state support over the past decade. The leaders in this study resist upsetting local taxpayers and local industry because they understand the importance of being an *embedded community college* and the potential financial support it might bring.

A return to the literature shows that the sites in this study could have easily responded to reductions by drastically raising tuition or deferred maintenance needs (McCurdy, 1994). They could have responded to reduced resources similar to their public four-year counterparts by enacting drastic cuts to programs and support services (Mortimer & Tierney, 1979) or by starting large fundraising campaigns or drastically raising tuition (Selingo, 2003). In short, they did not. They held to their core identity to

serve their local communities and to provide affordable higher education services to those communities. These strategic choices on the part of the sites in this study speak to their long-term viability. These sites recognize the importance of their communities both as service regions and supportive entities. This study has demonstrated how and why community college leaders behave strategically in response to reduced financial resources. This study has shown the importance of being an *embedded community college* whose long-term success will depend on the support it gets from its local community and its ability to satisfy the needs of those communities. As state support continues to decline for higher education, strategic responses should continue to be the focus of research in an ongoing effort to determine the strategic role and position of community colleges in higher education.

Policy Implications

The findings of this study suggest that in order for a community college to build its capacity for strategic behavior, it must be able to identify its external pressures (*quartering*), aggressively neutralize those pressures (*mandate to neutralize*), and commit to creating close relationships with its community (*embedded community colleges*). The implications for practice and policy would seem to follow those findings. Community colleges with the greatest capacity for strategic behavior will create a culture where the development and maintenance of relationships are valued and rewarded. Incentive structures will be created to motivate internal stakeholders at all levels to form strategic partnerships with external stakeholders (see the external entities in Figure 6). These relationships would be valued and recognized as key strategic priorities and supporting resources will be allocated accordingly. Perhaps, sabbatical time or release time could be

granted to strengthen a community college's relationship with certain community partners.

Potential Future Research

This study took place two full fiscal years *after* the state reduced its allocation to community colleges by 50%. While these first two years have been full of reactionary activity on the part of the sites in this study, *and* their *strategic orientation* has certainly been altered, it would prove useful to revisit these sites every three or four years to track future strategic positioning activities to determine whether the responses to state allocation reductions have placed these sites on a new, long-term strategic path. Will their shift in *strategic orientation* endure? Will state support ever return to pre-reduction levels? Will community colleges increase their capacity for strategic behavior through neutralizing activities? What changes might be required to the *quartering of community colleges* framework? Might other, more harmful pressures emerge? Will strategy continue to be driven by upper administration? Considering the new *strategic orientation*, will community colleges refuse to comply with state requirements? Will community colleges remain active through their professional associations as the fiscal climate improves? What will become of the newly-formed statewide clearinghouse for community colleges? Will it be successful in serving as a one-stop-shop for all things community college in this state? Will lobbying efforts endure? Will lobbying efforts facilitate new revenue streams similar to the new STEM revenue stream secure by the Presidents of CBCC and BBCC? Will the decisions made today affect the size and scope of the core of community colleges? Will the core begin to include functions outside of instruction? Will instruction ever be affected by cuts and if so, might we see an increase

in academic capitalism activities on the part of faculty? Will academic capitalism at community colleges closely resemble academic capitalism at universities? Will these sites attempt to facilitate statutory revisions to allow them to increase property taxes beyond what is allowed? Will the budget limitation statute remain as written? Will that formula be modified to allow for budgetary growth? Will CBCC's predictive program development strategy prove successful? At what point might community support stop being a commodity for GRCC? What will become of shared governance at CBCC? Might this study be relatable to for-profits or distance education providers?

Conclusion

I believe this study has succeeded in its goal of seizing the opportunity to study the impact of reduced financial resources on the strategic position of community colleges. The sites in this study exhibited a variety of behaviors following the state's drastic 50% reduction. While this event could have proven catastrophic to the sites in this study, each has been able to survive and in some cases, thrive. Some findings were entirely expected, such as each institution's attempts to replace lost revenue through the attempted acquisition of alternative revenue sources or the accumulation of large financial reserves. Others were unanticipated such as the strategically limiting impact of all the external pressures that affect community colleges.

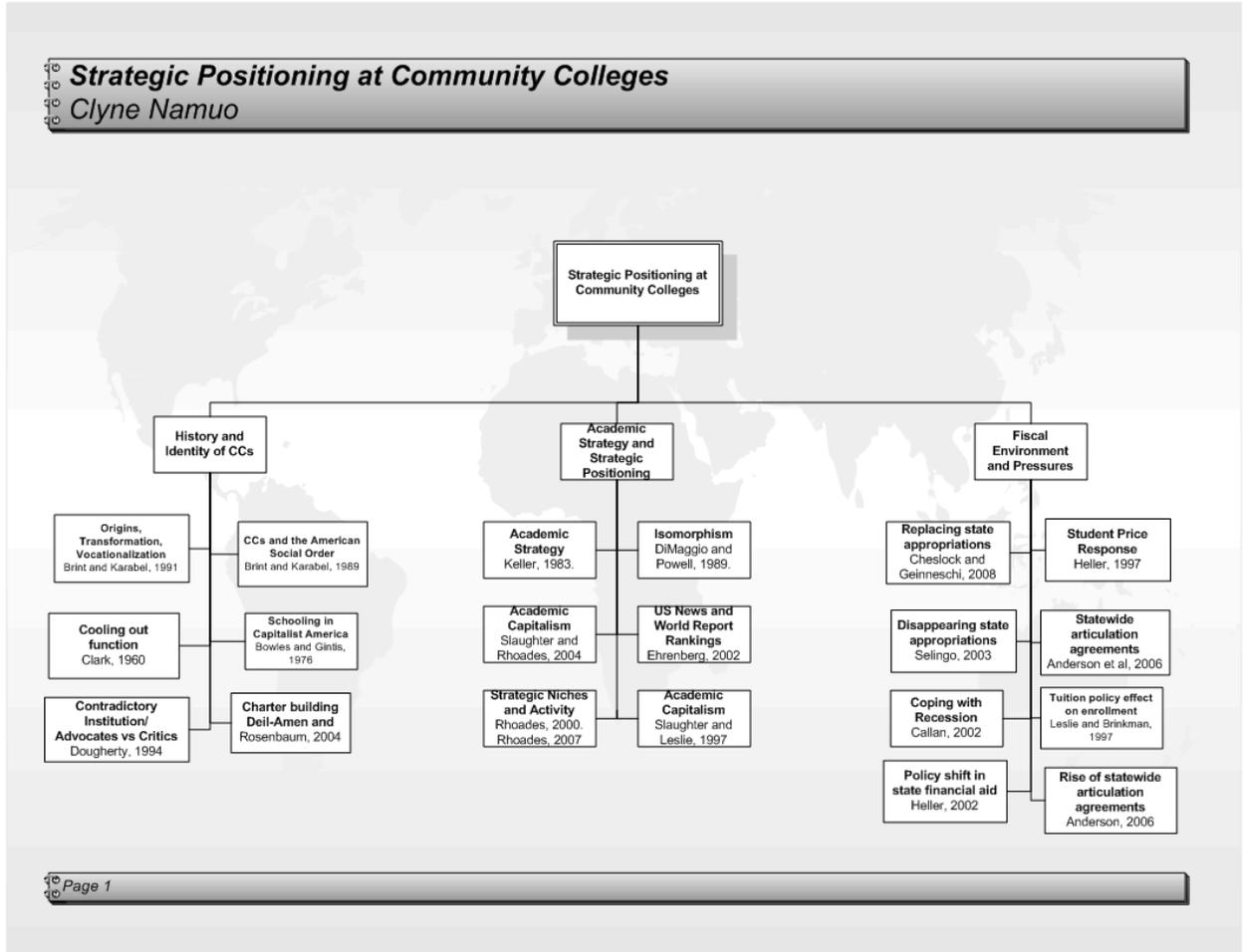
While the findings of this study will be directly useful to other rural community colleges and those with similar governance and funding structures, the proposed policy implications may also prove useful to other community colleges that might face similar financial crises. For example, a community college that relies on tuition and state allocations (two-legged stool) might experience significant reductions in state allocations

and be forced to pivot locally, participate in a new *strategic orientation*, cultivate alternative revenue streams, accumulate significant financial reserves, or develop symbiotic partnerships with local partners.

This study discovered some very distinctive choices on the part of community colleges in response to reduced resources; namely the steadfast adherence to its historic mission of providing open-access affordable higher education services to its local communities. These sites shunned some of the practices of their public four-year counterparts such as drastic tuition increases or aggressive market-related activities designed to generate alternate streams of revenue. Instead, these cuts brought them closer to their communities; closer to their core identities.

This study identified three key phenomena: The *Quartering of Community Colleges* to conceptualize and organize the abundance of external pressures facing community colleges, *Mandates to Neutralize* to explain the importance of an aggressive and formal approach to neutralizing external forces, and *Embedded Community Colleges* whose strategic positions are strengthened through a deliberate, committed approach to fostering relationships with their local communities.

Appendix A: Literature Map



Appendix B: Matrix of Theory

| Theory | Research Questions** | Methods |
|--|---|---|
| <p>Neo-institutional theory (DiMaggio and Powell, 1983)</p> <p>Academic capitalism (Slaughter and Rhoades, 2004)</p> <p>State relative autonomy perspective (Dougherty, 1994)</p> <p>Resource dependence theory (Pfeffer and Salancik, 1978)</p> | <p>1. How do community college leaders describe their approach to strategic decisions in response to the prospect of reduced financial resources?</p> <p>a. How do cc leaders explore strategic behavior in response to isomorphic pressures?</p> <p>b. How do cc leaders describe their efforts related to innovation and distinctive choices?</p> <p>c. How do cc leaders prioritize programs?</p> <p>d. To what extent is academic capitalism on display through the actions of cc leaders?</p> <p>e. How do cc leaders describe efforts to position the institution (strategic direction) before and after these reductions?</p> <p>f. How do cc leaders describe their efforts to replace lost revenue/income?</p> | <p>Multi-site case study approach using semi-structured interviews of various community college leaders at three sites, and document analysis.</p> <p>Semi-structured interviews with the following leaders at each site:</p> <ul style="list-style-type: none"> - President - Provost/VP of Instruction - 2 Deans or Division Deans - 4 Department Chairs or key faculty - 2 Administrative staff (Directors) |

**Interview protocol questions ([Appendix C](#)) are colored to correspond directly with these research questions.

Appendix C: Semi-structured Interview Protocol

A Study of Strategic Positioning of Community Colleges

This survey is part of a study that aims to highlight strategic activity at community colleges. Your participation in this study will shed light on how community colleges respond to the prospect of reduced financial resources. Any information you provide will remain confidential and will not be used beyond the scope of this study without your permission. Your participation is greatly appreciated.

1. How would you describe the current financial situation at your institution?
 - a. How does the current situation compare to the past history of this college?
2. What do you anticipate will be the main challenges resulting from the expected reduction in financial resources (state, property taxes, other)?
3. What areas have been or will be most affected by the prospect of reduced financial resources?
4. Please describe some of your institution's core values over the last five years.
5. Please describe some of your institution's strategic strengths over the last five years.
6. What impact will reductions have on these core values over the next five years?
7. What impact will reductions have on these strategic strengths over the next five years?
8. What impact will the reduction have on student support services?
 - a. What types of strategies will you employ to address these issues?
9. How might you deal with unexpected reductions?
10. How do the decisions at peer institutions affect your decisions? Examples?
11. How does the Board of Regents and the behaviors of the three major universities in the state affect your decisions and actions?

How do the actions of for-profit colleges and universities affect your decisions and actions?
12. How might strategic activity and innovation be affected at different levels within your institution?

13. Please describe the process of prioritizing programs at your institution in terms of resource allocation.

14. What efforts (if any) are underway to replace reduced financial resources? Alternative revenue sources?

15. What relationship does your institution have with private industry? Examples?

a. Can you describe what function each of these relationships serves? What benefits does the college receive as a result? What are the drawbacks?

16. Considering the previous questions, do you have anything else to add?

Appendix D: Individual Interview Analysis Document

Findings - 001 - CC1

Codes and Sub-codes

code: [FINANCES] (related references: financially solvent)

sub code: [FINANCES-RESERVES] reserves (related references: savings, significant reserve base)

code: [STRATEGIC-POS]

sub code: liberal plan (negative), core concepts funded, weaknesses defunded, grant activity align with strategic plan

code: [STRATEGIC-CORE]

sub code: shifting concepts, paradigm shifts, core of operations, identifiers, branching out, competitive advantage areas, concentric circles, shift of resources,

code: [STRATEGIC-ACT]

sub code: open to opportunity, be flexible/agile, lean principles, sense and predict changes

code: [FINANCES]

sub code: constitutional parameters, statutory requirements, truth in taxation hearings, stakeholder response to tuition increases, state reductions, fund ccs locally ,three legged stool funding model, ccs ignored (1% sales tax), burden to local taxpayers (50%),

code: [PRESSURE]

sub code: local pressure, state pressure, federal pressure

code: [NEUTRAL-ASSOC]

sub code: business officers group, information sharing, best practices, revenue bond statute change, lobbying

code: [PRESSURE-STATE]

sub code: race to the top ,performance based funding, statewide committee on performance based funding,

code: [COMPETITION]

sub code: for profits, MOOCs, (massive open online courses),

code: [FINANCES-ALT-REV]

sub code: contracted learning, pricing points, grants, institutionalize grant activity

code: [PRESSURE]

sub code: donors, garrison commanders, federal government, regulations

Key Concepts:

Core funded, weaknesses defunded, opportunities explored

State predicted tuition increases and property tax increases for ccs then used that as justification for large cuts

Change in revenue bonding statute (only 25% could be used to fund classroom),first got President's onboard then got Senator **** to sponsor then speak to <<political group>> and get their okay)

"I try not to be the administrative tail wagging the academic dog"

"Sometimes opportunities find you. If you learn to recognize them when they become visible so you can latch onto them"

Key Quotes:

"dragged in one direction", "beat your head against the wall",

Appendix E: Site Summary Analysis Document

(CC1) (Bridge and Buffer Community College) Site Summary Analysis Document - Pyramid Analysis

Financial

Importance of financial reserves (allows for flexibility, neutralizes financial pressures)

Financial constraints (statutory limitations, state law)

Redefining the three legged stool (increased burden on local taxpayers and students-course fees)

State used self-sufficiency of CCs to justify large cuts in appropriations

Deans participate in \$100k cut exercise

Faculty seem unaffected by financial pressures

Strategic

President lauds benefits of being in the middle of the pack (tuition, enrollment, budget)

clearly articulated strategic priorities (student centered, future focused, employee friendly)

Liberal strategic plan is almost useless

Identify core concepts/strategic strengths and fund accordingly in concentric circles outward (aviation, nursing)

Support high demand areas (STEM) and move them closer to the core

Identify weaknesses and defund accordingly

Grant activity should align with core concepts/strategic strengths

Example of Logistics as a grant funded program that has dried up

Understand that higher education is a fluid environment with shifting concepts and paradigms

Important to be lean, flexible, fluid, open to opportunities, sense and predict changes

“Sometimes opportunities find you. If you learn to recognize them when they become visible, you can latch onto them.” - CFO

Aware of competitive forces not yet exerting pressure (MOOCs, for profits)

Important to identify fringe programs

Strategic engineering partnership with *** and 5 rural CCs, share resources, true committed partnership from both sides

Local school district pressure (95% of placement test takers place below college math) - this led to innovative 10 week module based refresher course)

Strategic goal of completion (regulators influence, feds max credit for financial aid [CFR 668.34](#), foundations pressure, economic development pressures) contradicts lifelong learning mission (students wanting to take just one class are disadvantaged)

Financial aid is tied to core value of helping those in need

Strategic industry partnerships like incubator initiative in Iowa

Strong leadership from the middle (nursing)

College embedded in the local community (nursing clinicals, advisory boards, and numerous partnerships at all levels, fire department)

Decreased support for outlying areas (away from the core and main population)

Defined values of the **** campus in hopes to save it (4 As - Art, aviation, athletics, Agriculture)

External forces and neutralizing activities

Professional associations (business officer's group) influential - revenue bond statute change, lobbying

Statewide committee on performances based funding (regent's influence)

External influence of federal government through regulations (financial aid)

Private industry influence through advisory boards and curriculum development

Local school district pressure (95% of placement test takers place below college math) - this led to innovative 10 week module based refresher course)

Pressure of regulators (federal financial aid cause of enrollment decline)

Centers and outlying campuses result of political pressures

Strategic direction of universities matter (***) wanting to be big)

Local political pressure (comes with taxing authority)

Federal regulation to be licensed in every state [CFR 600.9](#) (state authorization) - tied it to financial aid

Community College Coordinating Council modeled after league of cities and towns serve as the voice of all - formed because of cuts

Heavy and effective lobbying activity as evidenced by getting capital outlay funded again under STEM

Proposition <<###>> in 2006 limiting property tax increases by 2%

Leveraging relationships for financial and political support

Key Quotes:

“Dragged in one direction” CBO

“Beat your head against the wall” CBO

“whatever they say we basically do. To be quite frank with you I don’t believe we have much of a say at all. I think they dictate what we do based on the fact that if we want to continue to transfer degrees” Department Chair

“Trying to kill programs” (administration pushing for completion) - Department Chair

“Put teeth into a law” Director

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