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Universities under fire :the strategic management of budgetary retrenchment

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**UNIVERSITIES UNDER FIRE:
THE STRATEGIC MANAGEMENT OF BUDGETARY RETRENCHMENT**

A thesis submitted in partial fulfillment of the requirements for the degree of
Bachelor of Arts with Honors in Public Policy from the College of William and Mary in
Virginia.

by

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CHAPTER ONE INTRODUCTION

The study of public administration often centers around budgeting: for example, budget preparation, approval, and execution, budget reform, and the expansion of the operating budget to maximize agency performance. To some degree, however, the academic literature tends to assume that agencies will have little trouble finding the funds or resources necessary to carry out adequately their policy directives. When the problem of insufficient funding has been addressed, it has usually been in the context of either a significant administrative policy change reflecting a decrease in the importance a policy issue holds on the public agenda, or as a study of legislative oversight reaction to perceived excesses on the part of the agency in the course of executing its duties.

Not until the 1980's was there any significant work on executive agency retrenchment in which financial stress across the entirety of government programs and services was examined. However, the academic literature remains sparse, focusing primarily on federal activities. Indeed, few studies of budgetary retrenchment have been conducted within the realm of state and local governments.¹

The assumption that sustained and indefinite economic growth is possible is an academic abstraction at best; public agencies and administrators must eventually deal with the reality of declining resources. Just as the private sector must alter its

¹Joseph S. Wholey, "Executive Agency Retrenchment", in Federal Budget Policy in the 1980s, Gregory B. Mills and John L. Palmer, eds. Washington, D.C.: The Urban Institute Press, 1984, p. 297.

expenditures in reaction to changes in the economy, public agencies must also adjust their allocation procedures and institutional priorities when confronted with an extended period of significantly decreased public resources. Such an environment, therefore, is especially crucial in light of the ramifications a forced reallocation of budgetary funds might have on the long-range goals and abilities of the agency.

As mentioned, very little of the public administration literature addresses this important issue area, nor has there been a great deal of study into the optimum way an agency should react to such a period. As Irene Rubin notes,

While frequently a necessary part of an organization's life, retrenchment is unpleasant and often traumatic, signalling administrative failure, difficult decisions, and frustrated plans. Partly because of the American orientation toward growth and success, the phenomenon of retrenchment, with its connotations of failure, has been largely ignored as a subject of intellectual inquiry.²

Retrenchment, however, is not necessarily a state of "failure", as Rubin states. While the financial stresses induced by retrenchment are often looked upon with apprehension by agencies, the changing fiscal realities create a "long term crisis for the organization, which acts as a stimulus for change."³ This change, then, can often be used as an opportunity to alter significantly the strategic position of the organization in order to better address changes in societal demands for services and programs.

In this study, retrenchment will be defined as the organizational response to financial stress and anticipated budget cuts, including the immediate institutional budget

²Irene Rubin, Financial Retrenchment and Organizational Change: Universities Under Stress. Chicago: University of Chicago, 1977, p. 2.

³Ibid, p. 3.

response, the reallocation processes and strategies, and the strategic examination and evaluation of its institutional mission in response to changing financial demands.

The importance of a successful agency response within a retrenchment environment cannot be understated for public universities. Public higher education is provided by every state in the union, yet its political base of support is unsure at best over the long term. Executive support is necessary for much of the growth in education budgets, and often even for its maintenance. Without it, higher education can easily be placed on the back burner of the political agenda.⁴ This, coupled with changing demographic and geographic patterns throughout the nation, the aging of the population, changes in market demands on workforce education, and a constituency with a relatively weak propensity for political organization⁵ all combine to put public higher education in a precarious position for long-term, active public support.

The realities of economic retrenchment became abundantly clear in the Commonwealth of Virginia in the fall of 1989. Hidden from political discussion until after the conclusion of the 1989 gubernatorial campaign, news of a projected revenue shortfall was made public in November by then-Governor Gerald L. Baliles, who subsequently ordered an across-the-board reversion of two percent of every state agency budget. This action, mandated by a provision in the Constitution of Virginia which

⁴David Henry, Challenges Past, Challenges Present: An Analysis of American Higher Education Since 1930, The Carnegie Council on Policy Studies (San Francisco: Jossey Bass, 1975), from Rubin, 1977, p. 56.

⁵Voting-aged students, perhaps because of the short amount of time they spend as students, are a notoriously unorganized political interest group. In addition, because of consistently low rates of voter turnout they are in no way the formidable voting block that other groups are (for instance, senior citizens).

requires a balanced biennial budget, marked the beginning of a retrenchment period that most observers expect to last from two to four years. Some participants in the retrenchment period believe that the threat to the public universities in Virginia is so great that whatever ground is lost due to budget reductions will not be made up within the next decade. Therefore, the successful response of universities to the challenges posed by retrenchment is critical for the ability of the institutions to maintain their academic programs and reputations, while attempting to reallocate scarce funds to best provide for the continued pursuit of each institution's long-range goals.

Scope of the Study

Given the current state of fiscal austerity in Virginia and other Eastern seaboard states, this study examines an environment of budgetary retrenchment and the organizational response of public universities to state-mandated reversions and base budget cuts. The study's emphasis is on the institutional response within the university, examining organizational structure, revenue accessibility, and leadership tenure in an attempt to understand fully the degree to which each university's retrenchment strategies were successful in protecting their self-identified institutional goals.

Some immediate questions and issues include: How does a typical public university respond to mandated reductions in its base budget? How did Virginia's universities vary in their responses? If there were differences, what prompted them and why? What special procedures are implemented in public university budget management? What budget restrictions are unique to public universities? In what ways do universities vary in their decision-making structures, and how do these differences

influence budget decisions? Were there special decision-making bodies established? Most important, to what extent have the cuts and the resulting responses affected the long-term strengths and strategic goals of the universities?

In this study, three characteristics are central for understanding a university's response to budget retrenchment: (1) a university's organizational structure; (2) revenue accessibility; and, (3) the tenure of the university's president. These factors are crucial because they shape the decision-making processes a university adopts for dealing with systematic and substantial budget reductions.

In this thesis, I focus on two aspects of budgetary decision-making: (1) institutional flexibility; and, (2) information flow. Within a public university, flexibility is the ability of the administration to eliminate, create, or reorganize departments and budget units to better meet the fiscal challenges created by retrenchment with a minimal amount of interference from legislative, executive, and other political and outside forces. Information flow is the degree to which administrators and university constituencies (e.g., faculty, students, staff) engage in meaningful dialogue regarding the nature of the cuts imposed, the university response, and the strategies chosen to protect fundamental university programs.

My central thesis is that the ability of a university to respond effectively to budget retrenchment is a function of how organization, revenue accessibility, and leadership tenure shape both decision-making flexibility and the flow of information. A summary of my analytical framework is presented in Figure One, below.

As an examination of public budget crises and how they effect institutions of higher education, this study uses as case studies the universities in Virginia which grant

Figure One: Analytical Framework

The quality of the institutional response to retrenchment as determined by causal factor impact on flexibility and information flow.

<u>Causal Factors</u>	<u>Aspects of Decision-Making</u>	<u>Quality of Response</u>
● Size & Structure	● Flexibility	● Ability to achieve funding priorities
● Revenue Accessibility	● Information Flow	● Ability to act quickly & effectively
● Tenure of Leadership		

doctoral degrees. Since each of these universities has undergone identical budget reversions from late 1989 to the present (as a percentage of their base budgets), each has faced considerable fiscal stress. It is not true, however, that the cuts affected each of the campuses equally. Each of the universities responded differently to the financial challenges confronting them, yielding various levels of success or failure in their attempts to preserve the quality of their services.

The doctoral universities were chosen as a group because of their relatively similar educational missions and degree opportunities, as well as the type of student attracted to each university. It was felt that the fundamental institutional differences between doctoral universities, comprehensive four-year colleges, and community or two-year colleges would not provide adequate grounds for comparison between these classes. There are six doctoral universities within Virginia: the College of William & Mary, George Mason University, Old Dominion University, the University of Virginia, Virginia Commonwealth University, and Virginia Polytechnic Institute and State University.⁶

Methodology

Because most of the information needed for this study is not published in the academic literature, and in light of the constantly changing economic situation of the

⁶For clarity and simplicity throughout this paper, abbreviations will be employed with respect to the universities under discussion. Used somewhat extensively throughout higher education within the state, they are as follows: George Mason University (GMU); Old Dominion University (ODU); The University of Virginia (UVA); Virginia Commonwealth University (VCU); and, Virginia Polytechnic Institute and State University (VPI or Virginia Tech).

state and the universities, it was necessary to conduct much of the research through personal interviews. From September 1990, through January 1991, I conducted in excess of 60 interviews with faculty, staff, administrators, students, and state officials. Indeed, my basic approach in this study has been described as "participant observation";⁷ my role as a budget process participant provided me with much of the background necessary to pursue this study.⁸

Interviews were conducted at each university with a diverse sample of administrators, including budget directors, vice presidents, provosts, and presidents. In each university interview, there was a standard list of questions and topics, as well as a set list of documentary materials that I requested. I also tailored particular questions to particular institutions. In addition to members of the universities' administration, I spoke with Virginia's Secretary of Education and interviewed the Assistant Secretary of Education for Finance and Planning. Where possible, I also attempted to talk briefly with students at each university in order to gauge opinions on the cuts and their implementation. To supplement the oral information I have collected, I obtained more than 150 documents from state institutions and oversight agencies regarding budget reduction plans and retrenchment strategies.

Thus, although the data employed in this study are necessarily qualitative and

⁷Richard F. Fenno, Jr. Home Style: House Members in Their Districts. Boston: Little Brown and Co., 1978, p. 249.

⁸At my undergraduate university I have been actively involved in student government, and served on upper level administrative committees which deal with the budget in some detail. In addition, I authored a detailed report on the effectiveness of non-academic fees at the College of William and Mary in 1990, yielding a somewhat specialized knowledge of university budgets.

often impressionistic, I have interviewed a wide range of participants reflecting a wide range of perspectives and viewpoints. A more quantitative analysis of budget retrenchment in Virginia may be feasible in a few years, but for now I believe the more qualitative approach adopted in this thesis is most appropriate. A more comprehensive discussion of the methodology employed in this study can be found in Appendix One.

The following chapters are organized around my analytical framework. Chapter Two provides the necessary background information about budget retrenchment in Virginia. The three causal factors are introduced and described in Chapter Three. Chapter Four explains how these causal factors shape the decision-making processes adopted by the universities in response to the budget cuts. Finally, in Chapter Five I conclude with a tentative evaluation of how these decision-making processes influence the effectiveness of a university's management of fiscal stress.

CHAPTER TWO
BACKGROUND INFORMATION

Commonwealth in Crisis;
The Road to Retrenchment

Virginia's public universities have long been viewed as being among the best systems of higher education in the United States. In addition, the status, prestige, and quality of the Commonwealth's schools flourished greatly under the leadership of Governors Charles S. Robb and Gerald L. Baliles throughout most of the 1980's. Baliles, in particular, placed public education at the top of his political agenda, and public universities enjoyed a rate of growth and innovation that was virtually unheralded in the history of the state.

Much of this expansion was possible because of the economic boom that enveloped Virginia from the early 1980's through 1989, and the solid period of uninterrupted economic growth throughout the nation. Factors contributing to this explosion of growth include: the defense buildup of the Reagan years, an influx of international and domestic corporations, and a surge in population and jobs in the Northern Virginia and Tidewater areas of the state. All of these elements combined to swell state coffers and enable the Commonwealth to undertake a wide array of new public endeavors. As Governor Baliles observed, "In the space of one short decade, Virginia has become one of the top 10 state economies in the United States."⁹

However, as the growth of the national economy slowed dramatically in the late

⁹Governor Gerald L. Baliles' final State of the Commonwealth Address, January 10, 1990.

1980's, Virginia could not remain insulated from its effects. Baliles' announcement of a two percent reversion in November 1989 was initially seen as a bothersome, but necessary, action to preserve the balance of the state budget within the 1988-90 biennium.¹⁰ Acknowledgement of a more serious state of affairs came when Baliles mentioned an austere budget forecast in his final address to the Virginia General Assembly on January 10, 1990.

In his address, Baliles boasted of the successes of his administration during his term of office, but his recitation of accomplishments was dampened by a budget proposal requiring cuts of up to 5 percent in the base budgets of many state agencies.¹¹ The Governor then briefly outlined an executive budget that protected some state programs at the expense of selected percentage cuts to the base budgets of other agencies, without introducing measures for new state taxes. Such a strategy would become standard operating procedure over the next 15 months, as what was originally cast as a \$900 million revenue shortfall for the fiscal biennium 1990-92 soon mushroomed into a \$2.2 billion gap in projected revenue collection.

The political landscape remained unchanged when then Governor-elect L. Douglas Wilder assumed office on January 13, 1990. Soon after assuming the top office in the Commonwealth, Wilder upgraded the shortfall projections from its original level of \$900 million, and announced that most of the missing revenue would be made up

¹⁰In Virginia, all state revenue and expenditure programs are administered over a two-year authorization and appropriation cycle known as the budget biennium. The Virginia Constitution requires that the budget be balanced over the course of the biennium.

¹¹"Departing Baliles Offers Modest 9% Budget Rise," by Donald P. Baker and John F. Harris. The Washington Post, January 11, 1990, p. A1.

through a trimming of the state's \$13.1 billion general fund biennial budget.¹² In addition, Wilder announced at that time that "virtually every area of state spending may be subject to some cuts", though programs affecting young children and the poor would be protected.¹³ The economic outlook became ranked as the worst revenue situation facing the state since World War II.¹⁴

Mandated Budget Cuts

Round One

As mentioned, the Commonwealth's retrenchment period began in December 1989, with a two percent reversion from the 1989-90 general fund appropriation of all state universities. The second mandated action, ordered in January of 1990, marked the beginning of what has come to be known in Virginia higher education as Round One of the budget cuts. The first month of 1990 saw a reduction in the base budgets for 1990-92 biennium announced, totalling five percent of the General Fund appropriations for the Educational and General Programs in each of the fiscal years of the biennium. In March 1990, a reallocation of the base budget was required to fund new program needs (e.g., infectious waste, affirmative action) and unfunded fixed cost increases. An additional reduction in base budgets equal to roughly three percent per year was necessary to provide sufficient monies to cover these costs.

¹²"Virginia Facing Shortfall of \$1.4 Billion in Revenue," by John F. Harris. The Washington Post, August 2, 1990, p. A1.

¹³Ibid.

¹⁴Ibid, p. A15.

Round Two

Round Two of the cuts began in June of 1990 with an additional revenue shortfall prediction at the state level. All universities and state agencies were required to submit contingency plans for reducing the General Fund budgets by another one, three, and five percent. Further actions included the freezing of all lottery-funded projects. In August 1990, new information from the Executive Branch indicated that the Round Two General Fund reduction would approximate the five percent scenario prepared in June, and that some new initiatives appropriated in the 1990 Legislative Session would be retracted and the December raises for faculty and staff would be cancelled.

The public universities were dealt a further blow in August 1990, when Governor Wilder announced that all revenues from the state's lottery sales would no longer be dedicated to higher education. This meant a significant loss of funds that state colleges and universities had come to depend upon for capital projects and major campus renovations. The practical impact was to force a substantial curtailment of new projects, while forcing those universities who could not out-wait the diversion of funds to enter the credit market and secure state bonds for capital projects once approval from Richmond had been secured.

In September 1990, the final reductions for Round Two were announced, bringing the cumulative General Fund base budget reductions for state universities to 11 percent, in addition to the loss of any initiative funding and cancellation of the December salary adjustment for faculty and staff. The Governor's Office announced that the cancellation

of the salary increases would be implemented as an across-the-board reduction in all employees' pay equal to about two percent of the final 1990-91 rate (after inclusion of the raise scheduled for December). The lottery funds assigned to maintenance reserve projects were also released. Additionally, the contribution rate for retirement plans was modified in November 1990, allowing for some reversion to the General Fund.

Round Three

In early November, the budget outlook for Virginia grew bleaker, as revenue collections at the state level were less than expected through the first four months of the 1990-91 fiscal year and changes in the federal government's FY 1991 budget resulted in increased costs to Virginia for Medicaid. These circumstances, plus the uncertainty of prospective inflationary increases as a consequence of the Persian Gulf War, led to the call for an additional contingency plan to accommodate reductions in General Fund appropriations. This round of cuts marked the fourth time in little over 12 months such measures had been taken. State officials formed a strategy to centrally cover the additional reductions for instructional divisions of higher education institutions in the first year of the biennium. The resulting contingency plans called for instructional division reductions of between 2.5 and five percent during the second year of the biennium, while any research and extension divisions of the state's universities were required to submit plans for both years of the biennium. The General Assembly added language in the budget it passed calling for an additional six percent cut in September 1991 if revenue projections did not improve. This latter cut, however, was somewhat tempered by authority given to the state universities to raise up to \$100 million in

tuition across the state, as well as relief in the form of monies set aside earlier in the Governor's \$200 million contingency planning fund. In all, by the end of the first quarter of 1991, budgets at Virginia's public universities had been slashed by nearly 22 percent of their 1988-89 base.

Budgeting in Public Universities

Each of the six public universities discussed in this study receives some measure of financial support through general and non-general fund appropriations from the Commonwealth of Virginia. Throughout the period 1984-1990, the state had provided approximately 60 percent of the funds needed to drive each university's Educational and General (E&G) Programs through the allocation of state tax revenues and other state revenue-producing endeavors (e.g., tuition charges and the Virginia Lottery). These programs support the instructional, public service, and research missions of the universities. Functions include instructional activities, library and computer support, student services, administrative functions, and the operation and maintenance of the physical plant.

All other expenses and university-sponsored services and programs must be provided for through alternate sources of revenue, such as non-academic fees, grants, state-issued bonds, private sector gifts, and individual support. Programs supported under these latter sources of revenue include residence hall construction and maintenance, student center facilities, mental and physical health services, and other auxiliary services. State oversight and administrative agencies and the General Assembly have determined that all activities which lie outside of strictly academic

pursuits and their immediate support services will not be provided for through state-generated revenue sources.

The practical result of this separation of accounts is to reduce the financial flexibility of universities, and to place controls on how much revenue is raised, as well as how it is expended. Flexibility is reduced through a variety of legal restrictions on the use of university funds, enforced by the State Council of Higher Education for Virginia (SCHEV). Funds cannot, for instance, be easily transferred from auxiliary enterprise accounts into the E&G programs. Transferral from E&G accounts to auxiliary enterprises is expressly prohibited. In addition, there are restrictions and regulatory guidelines regarding how each type of account (e.g., E&G, auxiliary enterprise, maintenance and operating accounts) can be used, and how much revenue can legitimately be raised through the various types of revenue-generating options available to the universities.

As stated previously, all of the universities under focus were funded on an approximate 60-40 ratio of state versus private support. However, as the period of retrenchment continued and further reductions in state-provided base budget support became necessary, the level of state support fell to less than 50 percent. In some cases, this figure fell even lower; William & Mary dropped its self-classification as a "state-supported university", changing it to "state-assisted".¹⁵

A difficulty that universities face, further differentiating them from other government agencies, is that an inordinate amount of the budget is dedicated to

¹⁵Interview with William F. Merck, II, Vice President for Administration and Finance at the College of William and Mary, February 28, 1991.

personnel, ranging between 70 and 85 percent of total base budget allocations. Therefore, state-mandated cuts, especially those occurring at mid-year, are very difficult to achieve immediately. This makes it extremely difficult to impose large budget actions, because of the reluctance many administrators show towards eliminating positions and laying off individuals, especially tenured and tenure-track faculty.

In addition, the remainder of the budget that is not personnel-related is largely composed of fixed, unavoidable costs. Hence, in order to achieve reduction targets expressly through personnel actions, an extraordinary number of layoffs would be required because only a portion of the funds could be saved eliminating a position at mid-year.¹⁶ Because of these budgetary constraints on universities, administrators are "not able to close programs today and realize fiscal savings tomorrow" when faced with retrenchment, according to UVA Budget Director Colette Capone. As she said, "there is a need to worry about the institution's responsibility to its students, and tenured faculty members. There is a contractual agreement that needs to be respected."¹⁷ Many university administrators expressed the opinion that the state and, especially, the governor did not seem to understand this reality in light of the other, significant restrictions on budget flexibility.

In short, due to expenditure restrictions on their budgets, state guidelines on education, and revenue accessibility limits, public universities do not enjoy a great deal

¹⁶Any cuts implemented midway through the year only allowed recovery of part of what is contractually pledged to that position. Following January 1, 1991, employees placed on layoff status would be eligible for about 45 percent of their weekly salary in unemployment claims for a maximum of 26 weeks.

¹⁷Interview with Colette Capone, Director of Planning and Budget at The University of Virginia, February 14, 1991.

of budgetary flexibility. When retrenchment occurs, the degree of flexibility is further limited, and it therefore becomes important to cultivate an atmosphere conducive to a maximum flexible response in order for the university to meet its institutional mission and achieve its long-range goals. As will be demonstrated, the ability of Virginia's universities to develop such a response varied considerably.

CHAPTER THREE CAUSAL FACTORS

Periods of financial retrenchment place a variety of stresses on public universities, and their responses to these challenges determine, in large part, how well they are able to achieve funding priorities and long-term goals. Critical to the nature of their response are three factors: university organizational structure, revenue accessibility, and leadership tenure. In this chapter, each factor is introduced and described for the six Virginia universities under focus.

Structure

The first causal factor is the organizational structure within the university. It should be noted that the structure of a university is often directly related to its size. Generally, smaller universities tend to be more centrally coordinated, while larger universities tend to be decentralized and dependent upon multiple layers of administrative bureaucracy. Much of this is attributable to the increased division of labor and occupational specialization necessary at larger institutions, as well as the broader scope of academic programs inherent in a larger university's educational mission. This does not always hold, however. There are universities within Virginia's public system which are larger in size, yet retain some of the characteristics of a

centralized organization.¹⁸

Structural Categories

There are two structural extremes in reacting to retrenchment decision-making demands, which I term, for convenience, the "centralized" and "decentralized" categories of administrative decision-making. The centralized category is one in which a very small number of key administrators determine the retrenchment priorities of the university, evaluate the institution's budgets at the unit level, and administer the reductions based on a minimum of dialogue with affected managers, constituencies, and staff personnel. The decentralized category, on the other hand, is one in which a larger share of the affected university population is consulted in the decision-making process. Usually this takes the form of a large policy committee with representatives from the faculty, student body, staff, and budget office personnel, where the committee alone has the responsibility to formulate institutional priorities, develop retrenchment strategies, and decide which areas of the institution's budget should be reduced.

Most university organizational structures do not exactly follow either of the extremes, but rather fall along a continuum of response structures between the two. In this study, however, for purposes of tractability, I have collapsed this continuum into just three categories: the centralized and decentralized categories mentioned above, and a

¹⁸For example, George Mason University boasts an enrollment of approximately 20,000 students, ranking it fourth largest within the Commonwealth. The university's president, however, maintains a more centralized, personally controlled organizational structure in relation to other large universities within the state. The university's methods of cutback management, however, placed it within the "Mixed Category" discussed below.

"mixed" category of organizational structure, which falls between the two extremes.

The Decentralized Category. There are two doctoral universities within Virginia that approximate the decentralized category of decision-making: both VPI and VCU exhibited qualities which place them toward the decentralized end of the continuum.

VPI attempted to assess the impact of the cuts in a quantified manner before any decision was made. Three high-level coordinating administrators developed a variety of budget scenarios for consideration by a large, ad-hoc, university-wide policy committee. The Interim Budget and Planning Committee contained 25-30 representatives from all constituencies in the university, including senior administrators, students, department heads, members of the faculty senate, and classified staff personnel. The committee set priorities within the university as to what areas should be protected (e.g. library materials) at the expense of others (e.g. departments with shrinking enrollments). The coordinating administrators merely set the structure of the committee, and brought different budgetary options to the group, whereupon different plans for each division of the university were formulated at each stage of the cuts.

VCU employed two contingency planning processes simultaneously which were used to identify alternatives for reducing expenditures. The first process called for a review of every university budget. This unit analysis process combined a review of each operating unit (department center, office) with an analysis of its cost. Plans to reduce each vice presidential budget area were developed through this in-depth, bottom-up review. Each vice president utilized an advisory group representing directly affected constituent groups to assist in the review of priorities of potential cuts.

The second process at VCU called for an in-depth review of a series of "strategic issues." A meeting including the university's president and vice presidents, academic and administrative department heads, deans, other senior staff, and faculty and student leadership included discussion on which strategic issues would be addressed by the university. The vice presidents identified a preliminary set of five strategic issue clusters as a result of the meeting: organizational issues; expenditure efficiencies; tuition and fees, pricing, and resource strategies; academic, enrollment and faculty issues; and, resource allocation.¹⁹

Because VCU is the more extreme of the two universities in this respect, it will be used as a case study in the following chapter. Many of the conclusions drawn from this examination, however, can be applied to both VCU and VPI, and the manner in which each of these universities responded had consequences for the administration's flexibility, its ability to meet budget demands from Richmond, and the time commitment required from the university budget staff.

The Mixed Category. Under the typical university system, one residing near the middle of the centralization-decentralization continuum, a senior cabinet (usually comprised of the university's president, provost, and vice presidents) meets to articulate the basic priorities and strategies of the university, as well as to determine the most

¹⁹In evaluating the usefulness of each of these separate processes, it is useful to realize that the first was tailored to meet the immediate budget actions mandated by the Commonwealth, while the second was aimed at a strategic evaluation of the university and how its budget were directed toward meeting the university's long term goals.

macroscopic budget actions. After assigning each of the major budget areas a target amount, the vice president responsible for this university issue area meets with the deans, department chairs, and unit managers who are ultimately given the responsibility of reaching the targeted amounts on the line-item level. In concert with this top-down, bottom-up budget reduction procedure, occasional meetings or briefings are usually sponsored by the central administration to address university concerns and questions. The universities within this study falling within the mixed category were George Mason University, Old Dominion University, and the University of Virginia.

The Centralized Category. William & Mary is an entirely different story. Throughout the mandated cuts, the decisions regarding which areas to cut, and by how much, were largely made by a group of four top-level administrators. These individuals were President Paul R. Verkuil, Provost Melvyn D. Schiavelli, Vice President for Administration and Finance William F. Merck II, and Director of Planning and Budget Samuel E. Jones. Each of the reduction directives were answered relatively quickly, usually with only a retroactive approval by other deans, vice presidents, and faculty and student leaders.

It was only after the Commonwealth's entry into Round Three of the mandated budget actions that William & Mary's organizational structure was able to actively incorporate more individuals in the decision-making process and move to a more representational system. Administrators cited the fact that only when considering the university's 1991-92 budget were they given the "lead time to sit back and say 'OK,

where do we go from here?"²⁰ During these discussions, the University Policy Advisory Committee, a group of 20 vice presidents, deans, faculty and students, was given review and (very limited) veto authority over budget preparation efforts.

According to William & Mary's Director of Planning and Budget, Samuel Jones, two factors contributed to the centralized process at the College. The first is the naturally centralized character of the institution's administration in place before the retrenchment period arose. The fact that only four individuals made the vast majority of budget reduction decisions is not unusual, according to Jones; many decisions within the university are made with only a few actors involved - the budget crisis is only one example.

The second factor, and perhaps the deciding one with regard to the type of structural category used in the university, was the timing of the cut announcements. "The centralized nature of the decisions was as much a function of the timing of the notification" from Richmond as anything else, said Jones.²¹ When the second round of cuts was announced, faculty and staff contracts had been signed months earlier for the summer and fall sessions of classes. That left the administration "in the short-term with our hands tied on big blocks of cash," and little time to react.²² With the onset of mid-year cuts, William & Mary looked within its budget to wherever large amounts of undedicated funds were available. This translated into unspent monies for library

²⁰Interview with Samuel E. Jones, Director of Planning and Budget for the College of William and Mary, April 4, 1991.

²¹Ibid.

²²Ibid.

acquisitions, classified and hourly wages, and a selective review of all College hiring. With so much of the university's budget restricted by fixed and personnel costs, such areas of easy fund recovery were among those first targeted.

Revenue Accessibility

As described above, the structural response of a university will determine many aspects of the retrenchment strategies: which individuals are involved from the administration and community, the procedures through which the budget decisions are made, and the degree to which a university is able to evaluate its budget actions with regard to its priorities and long-term goals. A second causal factor which affects priority and goal achievement is the revenue accessibility of the university. By "revenue accessibility", I mean the ability of a university to gain access to adequate funds to drive its educational, research, and administrative programs.

Universities are unique among public agencies in the ways in which their budgets are formed and executed. They are also unique in that they possess an ability, although somewhat constrained by the fundamental microeconomic forces of supply and demand, to earn revenue that can be used to offset the costs of operation. The most common sources of such revenue are the non-general funds derived from tuition and fee charges to students. Other sources of revenue, however, become increasingly important to the universities as retrenchment continues. These include federal and private research grants, private sector support, surcharges imposed on university constituencies, and the ability to draw down from unrestricted funds invested in university portfolios.

No university within the scope of this study was able to reach an ideal, unchecked

level of revenue accessibility. Each had restrictions in some regard which limited the university's ability to raise revenues. Once again, for reasons of tractability, I focus on three categories: high, moderate, and low levels of revenue accessibility.

High Access

Only the University of Virginia can be placed within this classification, in large part due to its ability to rely on private support and invested funds. UVA boasts the state's largest investment portfolio among universities, with an estimated value of more than \$490 million.

Before retrenchment occurred, \$8 million of unrestricted income was dedicated to the operating budget at UVA. In the 1990-91 fiscal year, the university responded to shrinking revenue access by dedicating \$2.9 million more in incremental additions from unrestricted endowment income. This came in stages: the first round of cuts saw \$1.4 million in increased endowment dedication, and a total of \$1.5 million for the second round of cuts. In the 1991-92 academic year, UVA plans to dedicate an additional increment of \$1.9 million. In all, UVA has raised to \$13 million the amount of private funds it uses for operational expenses, an increase of more than 60 percent from normal, non-retrenchment levels.

On other matters, however, UVA was only partially successful. When the Governor's Office announced that it would accept applications for tuition surcharges for the 1990-91 and 1991-92 academic years, UVA was one of four doctoral institutions that applied. Although the petition for increased tuition authority was approved, it was delayed for several weeks beyond when other institutions were notified. In addition, the

approved tuition levels were less than the university had applied for.

Moderate Access

Three universities can be placed within the category of moderate revenue accessibility: the College of William & Mary, George Mason University, and Virginia Tech, each for slightly different reasons. GMU and VPI were granted full surcharge approval, a factor that helped the institutions immeasurably, especially at GMU which is seen as a relatively resource-scarce university in the healthiest of economic circumstances. For VPI, the tuition surcharge ability enabled the budget policy committee to avoid any instructional division reductions during the second round of cuts.

These two universities, however, were still limited in their ability to exploit private resources. GMU, for example, had an endowment of only \$10 million, many new and emerging programs without an established base of financial support, and a very young alumni population. This combined to yield very little support from within the private sector. To make matters worse, GMU had wed itself to Northern Virginia real estate interests for large gifts and continuing leadership support, a strategy that backfired when the recession created a very soft real estate market throughout the region. This unfortunate turn of events even led to the postponement of a \$100 million capital campaign GMU had planned.

William & Mary also exhibited moderate access to revenue during the retrenchment period. Although approved for a tuition surcharge, the College was similar to UVA in that full authority was not granted. In private support, too, the College was unable to achieve clear success or failure in revenue accessibility. Despite

being in the midst of the largest capital campaign ever undertaken in the state of Virginia, the majority of its campaign success resided only in commitments, and the College was unable to capitalize on its development efforts or its private resources to battle the effects of the mandated cuts. The one area of private support that did lend marginal relief was the annual support drive; with the College's stepped-up development efforts, contributions to this fund of largely unrestricted, immediately expendable monies did serve to bolster some of the more pressing needs on campus.

Low Access

Two universities within this study ranked low on the scale of revenue accessibility: ODU and VCU. Neither university was able to capitalize on private support to the degree of UVA or even William & Mary, and neither university chose to apply for increased tuition authority for use in a tuition surcharge.

While the latter decision was made with the hopes of limiting the cost of education to students, it acted as a restriction on the ability of the universities to pursue educational goals. Tuition authority has historically been severely limited by state oversight agencies and by university administrations in an attempt to preserve access for students through the lowest possible tuition charges, and the protection of need-based financial aid.²³ Each institution felt that tuition increases would force large numbers of students out of the price elastic markets the universities served. It came as both a surprise and a disappointment, then, when ODU was later forced to implement

²³"Institutions of Higher Education: Key Reduction Principles." Virginia Department of Education document prepared by Secretary of Education James Dyke, September 1990.

double-digit increases in tuition rates for the 1991-92 academic year, drawing a great deal of criticism from students, parents, and other constituencies.

Leadership Tenure

As an organization enters financial stress, an atmosphere of confusion and uncertainty develops among its members and decision-makers. Thus, it may be in a university's interest to have a president who is experienced with the institution and its budget, so as to optimally guide the institution through retrenchment. This hypothesis asserts that a more experienced university president will have greater familiarity with the university and its needs, more governmental influence and useful contacts, and therefore a greater ability to negotiate successfully a retrenchment period.

This ability to engage in political persuasion and wield significant power within the university to take sweeping and dramatic action in response to fiscal challenges is exhibited at GMU, for example. Dr. George Johnson, has been president of that university for the past 12 years, and is perhaps the best known figure among Virginia college presidents. He has developed a reputation as one who is capable of manipulating his university to meet the constantly changing demands of the region and the state. According to Lawrence D. Czarda, Associate Vice President for Finance and Planning at GMU, the fact that Johnson was able to clearly articulate his retrenchment strategies and desires was an important asset to the institution. This was especially true given GMU's resource-scarce environment, which might otherwise make for difficult

decisions were a powerful leading force not available to guide the university.²⁴

The presumption that an experienced president is best for a retrenched university, however, may not be correct. A newer president may be better able to use his or her power and ability to strategically position the university to meet the changing fiscal and educational challenges. In this case, a more seasoned president would see his effectiveness and utility to the university decline as a result of increased institutional entrenchment.

Of the six doctoral institutions within Virginia, three had relatively new presidents in office: James V. Koch of ODU, Eugene P. Trani of VCU, and John T. Casteen, III of UVA, all of whom were inaugurated into office less than one year ago. Karen Petersen, Virginia's Assistant Secretary of Education for Finance and Planning observed that newer presidents fared better in the sometimes fractious decision-making that is necessary within retrenchment periods. According to Petersen, they are often more able to examine a university with an unfettered eye towards efficiency and effectiveness, than is possible for more experienced presidents who may find a softening of their authority after exposure over a period of years to an institution's organizational structure. Said Petersen, "newer presidents don't have the emotional baggage that older presidents do. They have a clean slate instead of a series of established commitments."²⁵

Thus, it is unclear, a priori, which of the two hypotheses is correct. Each type

²⁴Interview with Lawrence D. Czarda, Associate Vice President for Finance and Planning at George Mason University, March 4, 1991.

²⁵Interview with Karen Petersen, Assistant Secretary of Education for Finance and Planning for the Commonwealth of Virginia, March 14, 1991.

of president, the more experienced, better connected, more entrenched president, and the newer, more unhampered leader, has qualities that may benefit an institution under stress. Which type will perform best in terms of providing adequate institutional flexibility and optimum information flow will be evaluated in the next two chapters.

CHAPTER FOUR DECISION-MAKING PROCESSES

Each of the characteristics described in the previous chapter influences the manner in which universities respond to budget reductions imposed by the state. The structural organization of the university, its revenue accessibility, and its leadership tenure all affect institutional flexibility and the degree to which information flows freely within the institution. And, as we shall see, flexibility and the flow of information are closely linked to the effectiveness of a university's retrenchment response.

Flexibility

When a public university faces increased financial stress caused by shrinking or eliminated sources of funding, there are only a limited number of options available to preserve the level and quality of services to which the institution is accustomed. Relatively easy methods of controlling the adverse financial effects of a shrinking resource pool include raising tuition rates and enrollment levels, decreasing admission standards, and the solicitation of outside, independent sources of revenue (e.g. gifts, endowments, and grants).

Each of these sources, however, is shaped by the demands of the market; there are limits to the degree to which they can be employed to deal with university problems, and each is affected by many of the same negative economic stresses that create budget shortfalls within universities. As a result, institutional flexibility is greatly reduced at a time when the benefits of such flexibility are at a premium.

Institutional flexibility can be divided into two components, administrative and budgetary. Administrative flexibility refers to the degree of freedom of action of university administrators, and is fundamental to providing the structure needed to adapt to the changing fiscal environment and the new demands being placed on the university. Budgetary flexibility concerns the freedom of budget actors to gain access to adequate funding, and to transfer critical funds between departments and budget units within the university. Such flexibility is vital for minimizing the effects of the imposed cuts and protecting the university against new actions.²⁶

Within a public university, sufficient flexibility allows the administration to eliminate, create, or reorganize departments and budget units to better meet the fiscal challenges created by retrenchment with a minimal amount of interference from legislative, executive, and other political and outside forces. At the same time, however, internal constituent groups will demand greater information regarding the operation and governance of the university during retrenchment, pressuring university administrators to engage in an informational dialogue which may further constrain the administration's freedom to act.

Each of the six universities studied differed in their degrees of flexibility, due to the three causal factors introduced in Chapter Three. Indeed, the degree to which the causal factors themselves were influential varied across institutions. In this chapter, I simplify the range of institutional flexibility by focusing on just adaptive institutions and constrained institutions.

²⁶Rubin, 1977, p. 69.

Adaptive Institutions

Adaptive institutions, for a variety of reasons, are those most able to utilize a flexible administrative and budgetary response in dealing with retrenchment challenges. William & Mary and UVA both fall within this category.

William & Mary's retrenchment response offered the administration a great deal of freedom of action, and resulted in retrenchment decisions marked by an effectiveness and efficiency not seen in other universities. This can be directly attributed to its centralized structure, little immediate need to justify actions to a large number of informed constituents, and the ability of the budget actors to remain loyal to what was popularly viewed as the educational mission of the university.

As an example of the College's response efficiency, William & Mary had eliminated 66 positions by the end of the first quarter of 1991, to a level more than double its usual level of unfilled positions. While on the surface this may not seem desirable in terms of full personnel strength, it is significant. Despite the elimination of 66 positions and cuts of ten to 20 percent in the budget for hourly wage employees, only 7 individuals were actually laid off from full-time employment. Such a strategy was reflective of a concerted attempt by the university's administration to protect its full-time employees to the greatest degree possible and to implement a selective hiring freeze early in the fiscal crisis.

Such early implementation, made easier through centralized coordination of personnel practices, had other benefits as well. Because of the funds that were released due to the freeze, as well as the constant review of positions to determine their strategic need to the university as a whole, greater relative budgetary flexibility over the long

term was gained, and some rehiring were permitted. In contrast, other universities, such as ODU, had an elimination rate during the retrenchment period that was up to five times its normal level.

UVA also enjoyed greater flexibility than most other universities, as illustrated by its ability to increase revenue accessibility by engaging private funds to supplement its operational budgets. This was beneficial for two reasons. First, the nature of private funds - especially unrestricted monies - allowed their employment at the discretion of the president, usually to areas where institutional need was the greatest. Second, the ability of the university to tap into non-state revenues meant a somewhat decreased pressure at the margin for the university's budget planners.

These benefits, however, should not be taken for a panacea. While the use of private funds did help UVA to some degree, it by no means alleviated the basic problems of retrenchment. As budget director Colette Capone stated, "To put the cuts in perspective, the university could have totally eliminated its Schools of Engineering, Architecture, and Nursing, and still face a shortfall of \$15 million."²⁷

Another area in which UVA enjoyed relative flexibility concerned President Casteen's ability to institute the first hiring freeze at a Virginia university in June 1990. Casteen's freeze enabled the university to hire only those positions that received a vice presidential approval for recruitment and hiring activities, eliminating all other "non-essential" positions. In part because of this aggressive and early action, the university was forced to lay off its first five employees at the end of January 1991, nearly 14 months after the period of retrenchment began. This might be compared to ODU,

²⁷Capone interview, February 14, 1991.

which had laid off between 50 and 60 individuals by the same time. Observers commented that Casteen's ability to institute such a hard freeze on hiring at such an early date resulted (to a large extent) from his recent appointment as president and his lack institutional encumbrment. According to Capone, "such a process more easily allowed the president to reorganize the university's staffing priorities so that they aligned with the priorities of the university given the significant decrease in available resources."²⁸

Constrained Institutions

Constrained universities enjoyed less flexibility than those institutions falling within the "Adaptive" category. In Virginia, the other four doctoral institutions, GMU, ODU, VCU, and VPI, can be placed in this category. While some of the universities listed did have some measures of flexibility (e.g., VPI's and GMU's use of tuition surcharges to minimize the effects of Round Two cuts), the overall atmosphere was one of relative constraint.

The links between the causal factors described in the previous chapter and constrained institutional flexibility are complex. As a result, it is vital at this point to single out one of the universities in this section for an in-depth examination. I have opted to focus on VCU because it reflects the organizational dynamics at work in the other institutions within this category.

As we have seen, the techniques used by VCU to evaluate its strategic, long-term position, as well as to meet the immediate, state-imposed, reductive directives were very

²⁸Ibid.

decentralized. There are several problems with such tactics, however. First, the nature of the material covered by each contingency planning process sets out the possibility that the same issues and debates may become the object of bureaucratic overlap. That is, issue areas under discussion may be debated and acted upon independently by each of the two groups, resulting in a waste of resources, time, and effort.

Second, the nature of the retrenchment period resulted in repeated directives from the state oversight agencies about what budget plans and information were needed, how much to eliminate from the base budget, and a continuous need for dialogue between the agencies and the universities. With a process that incorporates such a comprehensive decision-making process and involves so many actors, parameters, and issues to consider, the university's ability to comply with state directives were constrained by the use of a cumbersome organizational structure. This was especially true during the second round of cuts when budget reduction plans were required within a matter of days from receipt of the directive. For example, the contingency planning process at VCU called for broad participation by faculty and others in an advisory role to the vice presidents. Each issue group was given the responsibility for preparing a report to be submitted to the president and vice presidents regarding suggested budget actions for the 1991-92 fiscal year. While this process was slated to be completed by the middle of March, new demands from the Virginia Department of Education required an accelerated schedule of budget submission, making it difficult for VCU to respond in a timely and thorough fashion. At the end of the second week in April, budget officials were still scrambling to put together a budget that would be due in Richmond in a matter of weeks, leaving little time for internal institutional review, evaluation by the

university's budget office, and approval by the Board of Visitors. The problem was largely the result of the delayed time frame necessitated by the multifaceted input mechanism and budget evaluation techniques employed by the administration at VCU.

A third, and related, point is the degree to which each of the issue groups and advisory committees was susceptible to constituent influence. In all, nearly 50 individuals were involved in the unit analysis advisory committees, and 51 individuals were involved in the strategic issues advisory groups, representing virtually every affected constituency across the university.²⁹ Such interest group access is useful in a strategic examination of university budget allocation as it relates to the mission of the institution. However, with regard to those committees charged with reducing each vice presidential budget, such an openness to interest group influence was unwanted, ineffective, and detrimental to an efficient response. Less emphasis on democracy may be the best tactical response in a period of budget retrenchment.

VCU was one of the three doctoral universities which had a relatively new president when the retrenchment period arrived. Ideally, one would hope that President Trani would use his new position and his lack of institutional constraints to take broad measures in meeting the challenges of retrenchment. In fact, the possible benefits from Trani's short leadership tenure were effectively countervailed because of the structural organization he implemented to deal with retrenchment decisions.

Another constraint upon VCU's flexibility was its low revenue accessibility. With its failure to apply for a tuition surcharge, explained in the previous chapter, the university may have lost significant opportunities to realize cost savings during the 1990-

²⁹VCU Voice, February 22, 1991, pp. 4-5.

1992 fiscal biennium. In addition, while VCU usually relies upon its medical hospitals to underwrite the costs of the MCV Medical Schools, declining third party reimbursements greatly reduced that option of revenue recovery.³⁰

Information Flow

In addition to flexibility, the flow of information between university constituents and the administration is important. Such constituencies include the faculty, hourly and classified employees, graduate and undergraduate students, administrative personnel, members of the Board of Visitors, and endowment association trustees.³¹

The flow of information has significant consequences for institutional morale, uncertainty, and confusion, each of which may be exacerbated in times of retrenchment. Without an effective system of communication, it is also difficult for administrators to gain adequate feedback from university constituencies regarding the impact of budget reductions. It was found that, instead of all three causal criteria determining the level of information flow, only organizational structure had any effect. Two types of information flow can be identified among the universities examined in this study: minimalist communication and open communication. Once again, the categories used here collapse the underlying information flow continuum into a dichotomous variable. However, the six universities under focus do fall into one category or the other; thus my

³⁰Ibid, pp. 4-5.

³¹Endowment association is a term which, in this study, will be taken to encompass all private corporations affiliated with the educational institution which are charged with the management of the university's portfolio of private gifts and investments.

simplification is useful for purposes of analysis.

Minimalist Communication

Although different doctoral universities handled the problem of information flow in different ways, William & Mary reflected the minimalist approach to communication often exhibited by centralized institutions. Without a larger body of active decision-makers with authority over budget decisions, there was little immediate need to distribute information regarding the university's and the state's retrenchment actions. William & Mary engaged in only limited efforts to actively educate the campus community at large.

There was only one "Budget Forum" per semester during the 1990-91 academic year. These Forums served as a vehicle through which budget actors met with interested students, faculty, and staff to explain the retrenchment environment as well as the ways in which the university was responding to it. In addition, virtually no statements about budget actions or the university's strategies were published in the William & Mary News, the administration's weekly newspaper for faculty, students, and staff.

In explaining the relative lack of campus communication, Budget Director Samuel Jones stated that in sharing information with two or three student leaders, he felt that communication with the student body had taken place. Similarly, by presenting information to the Faculty Assembly, he believed that his responsibility had been absolved for the entire faculty. Beyond these efforts, he felt he was under no obligation to address additional levels of each constituency group on an on-going basis.

In the end, confusion and demoralization were heightened because of a lack of communication. Faculty, staff, and students were largely ignorant of the budgetary effects the budget cuts had upon the university and the ways in which the university responded. Campus improvements and short-term renovations were often met with criticism by uninformed constituents not familiar with the retrenchment response process or university budgeting procedures. For instance, in the face of severe cuts to the library's acquisition budget, the installation of new carpeting in the building's lobby was met with charges of fiscal mismanagement. No such mismanagement took place: the carpeting was installed through a private gift. This lack of effective communication, however, is indicative of the minimalist response to information flow.

Due to the relative obscurity of the budget office on campus it was difficult for interested but uninformed constituencies to gain access to information on the budget cuts, express educated opinions on the topic, and communicate to the administration the constituencies' impressions of the impact the cuts were having on university programs. Organizationally, however, such communication was not necessary for the university to respond to reduction directives. The centralized structure engaged only a few individuals in the decision-making process, each of whom interacted closely with the others. Any communication beyond that level was not needed for efficient budgetary response to retrenchment demands.

Open Communication

The second category of information flow is characterized by repeated attempts at university-wide education of constituents regarding the institution's retrenchment

response. A variety of means is typically used, including briefing presentations, articles in campus newspapers, and letters from the president updating the university community on recent budget events. Again, the structure of the response mechanism played the largest role in determining the level of communication. Each of the universities, with the exception of William & Mary, can be placed in this category.

VCU made extensive efforts to keep its university community informed about budget developments. Much of this was accomplished through the extremely decentralized structure it used for decision-making, although additional efforts to communicate with the rest of the university were evident. A series of articles in their administration-published newspaper, The VCU Voice, attempted to "keep the University community apprised of the progress of the advisory groups and other activities in the Contingency Planning Process."³²

At UVA, ODU, VPI, and GMU, administrators met repeatedly with constituents in a series of briefings intended to educate the university community on budget matters. UVA Budget Director Colette Capone remarked that a series of them had been sponsored within the Fall Semester of 1990, alone, sometimes targeted to specific campus constituencies.³³ In addition, UVA, ODU, and GMU approached their educative responsibilities through other means. Each of the presidents sent a series of letters to every faculty member which discussed the budget problems and how the university was dealing with it.

Through such an education-oriented approach, administrators at each university

³²VCU Voice, February 22, 1991, p. 4.

³³Capone interview, February 14, 1991.

felt that there existed a good on-going dialogue between the central administration and interested constituencies. While not all of the students and faculty were as informed as they wished, most were very supportive of administration efforts to deal with the crisis. In turn, the administrators were better able to judge the practical impact of the cuts on academic programs and institutional morale.

GMU's administration, for example, was the first within Virginia to propose the imposition of a mandatory employment furlough to recover funds. This was an extremely important strategy, especially at GMU, given its resource-scarce environment and the lack of available funds to use in reversions. The proposal, met with heated debate and opposition at other university campuses, was later endorsed by the GMU faculty and approved by the Secretary of Education and the Governor. It appears, then, that at least in this case, the educational efforts and concerted attempts to include campus constituencies in the information loop of a contentious budget decision were successful, given the faculty's support of the administration regarding the imposition of mandatory employment furloughs.

Conclusions

A university's institutional flexibility and freedom of information flow are closely tied to the nature of its response to budget cuts. With each sufficiently provided for, the university's response in terms of meeting long-term goals and ensuring funding priorities can be maximized. Each of the two variables mentioned are in some way affected by the causal factors described in Chapter Three. From the observations described above, several points become clear.

First, institutional flexibility is encouraged by a centralized decision structure and high revenue accessibility. While a less entrenched president may present opportunities to a university to increase flexibility, such advantages must be capitalized on. As illustrated by VCU, however, the other causal factors can act to countervail such an opportunity. Second, the freedom of information flow is mostly determined by the structural organization of the university. A centralized structure minimizes the necessity for wide-spread communication, while a decentralized structure will provide a ready conduit for successful information flow.

What becomes apparent with this examination is the trade-off between institutional flexibility and information flow. Effective information flow can be useful to university administrators wishing to avoid an environment of confusion regarding budgetary actions, as well as for creating university support for drastic budget responses. The use of a centralized approach to retrenchment response, on the other hand, decreases the immediate need for open information flow. With only a few actors involved, university communication can often come to seem more of a burden than as a tool for crafting institutional cohesiveness. While a centralized organizational structure does not preclude open communication and free information flow, the chances of such conditions occurring without conscious efforts by the university are minimized.

CHAPTER FIVE
QUALITY OF RESPONSE

In evaluating the universities' patterns of retrenchment response, I focus on the yardsticks of effectiveness and efficiency. By effectiveness, I mean the degree to which resource reallocation meets the self-identified institutional priorities of the university, and the degree to which essential programs are protected from budget actions. Shafritz comments that "effectiveness is increased by strategies which employ resources to take advantage of changes in unmanageable factors in such a way that the greatest possible advancement of whatever one is seeking is achieved."³⁴

By efficiency, I mean the utilization of institutional procedures which allow for the reduction of costs while maximizing administrative accuracy, speed, and simplicity of response.³⁵ In particular, I am interested in the speed and precision of a university's response to budget cuts, and the degree to which decisions are made or debated repeatedly by the budget actors within a university. It should be noted that effectiveness is not necessarily equated with efficiency. The former is concerned with the preservation of institutional priorities during reallocation, while the latter deals with the maximization of resources and the minimization of institutional waste during reallocation.

As stated earlier, the causal factors of organizational structure, revenue

³⁴Jay M. Shafritz. The Facts on File Dictionary of Public Administration. New York: Facts on File Publications, 1985, p. 166.

³⁵Ibid.

accessibility, and leadership tenure will determine the degree to which universities meet funding priorities and long-term goals during retrenchment. The roles these factors play, however, varies significantly. While each of the factors may have some effect on institutional flexibility, the degree of information flow is almost exclusively determined by the organizational structure of the university. Despite the brief elapsed time period since the beginning of retrenchment in Virginia and the difficulty in assessing long-term effects, it is clear from this research that certain institutional responses are better than others. The exploration of the different retrenchment responses by universities, therefore, remains an important question even if the conclusions in this study are necessarily tentative.

Organizational Structure

As we have seen, the retrenchment period in Virginia (extending from December 1989 through March 1991) was marked by swift directives from the Governor's Office regarding budget reductions. The directives were often issued with short notice and little time for university planning and reaction before the submission deadlines. At times, university administrators were given mere days to prepare reduction plans covering up to five percent of the university's base budget. The result was increased confusion in the decision-making process as managers reacted to directives in the face of internal institutional claims.³⁶ In such an atmosphere, an effective and efficient

³⁶Irene Rubin, "Universities Under Stress: Decision Making Under Conditions of Reduced Resources", in Managing Fiscal Stress: The Crisis in the Public Sector, by Charles H. Levine, ed. Chatham, N.J.: The Chatham Press, 1980, p. 167.

response by the university administration is critical. Institutional flexibility, the most important factor determining the effectiveness and efficiency of university actions is promoted through the institution of a centralized decision structure, an unencumbered university president, and adequate access to non-state revenues.

The ability to react quickly and decisively on the part of William & Mary's administration to react quickly and decisively enabled the College to meet each fiscal challenge swiftly, while protecting the institution's primary institutional mission: undergraduate instruction. Of all the universities, William & Mary seemed best positioned to respond to the budget submission demands of Richmond regarding the 1991-92 budget requests, despite the fact that the timetable for submission had been moved ahead by three months.

On the other end of the centralization-decentralization continuum, VCU, in particular, encountered some difficulty because of its decentralization, especially with regard to the new demands the state placed on university budget submission schedules. By utilizing two different decision-making and evaluative response mechanisms, together involving over 100 individuals, the university's optimum response time was greatly decreased, placing further constraints on the president and the budget staff to complete the university's budgets within the time allowed by the state's oversight agencies.

In addition, formalized lists of retrenchment criteria were used to guide the decision-making committees in formulating cutback policies. While these were useful tools to communicate the priorities and direction of retrenchment actions, as well as to guide the large number of actors formulating budget policy, there is some feeling within the state education community that such a policy may have denied the administration

the flexibility it would otherwise hold were such a formalized list not in evidence. Once promises are made, it is difficult to act against them regardless of how desperate the financial situation of the university becomes. The decentralized decision structure, in the end, made it difficult to achieve maximum institutional flexibility, thereby limiting the chances of retrenchment strategy success within the university.

There are certain costs to centralization, however. The use of a centralized organizational structure involves a trade-off between flexibility and information flow within the university. Information may be withheld from groups that have a legitimate right to the material, which exacerbate the intra-institutional tension inherent in a retrenchment period. With little knowledge of which university actors are making what decisions based on which response criteria, the university community may experience an even lower state of morale, greater uncertainty about the future, and less tolerance toward the university administration for what the community sees as unpleasant and unfair actions.

The decentralized category is less efficient, but in more decentralized universities information tends to flow more freely. Decentralization naturally establishes a ready channel for intra-constituency communication within a university. The creation of a feedback mechanism and the opening of the decision-making process to outside ideas (e.g., the GMU faculty's approval of furloughs) may foster a healthier atmosphere on campus with regard to the morale, uncertainty, and confusion problems retrenchment brings. With more actors involved and more input from affected constituencies, the university community is less likely to feel shut out of the information loop, and more prone to understand and support the difficult decisions being made. Additionally, a

strategic evaluation of an institution's budgetary allocations and funding priorities across the university may be enhanced during retrenchment through a decentralized structure. Involving more individuals in the decision-making process allows a division of labor to determine the applicability of current long-range goals and priorities within the university. Such a far-reaching evaluation of the university's strategic position may not be possible for a centralized structure with only a few individuals involved.

Revenue Accessibility

Flexibility is also achieved through adequate access to non-state sources of revenue. The ability of UVA to gain access to such sources (including endowment income, private gifts, and tuition surcharges) was the most important factor in achieving much of the access it enjoyed. On the other hand, other universities were extremely constrained in their responses, in part because of their low access to outside revenues. With little private endowment and low levels of private sector giving, the only recourse these universities had were the one-time tuition surcharges instituted for the 1990-91 and 1991-92 academic years. The failure of VCU and ODU to pursue even this option did little to improve a bad situation.

Virginia's public universities have had historically low access to private funds, despite their generally high quality and national reputation. Few universities control endowments greater than \$20 million, and many do not exploit the options for private support to the degree they are able. As the nation's population ages and issues on the public agenda shift away from youth-oriented social programs like education, public institutions will be forced into increased independence from state tax revenues. It is

vital to the long-term health of the universities, therefore, to bolster non-state avenues of support in an effort to free themselves from reliance on state revenues.

Leadership Tenure

Since the allocation of budget cuts among state agencies is necessarily a political decision, one might assume that public universities would fare better in a retrenchment environment depending on their ability to "play the political game". If a university were able to employ lobbying, an established reputation within state government, and institutional influence and government connections, the university would presumably be better equipped to meet the demands of retrenchment and reallocation. It is in this area that the causal factor of institutional leadership might make a difference in retrenchment response.

The research, however, discounts the effectiveness of politics as an effective tool in meeting the reallocation challenges of retrenchment. Each university faced identical political challenges in the form of mandated budget reductions (on a percentage basis of base budget appropriations), yet political influence did not seem to be a determining factor in any university's success. More important to a successful university response were the conditions of structural organization, revenue accessibility and leadership tenure which promoted the greatest flexibility and information flow within the university.

Many of the universities employed full-time governmental relations professionals, often drawing on ex-government officials (e.g. former legislative and SCHEV staff members and ex-cabinet secretaries) to bolster the political connections of the university. GMU, for example, employs three former cabinet secretaries in upper administration

positions. Yet, such connections were of little use in direct lobbying of the government. This is especially true given the rivalries between the Wilder administration and the Robb and Baliles administrations. University officials and administrators repeatedly warned "Of course, he won't be used with the Governor or the Secretary because his ties to past administrations might become a liability."

With regard to the two hypotheses concerning the benefits or costs of presidential tenure, it seems that there are few benefits associated with an entrenched university president during a period of cutback management. Indeed, newer presidents seemed more able to carry out comprehensive budget response measures (e.g., hiring freeze implementation, organizational restructuring, position elimination) than did their more experienced counterparts. Without the entangling alliances and internal institutional pressures of a long term in office, a freshly inaugurated president was more able to maneuver the university to a position of institutional flexibility, thereby increasing the probability of success in retrenchment priorities and strategies. There is simply no evidence within my research that an experienced leader's influence and lobbying ability (like that of GMU President George Johnson) was an asset to any university in meeting the challenges of retrenchment.

While "political" tools may be useful in responding to some challenges facing universities, they were not effective in meeting retrenchment. It was, in fact, the organizational structure, the leadership tenure of the university, and the revenue accessibility of the schools that determined the degree of success each university had in advancing its institutional goals and programs. Indeed, when political tools were used, they often backfired on the university.

As an example, the Governor's Office became enraged at what it perceived to be administration-sponsored and administration-incited student demonstrations regarding the budget cuts at VPI. The demonstrations eventually received national media attention. Katherine Johnston, the university's budget director, said that because of the inclusiveness of the structural response, people within the university felt that they had been consulted, and therefore directed their anger away from the university and toward Richmond.³⁷

Governor Wilder's office, interpreting the protests as a direct criticism of how the Governor himself handled the cuts, retaliated through in an attempt to curtail such activities. VPI was divested of certain powers and institutional controls over its research and cooperative divisions that it had previously enjoyed, and subsequent budget plans submitted by the university were subject to intense scrutiny and oversight by the Department of Planning and Budget. This contrasted with the relatively loose reins Wilder allowed other universities in submission of their budget plans.

The use of a university president's attributes can significantly aid a university in its retrenchment response if such efforts are directed at internal controls and cutback measures. Examples of this include UVA President John Casteen's early implementation of a hiring freeze. The use of a president's experience and governmental influence, however, does not seem to directly factor into effective retrenchment response. If it did, the research should have illustrated some level of

³⁷Interview with Katherine Johnston, Director of Planning and Budget at Virginia Tech, February 14, 1991.

success in the political arena, resulting from actions by experienced university presidents like George Johnson.

Conclusions

A period of retrenchment presents severe threats to a public university's ability to meet long-term priorities while engaging in cutback management. Already strained under inflexible expenditure and revenue restrictions, a variety of constituent demands add to the constraints on an institution's ability to respond effectively and efficiently to the changing educational and economic conditions brought on by financial stress. The ability of a university to successfully answer these challenges is determined by the combination of high flexibility and free information flow within the university. Figure Two, below, shows the extent to which each of the universities examined achieved ideal levels of institutional flexibility and information flow, as well as each institution's relative position along two continuums: structure and revenue accessibility. Because it has not been discussed in the context of a continuum, leadership tenure is not considered in Figure Two; instead, its benefits and liabilities are discussed below. Figure Three, below, rank orders the universities in terms of the overall quality of their retrenchment response.

In a resource-scarce environment, just as in any other scenario of intense competition, information is power. If a large number of people or organizations are well-informed regarding budget demands and retrenchment actions taken, problems of confusion, uncertainty, and morale can be minimized. Unfortunately, the university administration must be prepared to be accountable to those constituencies for the

Figure Two: Analytical Overview

The degree to which each university achieved ideal levels of flexibility and information flow in the context of structure and revenue accessibility.

Structure		Revenue Accessibility	
Centralized	William & Mary	High ↑	UVA
Mixed	UVA ODU GMU		William & Mary GMU
Decentralized	VPI VCU	Low ↓	VPI ODU VCU

Figure Three: Quality of Response

The overall quality of each university's retrenchment response as a combined function of each of the causal factors and their achievement of flexibility and information flow.

Flexibility	Information Flow
High ↑	Low
	William & Mary
	UVA ODU GMU
Low ↓	High
	VPI VCU

decisions it makes, thereby sacrificing some of the flexibility it possesses. The retrenchment response of a university administration involves a trade-off between optimal communication and institutional flexibility, a combination that may be extremely difficult - if not impossible - to achieve.

In employing a centralized institutional response with adequate revenue accessibility and freedom of presidential action, administrators may need to establish new avenues of communication in order to meet the increased information demands of the university community during the period of institutional stress. By installing such open communication devices, a university can enjoy the institutional benefits of a flexible decision-making structure, while preserving the campus morale and limiting the confusion and uncertainty of university constituencies.

As explained above, presidential influence outside the university in attempts to secure political support against further budget reductions were not successful; the power of the president to affect the outcome of the retrenchment period was effective only within the confines of the university itself. The competitive field, therefore, was effectively levelled, placing flagship universities alongside the youngest institutions in their ability to pursue political solutions to retrenchment problems. Newer leaders were less encumbered by university demands and institutional obligations, which allowed them freedom of action to implement far-reaching retrenchment responses, undertake organizational restructuring, and make what could otherwise be potentially difficult decisions for a more entrenched president. Older leaders, on the other hand were relatively constrained by past commitments and promises, and were unable to use their political connections to their universities' advantage.

Retrenchment is not only a time of institutional stress marked by swift and drastic budget reduction and a forced reallocation of resources due to declining revenues. It is also a time of opportunity for institutions to undertake significant program evaluation and organizational redirection to meet the changing demands of market forces and the affecting environment. A newly appointed agency head is better-suited to capitalizing on this opportunity than is a more entrenched executive.

The most effective agency response to retrenchment demands is yielded through concentrating power and authority within the organization, and minimizing "democratic decision-making". The dangers of a decentralized decision-making structure include slower institutional reaction times, responsibility overlap between decision-making bodies, and increased need for administrative coordination in a time when such efforts are already severely overextended. Perhaps more important, decentralization opens the response process to a wide array of institutional constituencies who are then better positioned to effectively battle cutbacks in their individual spheres of interest. Cutback management is difficult enough without the added stresses of constituency infighting and political maneuvering within the decision-making process.

Regardless of the specific kind of structure employed, however, it is important to the institutional health of the organization to create and maintain open lines of communication regarding program priorities, institutional goals, retrenchment responses, and future expectations of state-mandated budget reductions. With a level of vacant employment positions that is larger than normal and fewer resources available to achieve institutional commitments and program goals, employee and client morale is likely to suffer significantly unless steps toward damage control are taken. While

constituency participation should be limited in the decision-making process, it is vital to keep any affected parties apprised of cutback developments in order to minimize their uncertainty and confusion during the institutional upheaval that accompanies retrenchment.

APPENDIX ONE
METHODOLOGY OF THE STUDY

This study, perhaps more so than others, depends upon a type of field research that Richard Fenno describes as participant observation.³⁸ It is a technique that relies on an immersion into the environment under study and an emphasis on a passive, observational type of examination, rather than a pointed, rapid-fire questioning session used in other types of research or interviews. The success of each interview, and, ultimately, of the entire project, rested on the ability to establish a comfortable rapport with each of the professionals interviewed.

When I began my research, I believed that the study of retrenchment could shed insight into an important phase of organizational behavior. Having been involved in evaluative studies of fee structures at public universities, I felt drawn to a study of how the universities within Virginia responded to the cuts being imposed. I felt that an understanding of the rationale behind each university's retrenchment plan would generate useful information about administrative responses to financial stress.

The success of this study ultimately depended on the interviews I conducted at each of the universities. I visited the six universities explored in this study, and spoke with students and administrators at each, conducting more than 60 interviews. Because of the complex nature of the subject area being discussed, I encountered some apprehension from some budget officials about whether I was competent enough to fully grasp the material. In order to reassure them and to establish my credibility, I

³⁸Fenno, 1978, p. 249.

described the extent of my involvement with the decision-making committee at William & Mary which dealt with the budget, as well as my experience writing the non-academic fees report.

I chose not to use a tape recorder so as not to alienate or distance the interviewee. Similarly, I decided against telephone interviews because of their impersonal nature. I felt that, especially with the sometimes complicated nature of the material, a personal meeting would better suit my needs. When asking for interviews, however, I was sure to leave the administrator a choice, so as not to inconvenience him or her. On only one occasion was I refused an interview. VCU's administration maintained that because of the cuts and because they were so far backed up on work, an interview with their budget director or chief financial officer was not feasible.

Scheduling the interview was sometimes a function of which staff member could spare the time to speak with me, as well as who was in the best position to answer all of my questions. Again, with the exception of VCU, all of my contacts were at the vice presidential level, or with the director of the budget office. The following individuals were interviewed as part of this study: Richard Staneski, ODU vice president for resource management; Lawrence D. Czarda, GMU associate vice president for finance and planning; Katherine Johnston, VPI director of planning and budget; and, Colette Capone, UVA director of planning and budget. In addition, I attended a briefing of the GMU Faculty Assembly by President George Johnson, interviewed Karen Petersen, assistant secretary of education for finance and planning, and met with Secretary of Education James Dyke along with 10 other student leaders for several hours to discuss the retrenchment's effects on higher education.

William & Mary (my own undergraduate university) provided me with the most contact with involved administrators. Aside from the deans and vice presidents who are members of the University Policy Advisory Committee (of which I, too, am a member), I spoke with: President Paul R. Verkuil; Provost Melvyn D. Schiavelli; Vice President for Administration and Finance William F. Merck II; Director of Planning and Budget Samuel E. Jones; University Comptroller Mary deRegnier; Director of Auxiliary Services Charles J. Lombardo; Vice President for Advancement Edward T. Allenby; Vice President for Student Affairs W. Samuel Sadler; countless students, student leaders and newspaper editors, and staff and faculty members.

Each university administrator was asked the same standardized set of questions:

1. Describe the organizational structure of your university.
2. How is your budget allocated?
3. How did this differ, if at all, from distributing the budget cuts across the university budget?
4. Who made the budget reduction decisions?
5. To what degree was the decision-making process centralized?
6. Were the budget cuts "across-the-board" or "selective"?
7. How effective was the communication between layers of the university community? Administration to faculty? Administration to students? Students and faculty to administration?
8. How was the communication from the state to the university?
9. Could communication have been improved?
10. Were the demands placed on your budget office by the state unrealistic?

11. How much time was spent dealing with the budget reductions by the budget office staff? By other members of the college community?
12. How has your time allocation towards your duties changed since the imposition of the cuts?
13. To what extent did lobbying play a part of the retrenchment decisions and responses?
14. Who was involved with lobbying?
15. What was your ability to examine, pursue, or set long-term goals during the retrenchment period?
16. What area of the university received the brunt of the cuts?
17. Has the retrenchment period radically altered any aspect of the operation of the university?
18. To what extent was the use of private funds available to you?

Some questions, however, were tailored to particular universities. An example is the discussion of the University of Virginia's use of private funds to alleviate the stresses imposed by the budget cuts. At that university, the discussion of private funds lasted for ten to fifteen minutes of the interview with the budget director. Since no other university engaged in the use of private funds to the extent that UVA did, little of that subject was covered in the those discussions. When the assistant secretary of education for finance and planning was interviewed, many of the same questions were asked, but altered to reflect the point of view of a state-wide oversight agency.

In addition, each university was asked to provide documentary information regarding the budgetary response to each of the cuts since December, 1989: the effects

on E&G programs, auxiliary enterprises, and M&O budgets; changes in general- and non-general fund appropriations; reduction plans submitted to the Department of Planning and Budget and the Department of Education, as well as plans considered but rejected; and any areas within the university identified immediately for cutting or protection. Not all universities provided all information, but these records did provide valuable quantitative evidence which I used to corroborate information gleaned from the interviews. In all, over 150 documents were provided by state universities and the Virginia Department of Education for use in this study. Representative examples of titles include: "Governor's Plan for 1990-92 Budget Reductions"; "The Case for Change: Report by the Commission on the University of the 21st Century"; "VPI Final Report on General Fund Reductions: 1990-92 Biennium"; "George Mason University: The 5% Budget Reduction Plan Revised, 1990-91"; and, "Department of Planning and Budget Instructions for Developing Contingency Reduction Plans".

Thus, although the data employed in this study are necessarily qualitative and often impressionistic, I have interviewed a wide range of participants and observers reflecting a wide range of perspectives and viewpoints. A more quantitative analysis of budget retrenchment in Virginia may be feasible when the dust settles from the current retrenchment period. For the time being, however, I believe the more qualitative approach used in this study is most appropriate.

APPENDIX TWO
GLOSSARY OF TERMS³⁹

Auxiliary Enterprise*: An entity which exists to furnish goods or services to students, faculty, or staff and which charges a fee that is directly related, although not necessarily equal, to the cost of the service. In the aggregate, however, Auxiliary Enterprises are expected to be self-supporting; General fund appropriations are not provided for auxiliary enterprises nor are transfers made to them from the general fund central appropriations for regrades, economic contingencies and similar purposes.

Centralization: Any process by which power and authority in an organization or polity is concentrated.⁴⁰

Decentralization: For the purposes of this study, any process in which a relatively large share of the affected university population is consulted in the decision-making process. Usually this takes the form of a large policy committee with representatives from all university constituencies, and where the committee alone has the responsibility to formulate institutional priorities, develop retrenchment strategies, and decide which

³⁹Many of these definitions are taken from the "Dictionary of Administrative and Budgetary Terms and Procedures at the College of William and Mary", compiled by the Executive Committee of the Faculty Assembly of the College of William and Mary, 1990. Such definitions are noted by an asterisk after the term; otherwise, definitions were constructed by the author, or were taken from other sources (in which case a separate note will appear).

⁴⁰Shafritz, 1985, p. 84.

areas of the institution's budget should be reduced.

Educational & General (E&G) Programs*: "Educational and General" is an umbrella for seven individual programs: instruction, research, public service, academic support, student services, institutional support, operation and maintenance of physical plant. These programs support the instructional, public service, and research missions of the university. Functions include instructional activities, library and computer support, student services, administrative functions, and the operation and maintenance of physical plant.

Endowment association: All private corporations affiliated with educational institutions which are charged with the management of the university's portfolio of private gifts and investments.

Flexibility: The ability of the university administration to eliminate, create, or reorganize departments and budget units to better meet the fiscal challenges created by retrenchment with a minimal amount of interference from legislative, executive, and other political and outside forces.

Information flow: The degree to which administrators and university constituencies (e.g., faculty, students, staff) engage in meaningful dialogue regarding the nature of the cuts imposed in a retrenchment period, the university response, and the strategies chosen to protect fundamental university programs.

Long range planning: The consideration in the present time period (today) of what capability must be provided in the future to meet the anticipated objectives that are inherent in a predicted situation, condition, or event and the courses of action that might be involved.⁴¹

Non-General Fund Support*: The level of non-general fund support (that is, non-state tax dollar support) required in any fiscal year is a direct function of the total appropriation provided to the College by the State. This appropriation includes a non-general fund requirement. To the extent that the State supports university initiatives (salary increases, new faculty positions, program enhancements, etc.), non-general funds are required to support approximately 40 percent of the incremental cost. Since the primary source of non-general funds is full-time student tuition, increased State support for the university results in increased tuition.

Private Funds*: Private funds consist of two major categories, endowment and expendable. Endowments are funds which protect the value of the original gift and provide permanent support through earnings obtained by investing that gift; income from true endowment earned in excess of the approved rate of expenditure is reinvested in the respective investment portfolio as quasi-endowment. This practice adds funds to the endowment base and also provides the ability to recapture these investable funds for use in any current fiscal year. Expendable gift funds, whether restricted or

⁴¹Shafritz, 1985, page 318.

unrestricted as to purpose, are those monies received with no requirements to protect the value of the gift. These funds are classified as current funds and accordingly they serve to supplement current operations and programs in particular departments or for other specified uses.

Resource Scarce Environment: The financial position of an organization in which a majority of the budget units and institutional programs are not fully or adequately funded, especially, but not always, in periods of fiscal health and budgetary growth.

Revenue Accessibility: The ability of a university to gain access to adequate funds to drive its educational, research, and administrative programs.

Student Aid*: Aid to students in institutions of higher education for which there is no requirement of work or service to receive the aid. The forms of student aid for which state general fund appropriations are provided are scholarships and loans for undergraduate students and fellowships and loans for graduate students.

Tuition and Fees*: Charges for instruction and related costs which are required to be paid by all students and the revenues from which are appropriated as a fund source for educational and general programs, and auxiliary enterprise services.

Tuition Rates*: The level of tuition is set by a state formula which requires that 40 percent of the educational cost be borne by each in-state student. Thus legislative

approval of a faculty salary increase mandates a proportional tuition increase. Tuition for out-of-state students must not be less than four times that for in-state.

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