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An Understanding of How Public Good Creation and Resource Allocation are Affected by State Budget Reductions at Public Universities

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An Understanding of How Public Good Creation and Resource Allocation are Affected by State Budget Reductions at Public Universities

A dissertation submitted in partial satisfaction of the requirements for the degree Doctor of Education

by

Lars Timothy Walton

2013
ABSTRACT OF THE DISSERTATION

An Understanding of How Public Good Creation and Resource Allocation are Affected by State Budget Reductions at Public Universities

by

Lars Timothy Walton

Doctor of Education

University of California, Los Angeles, 2013

Professor José Luis Santos, Chair

This study investigates how senior leaders at the University of California, Riverside make and have made policy and financial decisions as forced by the disinvestment of state resources, and how those decisions have impacted the campus’ role as a public good. To gather data, this study used interviews of University of California, Riverside leadership on its recent and current policy decisions. Through data collection, it was uncovered what decision makers perceived as the alternatives and consequences to their decisions and how they received and monitored feedback to the tradeoffs. This project focuses on both the current and potential losses that occur when tradeoffs are made to keep the university afloat and the decision making process on those tradeoffs, how leaders made those decisions and what went into those decisions. To analyze the decision making process, a theoretical framework guided the research which included academic capitalism theory, resource dependency theory and rational choice theory.
This dissertation of Lars Timothy Walton is approved.

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Eugene Tucker

José Luis Santos, Committee Chair

University of California, Los Angeles

2013
DEDICATION

To my wife, son, and parents. Each of you is a source of support and encouragement.

Thank you.
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CHAPTER ONE: STATEMENT OF THE PROBLEM

Introduction: Statement of the problem

In 1965, five years into the Master Plan, funding for the University of California comprised just over 8% of the California general fund; now the UC System represents 3.6% of the general fund (CPEC, 2011a). The disinvestment in the University of California has been rapid during the recession of the late 2000’s; the State of California reduced funding for the UC system by 25% in a single academic year (CPEC, 2011a). The swift changes in financial stability for the University of California have forced university leaders to reassess university roles, missions, and functions. As the system struggles to survive under new levels of funding, individual campuses have made countless tradeoffs and decisions that have altered the course of the University of California, leading to the need for this study.

This study investigates how senior leaders at the University of California, Riverside made policy and financial decisions forced by the disinvestment of state resources, and how those decisions impacted the campus’ role as a public good. To gather data, this study uses interviews with University of California, Riverside leadership on their recent and current policy decisions. Through data collection, it was uncovered what decision makers perceived as the alternatives and consequences to their decisions, and how they received and monitored feedback to the tradeoffs. This project focused on both the current and potential public good losses that occur when tradeoffs are made to keep the university afloat and the decision making process on those tradeoffs, how leaders arrived at those decisions and what factors contributed those decisions. To analyze the decision making process, the theoretical framework guided the research which included academic capitalism theory (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004),

**Background information**

*Defining Public Good*

The economic definition of a public good is “goods or services that bestow collective benefits on members of society. Such goods are both nonrival and nonexcludable” (Case & Fair, 1994, p. 409). Non-rival public goods are goods in which one’s use of a good does not hinder the abilities of others to use it. For example, when one person uses a public library their use of the library does not limit others in the public to also use the library, provided both individuals are not looking for the same book. An example of a non-excludable public good is national defense, in which an individual’s protection by national defense does not exclude others from the same security; in essence it serves the entire polis. Public goods also create positive externalities or spillover effects, in which the goods serve both the individual and the greater society. An example of this is in national health through immunizations. While the immunization directly serves the individual through strengthened resistance to disease, it also serves the greater public by limiting the transmission of the disease. A strong case can be made that public education qualifies as a public good through its nature as non-rival and non-excludable, but also because it creates a positive externality serving both the student and the public through the development of a more educated society (Dewey, 1916).

While routinely public higher education is stated as a public good, it is important to demonstrate the breadth of the university as a public good. Following the economic definition, universities benefit more than the individual student, but produce a spillover effect to benefit the
general public and thus justify a public investment in higher education. Examples of the
university as a public good range from college graduates using less social services, higher social
engagement through voting participation and volunteerism, and leading healthier lives that are
less reliant on costly public support systems (Baum, Ma, & Payea, 2010; Institute for Higher
Education Policy, 1999; McMahon, 2009; Tierney, 2006). These examples serve to frame the
working definition of public good for this project in that they demonstrate one spillover effect of
higher education consists of the reduction in need for public intervention through public
programs such as corrections, public health, and public nutritional assistance. Perhaps most
important to the bottom line of public finances is that college graduates have lower rates of
unemployment, combined with higher salaries which result in a higher and steadier stream of
personal tax revenues back into state coffers. The benefit of a college education not only serves
the graduate but also “bestows collective benefits on the members of society” (Baum et al.,
2010). These examples fit closely to the economic definition of public good in that they are all
nonrival and nonexcludable; the benefits of higher education are not limited to the individual and
impact the entire polis.

While universities have long been demonstrated as public goods (Baum et al., 2010;
Institute for Higher Education Policy, 1999; McMahon, 2009; Tierney, 2006) there is growing
evidence that they are becoming a blended public/private good. In fall 2011, University of
California President Mark Yudof addressed the issue of the university’s contribution to the
public good by defining the university as a hybrid public/private good stating that “public
universities provide private returns to the individuals who attend, but they also offer benefits to
the entire polity in the form of economic growth, cultural transmission, greater democratic
participation, higher tax revenues, and reduced welfare payments among others” (Yudof, 2011,
p. 13). While Yudof defines universities as hybrid public goods, he does note the strong returns that a university provides to society. Yudof’s definition demonstrates that the university is progressing away from the economic definition of public good to one of hybrid public/private good. To frame this project a working definition was developed: public good is a byproduct of public investment that creates a stronger society or reduces the need for public intervention as described by Baum, Ma, and Payea (2010).

Public Disinvestment

The public disinvestment in the University of California is not an isolated case. Data from the State Higher Education Executive Officers (SHEEO) demonstrate that in constant 2010 dollars, 2010 represented a thirty year low-water mark for higher education appropriations nationally (SHEEO, 2011). The SHEEO data demonstrate that the implications for this study could provide insight on national trends and decision making processes created by state government disinvestment in public higher education.

In the last two decades, states have increased their overall expenditures as demonstrated by the data presented by the National Association of State Budget Officers (NASBO); however during this time the higher education share of the budget has declined (National Association of State Budget Officers, 2008). In the case of many states during the recent economic turmoil, not only did the percentage of the budget decrease, but so did the total dollars received by higher education. The NASBO data reveal that while states spent more, other public interests such as Medicaid and corrections accounted for a greater share of the funding. California closely fits these national trends, as can be seen in the financial tradeoffs the state has made between higher education and corrections funding. Harold Hovey (1999) describes this tradeoff as the “balance
wheel” of state appropriations, as legislators are inclined to reduce higher education budgets during difficult financial times because tuition and fees can be raised.

This reduction in state general funds to higher education, both as a percentage of state revenues and in terms of whole dollar figure, has forced public universities to do more with less to search for ways to cut costs and to generate new revenues (Tandberg, 2010). Universities are unique among the state budget categories in that they do have a number of pressure valves that allow them to generate funding to offset reductions in public funding. Universities, unlike prisons, can cut enrollment in order to save funds. Universities, unlike transportation, can rely on private donations to finance capital projects. And perhaps most important and most used, universities, unlike social welfare programs, can charge more for their services by way of increased tuition. Increases in tuition, however, illustrate the shift in public good. While thirty years ago, public higher education was heavily subsidized and seen as a public good, today student tuition is increasing and state subsidization decreasing, reframing higher education as a hybrid public/private good. The cost sharing of higher education has shifted from the state and taxpayers to the consumer: the student. This shift in the shared cost burden of higher education between the student and the state impacts the strength of the university as a public good (Marcucci & Johnstone, 2007). The question remains: how is it that decision makers make tradeoffs? Are they made in context of an understanding of the university as a public good, out of the self-interest of the university, or from the perspective of the self-interest of the individual decision maker and/or that of their own department or unit?

Public “state” institutions across the country are still considered public “state” institutions when their campus finances have been reduced to levels that may only incorporate about 5% of their total funding from their home states (National Association of State Budget Officers, 2008).
Tandberg (2010) identifies release valves, stating that “higher education may be particularly susceptible to budgetary tradeoffs and funding cuts during economic decline because of its ability to generate income from sources other than state government” (2010, p. 763). Because of a competition to be the best of the best, tier one research universities such as the University of California are often committed to providing a consistent quality of education regardless of the economy and thus are more susceptible to making these tradeoffs (Smelser & Almond, 1974). This commitment to continue to grow in prominence through research, teaching, and public service mandates budgetary tradeoffs when public financing is reduced and the relief valves of increased tuition, public donations and out of state students are triggered.

Around the country, public university leaders work to keep public universities financially stable against ever decreasing public financing (Tandberg, 2010). Different states and universities have taken different paths to supplementing public funding. These options range from increased student fees to greater private fundraising to reliance on international and out of state students to compensate for lost state revenues. As CPEC, SHEEO and NASBO data demonstrate, both national and state funding trends for higher education are in decline (CPEC, 2010, 2010, 2011a, 2011b; SHEEO, 2011). This study investigates both historic and current decisions the University of California, Riverside has made in response to these reductions and how decision makers perceive these decisions to impact the University’s role as a public good.

**University Structure**

Universities are complex organizations. The literature has demonstrated that because universities are loosely coupled, complex organizations, not any one single theory of decision making can encapsulate an understanding of how universities make decisions (Child, 1972;
Glassman, 1973; March & Olsen, 1975; Weick, 1976, 1995). Given that this study looks beyond one decision maker and because university decision making is widely dispersed, it is necessary to inform this study with multiple theoretical frameworks. Volk, Slaughter and Thomas (2001) address this need for diverse hypotheses, when researching resource allocation in higher education, stating, “we need to break open the models of resource allocation we have used in the past because these [theories] are no longer adequate to complex, bureaucratic institutions with multiple missions and multiple markets” (2001, p. 408). Santos reiterates this need for considering competing philosophies, again in terms of distribution and administrative tradeoffs, “[in] how universities are conceived [as it] is important in selecting competing and sometimes complementing decision-making theories that guide internal resource allocation” (2004, p. 170).

Taking into account that no single theory can be applied in an investigation of decision making in a university setting, the literature was reviewed for a purposeful conceptual schema. Three dominant theories—academic capitalism, resource dependency and rational choice—have presented themselves in the literature and will guide this study (Bess & Dee, 2007). These theories provide a framework for university decision making during times of fiscal crises.

To address the problem of how reductions in public funding affect a university’s role as a public good, this project uses a qualitative case study research design that focused on multiple in-depth interviews with current University of California, Riverside leadership, examining their perceptive on decision making and uncovering their perception of the effects of such choice-related behavior on the role of the university as a public good. A qualitative case study was conducted because it allowed for follow-up on-the-spot questions that dig deeper on issues of perception and decision-making. Qualitative research, as defined by Creswell (2008), also aligns
with the purpose of this research: to develop an understanding of how administrators decide to allocate resources rather than a quantitative analysis of the resource allocation per se.

Research Questions

Guided by the theoretical framework and in order to understand to what extent, if any, decreases in public funding affect a university’s contribution to the public good, this study examines four research questions.

Research Question 1.) How do University of California, Riverside leaders perceive reductions in the state budget to have changed the way in which they make decisions?

Research Question 2.) How are University of California, Riverside leaders, across administrative and academic units, similar and/or different in the way they make sense of and manage possible tradeoffs because of reductions in the state budget?

Research Question 3.) What do University of California, Riverside leaders perceive as their public good activities and how do, if at all, University of California, Riverside leaders perceive their mission and definition of public good as set forth in the California Master Plan to be changing because of reductions in public financing?

Research Question 4.) How might possible future reductions in state funding of higher education impact the ability of the university to produce a public good, as perceived by University of California, Riverside leaders?

As stated, the research questions are grounded in the theoretical framework. Research question (RQ) one addresses the theory of rational choice, which suggests decision makers gather relevant information and make the best possible informed choices based on available data.
(Simon, 1957). RQ two explores resource dependency theory, considering that decision making is a political process wherein resource scarcity, especially in terms of those granted externally from the organization as such, determines internal organizational behaviors (Pfeffer & Salancik, 1978). RQ three examines academic capitalism theory, which purports that universities are transitioning from a public goods driven model to that of establishments driven by private financial partnerships (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004). Finally, RQ four incorporates the full theoretical framework to uncover and address the problem statement of this project: how reductions in public funding affect a university’s role as a public good.

**Research Site & Research Design**

*Research Site: University of California, Riverside*

The University of California serves as a unique test case because of the size and stature of the UC system; other higher education systems often take industry clues from the University of California in order to shape their own policy (Graham & Diamond, 1997; Smelser & Almond, 1974). In the realm of public financing, the University of California experienced deep reductions in public funding over the course of five years spanning from 2008 to 2012 (CPEC, 2011b). In the realm of public service, despite declines in public financing, the University of California remains a producer of public good. This adherence is demonstrated by the 2011 Washington Monthly Rankings, based on contributions to the social good, in which five UC campuses were among the top 10 (Washington Monthly, 2011). However, while the University of California has experienced financial reductions, but remains a significant public and social good, it does not suffice to say that reductions in public financing have not hurt the University’s role as a public
good, as public good dividends from an investment in public higher education take a lifetime to mature.

In order to explore decision making in depth, this research is confined to a single site case study at the University of California, Riverside. UC Riverside provided a unique setting to gather data on the decision making processes that take place during a period of state budgetary reduction and how these choices as well as their guiding principles affect the university’s role as a public good. The Riverside campus represents a site of change and growth. During the recession of the late 2000’s the campus substantially grew in enrollment and in academic offerings; as well, during this period, the campus received approval to develop a new School of Medicine and a new School of Public Policy. While the School of Medicine moved forward, the campus elected to hold back on the development of the School of Public Policy. Additionally, the campus conducted a strategic planning exercise during the recent period of state disinvestment and used the process to set aspirational goals to achieve American Association of Universities (AAU) status. AAU status represents the recognition of an elite status among tier-one research institutions. This mixture of growth, aspiration and commitment to community during time of public capital disinvestment provided a unique setting to collect data on the many decisions made and how they were made in the context of the university’s role as a public good.

Research Participants: University of California, Riverside Leadership

The research population consisted of a purposefully selected sample of University of California, Riverside senior leadership including the Chancellor, Academic Senate Leadership, Deans, and Vice Chancellors. These participants were chosen because they would provide perceptions on decision making involving student enrollment, campus priorities, and financial
constraints. Because of the dispersed, shared governance leadership structure of the University of California, interviews and document collection investigate both administrative and faculty leadership. Because the leadership views and the methods for approaching these decisions vary greatly, this study makes use of interviews to uncover how university leaders perceive the recent disinvestment in higher education affecting the university’s potential to continue to provide dividends on those investments of state dollars.

Research Methods

This study employs data gathering to provide understanding of what potential losses to the public good existed and exist due to budget related-related tradeoffs and as well as how these tradeoffs were made in order to protect the core function of the university. To understand any potential losses or gains to the public good they were analyzed using the working definition of public good as a byproduct of public investment that creates a stronger society or reduces the need for public intervention. Through the interview and data collection process, a baseline for public good activity was established with the leadership and probe questions on how the public good activity has possibly changed were asked. The interview protocol (attached appendix A) demonstrates this baseline and probing methodology, with questions such as: what is a concrete example of a way in which your unit has contributed to supporting public good creation? The analysis of the potential losses of public good across the various sectors of campus allows for a better understanding of what the different areas of a campus see as the current and future roles in terms of the public good. Previous research had shown that different academic decision makers make different sense and justification of their decisions but has not investigated how public good is part of that justification (Santos, 2007). This study aides in determining if a Dean of
Engineering sees public good creation different from a Dean of Humanities or if the Vice Chancellor of Advancement approaches budget reductions in a different manner than the Vice Chancellor of Budget.

This investigation makes use of a qualitative case study in order to allow for further examination of the perception of university leadership of the implication of reduced public spending on higher education beyond current research, which already demonstrates accepted connections between public funding and public good. As discussed earlier, because the dividends of public funding for universities take many years to mature, and quantitative research reveals associations between the benefits of higher education for both the individual and society, current research is limited. In order to triangulate findings from interviews with leadership, this study closely scrutinizes budgetary and financial documents, cabinet meeting minutes, legislative testimony, strategic planning documents and press releases wherein there was an indication of discourse on the magnitude of public good in relation to discussions and decision making around resource allocation. The focus on conducting interviews and document review across a broad swath of the university’s dispersed and multi-lateral administration was purposeful in order to explore the how disinvestment in higher education may affect future public good outcomes, to disclose what policies or practices took place in balancing public good and university public financing, and ultimately to reveal the decision making schema which attended such constrained and portentous tradeoffs.

Public Engagement

The results of these findings will be shared with participants of the research project, in order to better understand how they made decisions that affect public good. It is anticipated that
this data will provide insight on the different practices dealing with an ever changing funding landscape and how to protect a campus’ role as a public good. In order to inform both policy makers and those affected by policy, this study will focus on disseminating these results with higher education advocacy groups as well as legislative leaders with appropriations oversight of higher education. The information gathered in the study will be presented to University of California government affairs, as well as the Association of Public Land-Grant University government affairs committee in order to provide data that serve as concrete examples of what has and what may become of our universities as public goods if and when they are not adequately funded. It is my hope that the findings produced by this study will create an informed dialogue between both those who publicly fund higher education including the executive and legislative branches of California and those who depend on the public financing. It is anticipated that the findings produced by this study will provide justification to seek additional public funding and provide justification to those who provide public financing of higher education.
CHAPTER TWO: LITERATURE REVIEW

Introduction

This project seeks to investigate how senior leaders at the University of California, Riverside make policy and financial decisions forced by the disinvestment of state resources, and how those decisions impact the campus’ role as a public good. The goal of this project is a deeper understanding of how the university’s role as a public good played a part, if at all, in budgetary conversations, decisions and tradeoffs. In order to understand the scope of the issue to provide full context to the problem, this study presents four distinct sections of the literature. The literature review conducted for this project covers the following: a historical overview of universities and the University of California, a review of the theoretical framework including broad decision and sense making literature, an analysis of empirical studies applying the theories of the framework, and, finally, an evaluation of existing research. Together these sections demonstrate a gap in the literature and a need for this study.

Given the layers of context that this study seeks to understand—university budgeting, decision making and university-led public good generation—the four sections together provide a framework for understanding and developing the research questions. The first of the section addresses the historical background of the current research problem, including literature on recent declines in funding for higher education, both nationally and in California; the University of California budget process; and the formation of the concept of the university as a public good. The second section examines literature on how decision makers and leaders make sense of the decisions they make, as well as a broad review of decision making literature that led to the theoretical framework. The third section looks specifically at the theoretical framework that will
guide this study with overviews, respectively, of academic capitalism theory (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004), resource dependency theory (Pfeffer & Salancik, 1978) and rational choice theory (Simon, 1955, 1957). These theories help unveil the ways in which leaders both frame and justify their decisions. Following upon this analysis, the third section provides context to this study by investigating the empirical research that has applied these theories, and the attendant results of praxis. The final section reviews studies similar to this one, demonstrating a gap in the literature on universities and decision making related to the university’s role as a public good — a crucial disparity which points to the essential urgency of the research at hand.

**Historical Context**

*National Decline in State Funding*

The *public* component of a public university is that it receives public investment and pays a public dividend. This review of data and literature will demonstrate that a long steady decline of public investment for state universities exists. The decline in public support for public universities leads to the following question: as public universities receive less funding, to what extent, if at all, are they any less a public good in their nature? Since the passage of the first of the Morrill Acts of 1862 and 1890, which started the land grant university system, state financial support for higher education has varied greatly. State support declined from a high of about 15% in late 1980s to a low of 9.8% in 2008 of total state expenditures (Tandberg, 2010). In the last two decades, states have increased their overall expenditures; during this time the higher education share of the budget has declined (National Association of State Budget Officers, 2011).
In the case of many states during the recent economic turmoil, not only has the percentage of the budget decreased but the total dollars received by higher education have diminished. The NASBO data reveal that while states spent more, other interests such as Medicaid and corrections accounted for a greater share of the funding. In 2010, state funding for universities as a proportion of state budget varied greatly, ranging from a high of 24% of the state budget in Iowa to the low of 2% of the state budget in Vermont. It is the case with both of these states that they trended downward from 2010 to 2011 (National Association of State Budget Officers, 2011). This reduction in state general funds to higher education, both as a percentage of state revenues and in terms of whole dollar figure, has forced public universities to do more with less, and search for ways to cut costs and generate new revenues (Tandberg, 2010). This search to do more with less is most evident in data from the State Higher Education Executive Officers’ (SHEEO) FY2010 report on state higher education finance that reveals a national trend of heavier reliance on tuition and a lessened reliance on state funding (SHEEO, 2011). In FY2009, tuition represented 34% of the general operating funds for higher education growing by $5.1 billion in FY2010 to represent 36% of the general operating funds. This growth in tuition as fund source was matched with a 5% decline in state funding which demonstrates how universities have used tuition dollars to backfill lost state appropriations.

While higher education appropriations have trended downward, with significant downturns during times of national recession, the lost state funding during the most recent recession may not accurately paint a picture of the full disinvestment to come (Kelderman, 2012; Lederman, 2012). Due in part to the American Recovery and Reinvestment Act of 2009 (ARRA) which provided $40 billion in federal funding for state education backfill, the depth of the most recent recession has yet to be fully seen. However in 2012, most of the ARRA
money will have been spent and states will now be left to pull up their own bootstraps to fund education. The lingering economic crisis has left some states particularly susceptible. California in particular is a state still struggling to get back on track fiscally with higher education being one of the programs reduced in order to balance the budget (Kelderman, 2012). The downward trend will continue to linger especially as populous states such as California struggle. As the Chronicle of Higher Education notes “state support for colleges declined a little more than 4 percent from 2011 to 2012” (Kelderman, 2012). The Chronicle also notes that “The overall decline is also a result of the big drop in higher-education spending in California, accounting for more than a quarter of the total decrease in state support” (Kelderman, 2012). The loss of ARRA funding, the lingering economic downturn and California’s continued disinvestment in higher education, sets the stage for difficult decisions for higher education leaders in California (National Center for Educational Statistics, 2012).

University of California Budget Downturn

The University of California and its relationship with the State of California as defined by the California Master Plan has served as an effective model of a public research university, or university system (Smelser & Almond, 1974). The California Master Plan of 1960 created what became a ten campus system that is routinely ranked among the top systems of public education based on its tripartite mission of research, teaching and public service (Graham & Diamond, 1997). However, in the last decade, the commitment of the State of California to support the tenants of Master Plan has necessarily come into question due to decreased state support. A report presented to the UC Board of Regents in November 2011 by Vice President for Budget and Capital Resources, Patrick Lenz, demonstrated the detrimental depth of the effects that
national trends of state disinvestment in higher education have had on the University of California (Lenz, 2011). Lenz’ presentations to the UC Regents confirmed that in constant 2011 dollars, in 1995, state general funds covered $16,720 of the total cost of students’ education while the university held the pupil responsible for $2,680 per annum. By the 2011-12 academic year, state disinvestment had reversed the roles of financing; with students bearing $8,540 of and public funds amounting to only $6,770 of the total cost of education. These fiscal policy changes to the University of California demonstrate that the social compact of the Master Plan is eroding (J. Douglass, 2007).

The significant shift of financial responsibility — from public funding supplemented with student fees to a model of student fees supplemented with public funding — indicates changing state priorities and an evolution of the public university from a strong public good to a hybrid public/private good. This change in public funding raises questions about the role of the public university and its public mission as a public good, leading to part of the purpose of this study. As the Los Angeles Times commented when the shift occurred that “the university must choose among facets of its long-standing public mission — to offer a widely accessible, moderately-priced and high-quality education to California's young people” (Gordon, 2011). Yet, while increases in tuition at the University of California garner significant attention, tuition alone has not been the only tool used to backfill lost state support. As the literature reveals, because of reductions in state funding, universities such as the University of California are increasingly acting in a business-like manner, driven to stay afloat and forced to prioritize business strategy over education strategy (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004).
University of California Budget Structure

While the University of California operates as a system in setting policy and undergraduate tuition which is the same across nine undergraduate campuses, the UC Regents pass the bulk of budgetary decisions along to the campuses for their own planning and allocation (Smelser & Almond, 1974). During the recent economic downturn, the University of California used the most common tool in their economic toolkit; tuition went up to partially compensate for reduced state appropriations. Budget allocations along with budget gaps were passed along to the campuses where lost state appropriations forced decision making (University of California, 2011). Individual campus leadership made tradeoffs after tuition increases were enacted. Tradeoffs included the following: eliminating courses, consolidating programs, reduction in library hours, increased class size, reduced counseling services, over-enrollment, out-of-state student recruitment and reduced public programs (University of California, 2011). While state general funds were allocated to the campuses, targeted cuts were also allocated that forced the campuses to develop individual strategies to keep afloat. It is in these tradeoffs that this study will investigate the decision making process and the role of the university as a public good in those decisions.

In order to fully understand how the individual campuses make decisions on how to allocate scarce state resources, it is necessary to understand the processes by which those resources arrive at the campus. In a typical year, UC Office of the President prepares the initial University of California budget, presenting this to the Board of Regents in late fall in the year prior, i.e. 2012-13 budget presented in Fall 2011 (Lenz, 2011). The Office of the President forms this request by consulting with Vice Chancellors of Budget/Finance in the fall to understand campus priorities and different state budget scenarios, themselves informed by
discussion between Chancellors and their individual Vice Chancellors (Richardson, 1997). After presentation to the Regents, the budget comes before the State’s Department of Finance, where it serves as consultation for the Governor’s proposed budget, unveiled in January. The proposed Governor’s budget serves as a primer for legislative deliberation, and is subject to revision to account for state tax revenues in May. The budget is then set to be debated, finalized and enacted before the start of the State’s fiscal year on July 1 (California Department of Finance, 2002). The state then allocates the appropriated funds to the respective agencies, in this case the University of California.

The State’s formal authority to oversee funding decisions ends when with this appropriation of funds. While the governor and the legislature allocate funding to the University of California, they do not have direct budget authority. The oversight of policy and budgeting
beyond appropriation is limited to appointments to the Board of Regents where the Governor serves as an *ex-officio* member (Lubenow & Cain, 1997). In good years, public funds cover the needs of the campuses. In recent years, state funds have been allocated along with increased tuition revenues as well as targeted budget reductions in order to make up for lost state appropriations. On the campuses, there is no one size fits all procedure for the individual budget allotment (Richardson, 1997). Chancellors and their leadership teams, including the academic senate, Deans and Vice Chancellors, reach their own conclusions on how to internally distribute state resources. These decisions will be investigated to determine how the decision making process works to allocate the resources and how the university leadership considers, if at all, the role of the university as a public good.

*The University as a Public Good*

For the purposes of this project the working definition of public good is the following: a public good is a byproduct of public investment that creates a stronger society or reduces the need for public intervention. Additionally, the term public investment should be defined as public or general funds that come from a state that are not paid as a fee for a service but rather for a general pool of public dollars. However, for a frame of reference and background, this study begins with the literature that has demonstrated the university as a public good, a concept discussed later in this review of the literature (Baum et al., 2010).

The most instrumental historic document in linking American public universities to being engines of public good is the Morrill Land-Grant Acts of 1862 and 1890. The core mission of public colleges and universities proscribed in the mid-nineteenth century by the Morrill Land-Grant Acts was “to teach such branches of learning as are related to agriculture and the mechanic
arts … in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life” (United States Code, n.d.). With this mission in mind, land grant institutions formed a bond with their home states. The Morrill Land-Grant Acts provided startup funding for a national system of higher education, leaving individual states to determine the maintenance, governance and funding of a system of higher education. The Morrill Act did more than simply attach public good and public financing. The strength of the Morrill Act was that it created a model for each state to develop a higher education system and spread west a national system of higher education (Calhoun, 2006).

As universities spread under the Morrill Acts they were seen as contributing to the overall public good of a community (Calhoun, 2006). Calhoun (2006) details this public good as knowledge; put simply, universities create public good through the creation of knowledge which impacts the community through graduates and through research, with both contributing to the general quality of life. William Tierney (2006) in collaboration with Brian Pusser (2006), presented an analysis of critical theories which identified two main areas wherein universities served as contributors to the public good. First, through the production of knowledge, universities produced public good (Aronowitz, 2000; Marginson & Considine, 2000; Slaughter & Rhoades, 2004); second, through engaged citizens and committed public leaders, universities are producers of public good (Giroux, 2003).

Recent research expands such historical linkages by demonstrating and justifying the return on the public investment in higher education. A report by the College Board (Baum et al., 2010) identifies the tangible personal and public benefits of a college education, echoing the opinion of University of California President Mark Yudof (2011) that the benefits are a hybrid public/private good. The College Board delineates those benefits of higher education to both the
public and to the graduate: lower rates of unemployment, less reliance on public assistance, higher rates of health insurance coverage, healthier lifestyles, better educated children, higher voting rates, greater service to the community, and ultimately higher tax revenues from graduates, who pay more in taxes than those without a higher education (Baum et al., 2010; Leslie & Brinkman, 1987; McMahon, 2009). All of these returns collectively provide a private good to the individual who obtains a degree, but they also provide a significant public good through contributions to society and less need for public intervention (Aronowitz, 2000; Baum et al., 2010; Calhoun, 2006; Giroux, 2003; Marginson & Considine, 2000; Slaughter & Rhoades, 2004; Yudof, 2011). Despite such well-known benefits, research is lacking on how universities make budgetary decisions based on their role as producers of public goods. The literature does however present research on how decision makers — not just from the field of education — make sense of the complex resource allocation decisions they make and how they arrive at these conclusions (Santos, 2007; Weick, 1995).

Decision and Sense Making

When faced with the challenges of declining state budgets and reduced resources, university leaders are forced to dig deeply within their leadership experience. A key component of leadership within complex organizations is decision making (Vroom & Yetton, 1973). While the literature has thus far made clear that universities are complex organizations (Graham & Diamond, 1997; Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004; Smelser & Almond, 1974), the next step in this review of previous scholarship is to present the broad concepts of decision making that guided the selecting of the theoretical framework for this study. While a simple explanation of decision making is that a leader makes a choice between two options —
yes or no — the literature reveals that in complex organizations such as universities, choices are not always so clearly delineated (M. D. Cohen & March, 1986). Additionally, scholarship confirms that while the dominant perception of decision making is as an orderly process of gathering facts, weighing the options, and committing to a choice or course of action based on those facts (Simon, 1955), competing theories suggest that decision making is often a disorderly, messy affair (M. D. Cohen & March, 1986; M. D. Cohen, March, & Olsen, 1972).

The breadth of decision making theories demonstrates that no one theory applies to complex organizations that have multiple levels of leadership, which is especially true of large universities (Volk, Slaughter, & Thomas, 2001). However, expanding on the concept that universities are large complex organizations with many decision makers, Weick (1995) discusses the concept of many leaders within an organization all coming to their own decisions based on how they make sense of the problem. The concept of sense-making put forward by Weick (1995) is particularly relevant in a university setting where an academic leader may see a problem differently from an administrative leader and where a dean of engineering may see a decision in a different light than a dean of humanities. These decision making theories will guide this research on how the different decision makers in the university see the university’s role as a public good.

Building on the research of Glassman (1973) and March and Olsen (1975), Weick (1976) additionally guides the theoretical framework as his research discusses the organizational theory and, in part, the decision making theory of the university as a loosely coupled system. Of course, loosely coupled systems theory represents an organizational model that has application beyond educational settings; thus when the research of Weick and others shows that universities in terms of their managerial arrangement qualify under this rubric it demonstrates that one size or theory
does not fit all while examining decision making in the context of higher education (Glassman, 1973; March & Olsen, 1975; Weick, 1976). Loose coupling within the university setting sets the stage as to why the many leaders within a university may tackle similar problems with different frameworks of decision making. While the university as such houses all of the leaders of its organization under the sole body of the institution itself, the singularity of this structure does not account for the multiplicity of sense making strategies or interpretative frames which individual leaders, within a dispersed and multi-lateral systemic environment, might employ. It is in this way that an understanding of loose coupling and sense making prove essential to conceiving how a university possess many different ways of developing their decision making capacity, and progressing to decisive action.

Weick’s (1995) view on decision making enjoys wide citation as an important insight into how large organizations arrive at a variety of decisions. The public often sees the variety of decisions coming directly from the University as though a single decision making theory guides the entire organization. In reality, Weick (1995) illustrates that the complex structure of an organization like the university reflects a situation in which multiple players are all simultaneously making decisions based on their own frames of reference, on how they see the world and on the alternatives before them. Child (1972), similar to Weick, finds that it is not the organization that is guided by any specified decision making theory but rather the individuals within the organization that create their own interpretative frameworks which are often result in muddled paths towards decisive action (Lindblom, 1959). This is an important finding that guides this study as it will be important to dig deeply within the leadership structure of the university to understand how the collective and composite decisions shape the university. The findings of Weick (1995) and Child (1972) demonstrate themselves in the theoretical framework
of this study, as there is no one single theory that our research will examine; rather three prominent and distinct theories submit to analysis.

Theoretical Framework

Universities are complex organizations. Because universities are complex organizations that are loosely coupled, the literature has demonstrated that no single theory of decision making can encapsulate an understanding of how universities make decisions (Child, 1972; Glassman, 1973; March & Olsen, 1975; Weick, 1976, 1995); further, because this study looks beyond the decision maker and because university decision making is widely dispersed, it is necessary to inform this study with multiple theoretical frameworks. Volk, Slaughter and Thomas (2001) and Santos (2007) address this need for multiple theories when researching university resource allocation stating, “we need to break open the models of resource allocation we have used in the past because these are no longer adequate to complex, bureaucratic institutions with multiple missions and multiple markets” (Volk et al., 2001, p. 408).

Taking into account that no single theory can be applied in an investigation of decision making in a university setting, three dominant theories — academic capitalism, resource dependency and rational choice — will guide this study. Academic capitalism theory focuses on the university in the new economy, revealing connections between the public and private sectors and identifying the mechanisms that create these connections (Slaughter & Leslie, 1999; Slaughter & Rhoades, 2004). Resource dependency theory is a seminal organization theory, positing that external factors exert a high level of control over the functioning of an organization and that these external factors determine the development of internal resource allocation (Pfeffer & Salancik, 1978). Finally, rational choice theory suggests that the actors in decision making
gather relevant data, analyze the potential outcomes and make a choice that is data driven (Simon, 1957). This study will review each of these theories from their original source, and include empirical applications of each in university decision making contexts. It is through the context of these three theories that this study will seek to understand how university administrators make budget decisions — especially during times of fiscal reductions and thus extraordinary resource scarcity — in the context of the university as a public good.

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<th>Theory</th>
<th>Characteristics</th>
<th>Strengths/Weaknesses</th>
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| **Academic Capitalism**       | Universities are transitioning from a public goods driven organization to that of an organization driven by financial partnerships. | *Strengths*: Recognizes declining public resources  
*Weaknesses*:Acknowledged that it is not the full driver of decision making process. |
| **Resource Dependency**       | A political process by which internal organizational behaviors are based on the resources that an organization receives external of the organization. | *Strengths*: Recognizes decision makers will make decisions based on priorities, power and external influences.  
*Weaknesses*: Does not incorporate internal dynamics. |
| **Rational Choice**           | Decision makers gather relevant information and make the best possible, informed choices based on data. | *Strengths*: Widely applied theory on university decision making.  
*Weaknesses*: Assumes decision makers have time and relevant data to make decisions. |

**Academic Capitalism Theory**

The scholarly work of Slaughter and Leslie (1997) and Slaughter and Rhodes (2004) are the seminal studies in academic capitalism theory, both originating and advancing the theory. Academic capitalism centers on the concept of the university transitioning from one of a public goods driven organization to that of an organization driven by financial partnerships. They define this relationship stating “the academic capitalist knowledge regime values knowledge privatization and profit taking in which institutions, inventor faculty and corporations have
claims that come before those of the public” (Slaughter & Rhoades, 2004, p. 29). This study intends to test the core principle of academic capitalism to discover the perceptions and actions of university administrators in putting the private good or self-interest ahead of the public good. Recent applications of academic capitalism theory address changes in resource allocation in a university setting. However, the literature does not explore how the theory of academic capitalism plays into the role of the university as a public good (Crespo & Dridi, 2006; Hong & Walsh, 2009; Santos, 2007).

*Application of academic capitalism theory: Santos, Crespo & Dridi, Hong & Walsh*

Santos’ (2007) work in academic capitalism theory represents a quantitative study that focuses on ten research universities and returns on teaching and research activity across science fields. Santos’ research shows that resources are allocated where returns are expected; a university will invest in programs and areas that have a high rate of return. His research demonstrates that graduate education and engineering research are producers of high financial yield to the university (2007). However, while Santos’ work used quantitative methods to better understand university research allocation, it does leave a gap in determining the thought processes in the decision making; Santos notes “quantitative analysis is inherently limited in providing insights into the myriad complexities involved in resource allocation…any future study on resource allocation should take in account deep-seated beliefs held by resource allocators” (Santos, 2007, p. 141). Santos’ findings provide insight into university resource allocation, but also demonstrate the need for a qualitative research design to understand how university administrators allocate scarce resources in the midst of financial constraint — to query their conception of the relationship between such qualitative belief and quantitative benefit.
While Santos’ work looked at academic capitalism within the university based on productivity, the work of Crespo and Dridi (2006) examined the influences of the university/industrial relationship and its impact on academic research. This examination is central to the theory of academic capitalism that universities move away from basic research for the public good, to industry funded research which develops a private good for the researcher and the corporation (Slaughter & Rhoades, 2004). The qualitative study of Crespo and Dridi (2006) involved thirty-three interviews of researchers and technology transfer officers at research universities. Their findings revealed that increased pressure for revenue generation through intellectual property development created blurred lines for the researcher. These Crespo and Dridi findings of tension between research and intellectual property can be scaled-up under academic capitalism to demonstrate tensions between the academic (public) and industrial (private) community (Smart, 2010).

Tensions, however, may arise not just between the academy and interests outside of it, but indeed inside the university due to internal strife over external resources. Following upon Crespo and Dridi’s demonstration of the tension between the research and industrial communities, Hong and Walsh (2009) determine that scarce resources and a drive for external funding can create tensions within the academic community. The work of Hong and Walsh (2009) focuses on the pressures on individual researchers to be more secretive about their work because of academic capitalism’s demand to further generate external funding. This quantitative research analyzed two sets of survey data of university researchers thirty years apart. In their findings they discover that for the past three decades researchers have become increasingly private in their research as a direct consequence of concerns for revenue generation. Hong and Walsh link the analysis of these results back to academic capitalism and suggest “that the search
for resources may be leading scientists to back away from their communism norms in order to gain research resources from the industry” (Hong & Walsh, 2009, p. 163). While this study illustrates the retrenchment of researchers because of academic capitalism, it did not address how this secrecy affects the university as a public good.

Slaughter and Rhodes (2004) address the shift of the university from one of developing public good to one of a capital production and while they see a rise in the academic capitalist regime, they do not find that it has replaced the public good model. They state, “We see the academic knowledge/learning regime as ascendant and have sharply delineated the boundaries between the two models for analytical purposes, academic capitalism has not replaced the public good knowledge regime. The two coexist, intersect and overlap” (Slaughter & Rhoades, 2004, p. 29). It is their acknowledgement of this overlapping of academic capitalism and public good which reveals a gap in the literature. Slaughter and Rhodes findings demonstrate that the two can co-exist but do not investigate the decision making processes that results from the co-existence of academic capitalism and public good.

Pursuant to this, nor do the authors couple academic capitalism and resource dependency theories. In the latter case, they address this gap in their own research, by identifying “in this book, we do not feature resource dependency theory, although we continue to define academic capitalism as the pursuit of market and market-like activities to generate external revenues, our current analysis focuses on the blurring of boundaries among markets, states and higher education” (Slaughter & Rhoades, 2004, p. 11). Because their research did not include resource dependency, it leaves open the opportunity for future studies to incorporate both academic capitalism theory as well as resource dependency theory. Our study will investigate these gaps
of knowledge by exploring how the multiple competing interests weigh in the minds of resource allocators.

**Political Behaviors: Resource Dependency Theory**

The seminal work of Pfeffer and Salancik (1978) developed and advanced resource dependency theory: an organizational theory that explains the political process by which external resource allocation determines internal organizational behaviors. In the academic literature, resource dependency theory proves relevant across a number of fields. The literature in this area is deep enough to cover both public and private organizations applying the organizational theory of resource dependency; also is it rich enough to focus our review of the resource dependency theory solely on the case of university budgeting (Cogan, 1980; Pfeffer & Moore, 1980; Pfeffer & Salancik, 1974; Tonn, 1978).

*Applications of resource dependency: Cogan, Pfeffer & Moore, Tonn*

In a review of literature discussing the political process by which universities develop budgets, Cogan (1980) examines rational choice theory as a way of framing the political process. While a dated article, the study still proves relevant in the context of current issues as Cogan’s work identifies that in times of declining resources, with the allocation of scarce resources, the budgeting process becomes increasingly political (Cogan, 1980). Cogan’s review develops two assumptions when developing goals within the political budgeting process: “[one] that there should be as much congruence between individual or group goals and organizational goals as possible, and [two] that the value of individual or group behavior should be judged with reference to existing organizational objectives” (Cogan, 1980, p. 558). The findings of Cogan’s
research provide context to the study indicating the importance of probing university leaders on how they see their individual, group and organizational goals. Cogan’s review of the literature is important in setting the stage of resource dependency theory and goals of university budgeting, but, as previous scholarship outlined above, leaves a gap in the research as it does not probe these goals or whether they include the commitment to the public good – opening a space for the objectives of our current study.

Similar to the work of Cogan (1980), literature by Tonn (1978) on the political process of decision making makes connections to universities adjusting the outputs when the inputs of the university are contracted. In examining resource dependency theory and how outside organization influences universities, Tonn states, “if their environments change, then the objectives of the university with respect to its outputs, inputs, and/or processes must also change” (Tonn, 1978, p. 584). This is an important statement and critical for understanding how universities budget in the context of the current constraints as it suggests that diminishing state resources may affect the outputs of the university. Tonn’s (1978) research indicates that universities adjust the sails during rough economic times. These findings will influence the development of interview protocols of our study to determine how leaders have seen the changing environment affecting their decision making in the context of public good.

While the application of resource dependency theory demonstrates that external actions can cause a university to adjust the goals of the university (Cogan, 1980; Tonn, 1978), Pfeffer and Moore (1980), in a quantitative study, compared internal budget allocations of two universities within the same system. Typically, resource dependency theory looks at the external influence on internal structures; Pfeffer and Moore (1980) applied resource dependency theory to the internal budget allocations that differed on the scarcity of resources. This application of
resource dependency theory within the organization treated the administration as the external force acting on the internal organization at the department level. The research identified two main drivers of departmental power: enrollment and grants/research output. These findings will influence our interview protocols by incorporating how decision makers view enrollment and grant/research output affecting public good creation. Additionally, the findings showed that those departments with greater power or political capital were able to exert greater control over the budget process (Pfeffer & Moore, 1980), backing the theory of resource dependency theory put forth by Pfeffer and Salancik (1978). Yet even as Pfeffer and Moore (1980) defend the theory of resource dependency and address its research purpose, there remains a lack of analysis of university mission in the context of public good.

The literature on resource dependency clearly identifies components of importance to the theory: priorities (Cogan, 1980), power (Pfeffer & Moore, 1980) and external influences (Tonn, 1978). The findings of Cogan (1980), Pfeffer and Moore (1980) and Tonn (1978) will collectively guide many of the interview protocols for our purposes both in the formal questioning and in the probing follow-up questioning. Their findings indicate that it is necessary to determine from decision makers their thoughts on priorities, power and the external influences on the university. While these components play a definitive role in resource allocation, it is another theory, complementing that of resource dependency, that demonstrates how decision makers use the components as data driving their determinations: rational choice theory.

Rational Choice Theory

Rational choice theory suggests that the actors in a decision making process gather the necessary information about a problem, develop outcome scenarios for the different possible
decisions, associate payoffs or losses to the different outcomes, and choose the outcome with the greatest reward (Simon, 1955, 1957). This theory is a particularly useful frame in analyzing the research questions of this study as it will be important to see the role public good plays in the data collected by the decision makers at universities. Critics of rational choice theory suggest that the actors in decision making do not have enough time or data to make rational decisions; rather decisions essentially emerge from a chaotic format (M. D. Cohen et al., 1972). While this criticism is a significant point, rational choice theory remains a lens for this study as it can be used to see how a university’s role as a public entity influences the decision making process. Additionally, rational choice theory applications in higher education resource allocation act to further our understanding decision making and thus serve as a useful framework (among others) for analysis.

Applications of rational choice: Ashar & Shapiro and Volk, Slaughter & Thomas

Ashar and Shapiro (1990) used the framework of rational choice to conduct a quantitative research design, during a period of budget reductions and analyze departmental decision making at a single institution. The importance of this study in the literature is twofold: first, it supports rational choice as an applicable theory and second, it demonstrates that decision makers dominantly employ rational decision making during periods of retrenchment (Ashar & Shapiro, 1990). Ashar and Shapiro’s (1990) findings indicate three key traits of rational choice that guide the decision making process: objective, evaluative data and policy decisions. Of note here is “objective”: determined to be of significance in rational choice, this indicative quality echoes an analogue theme in resource dependency where Cogan (1998) found “priorities” to be of significance. The significance of the repetition of objectives or priorities will guide the research
design of this study, and make a case for a qualitative methodology that probes deeply on decision maker’s objective/priorities, an area uninvestigated by Ashar and Shapiro (1990).

Building on the work of Ashar and Shapiro (1990), Volk, Slaughter and Thomas (2001) compared models within departmental level decisions of resource allocation at a single research institution. Using a quantitative research design, analyzing thirty variables, they compared two groups of theories rational/political and critical/political (Volk et al., 2001). In their study they discovered that different departments approached resource allocations in different ways, supporting the theory of loose coupling. This finding of differentiation in decision making supports the aim that future studies look beyond the first layer of decision makers at the university — chancellors, presidents and provosts — and guides the study to collect data beyond the first level of administration: to include vice chancellors, deans and the academic senate. Volk, Slaughter and Thomas (2001) discovered that while rational choice plays a role in the decision making at universities, given the large number of actors involved in the process, there are a variety of theories in practice. These findings lend credence to the need for more than a single analytical or explanatory theory and to a call for investigation more broadly across the campus in order to gain an understanding of the complex way in which resource allocation occurs at the university. This study adds to the body of literature but is focused on competing resource allocation theories and how they were impacted by gender, a key but narrow component of social benefit; however it does not address different theories and how they are impacted by mission or public good (Volk et al., 2001).
Similar Studies of Significance

Components of this study have been empirically researched individually and addressed earlier in the review of the literature. These studies investigate declining university funding, the university as a public good, and university resource allocation. Previous studies have shaped the need and design of our own. However, no research has brought the components together to investigate the decision making processes of universities and how consideration of the university’s role as a public good influences the decisions made. Additionally, the bulk of academic research focuses on how decision making occurs during growth periods of a university leaving an opening in scholarship for our exploration on how decision making is conducted during times of decline.

A handful of recent similar dissertations (Santos, 2004; Stanley, 2005; Yagil, 2008) have looked at decision making and university resource allocation. While these studies research budgetary decision making during recent economic downturn and similar Tier 1 research universities, the research questions of these dissertations do not investigate the connections to the public good. These studies serve as frames of references for possible research challenges to conducting the study, alternative research designs as well as a starting point where previous research has left gaps in the academic literature.

Yagil (2008): University decision making during budget reductions

Yagil (2008), investigated resource allocation during periods of continuous budget cuts at the University of Nebraska. The study employed a qualitative research design limited to document review because of Institution Review Board (IRB) concerns surrounding interviews of decision makers. In the eleven findings significant to the budgetary process, various elements
support the theoretical frameworks to be used in our research. Yagil’s (2008) findings included elements of priority setting, planning, leadership and communications as being significant to the resource allocation process. Yet, one of the greatest weaknesses the Yagil (2008) study is that it was based entirely on document review. Yagil acknowledges this flaw suggesting that future studies should incorporate interviews to allow for further investigation of decision making. As the institution review board did not approve interviews, Yagil was unable to probe leaders in the academy on how the priorities or missions of the university shaped their decisions. Our study will address research design challenges such as this by using multiple interviews across campus. The interviews will explore from primary resources not only the elements that guided the decision making but also how they were made in context of the universities role as a public good.

Stanley (2005): University budgetary decision making in light of a specific mission

Stanley (2005) sought to understand the decision making process of a university during times of state appropriations reductions. Stanley’s (2005) study was a qualitative case study that looked at one Hispanic Serving Institution (HSI), San Jacinto College, during a period of reduced state funding in the early 2000’s. The study queries how budgetary decisions impacted by the university’s identity as a HSI. Stanley (2005) used the theoretical frameworks of rational choice theory and the garbage can theory to guide the investigation, revealing themes similar to Yagil’s that focused on: communication, leadership and priorities. Both Yagil (2008) and Stanley (2005) found similar themes in decision making. This said, however, Stanley’s (2005) study is the closest to this investigation in that both his research and our own seek to determine how identity, in terms of the university, impacts budgetary decisions. In looking at university financial decision making, Stanley framed the problem around the university’s position and self-image as
a HSI. While the study found the institution’s HSI identity did not influence decision making, it
does provide a significant context for this study because of the similarity of purpose. Stanley left
the door open for future studies to investigate how university identity impacts decision making.

*Santos (2004): Budget driven decision making*

A study that investigated budget allocations and land grant research universities can be
found in the work of Santos (2004). Santos conducted a mixed methods design that incorporated
a quantitative econometric analysis section and a qualitative exploratory analysis section. While
the quantitative econometric analysis demonstrated academic capitalism within the university,
Santos’ qualitative work provides insight on research design for future studies. Santos found that
through using interviews in the qualitative methods he was able to understand the “nuances of
resource allocation” (2004, p. 183). Like other studies, Santos’ work does not address the role of
the university as a public good and the impact, if any, on resource allocation, but does add to the
literature which suggests that universities are increasingly making resource allocation decisions
in a business-like manner (Santos, 2004). Santos leaves openings for further studies to
investigate the differences of resource allocation between both public and private universities,
suggesting that there may be differences given the different missions.

*Need and Gaps*

It is important to note that in this review of similar studies all three found were doctoral
dissertations. Of the three, only Santos’ (2004) was later published in an academic journal
(Santos, 2007), and then only focused on the quantitative portion of the dissertation. While
doctoral dissertations provide frames of reference for future studies, they are not peer reviewed
under the same scrutiny as those of published articles in reputable academic journals. All three dissertations suggest that there is a need for further study in the field and demonstrate that there is a gap in the literature that investigates the intersection of university resource allocation and the concept of the university as a public good.

Summary

While the academic literature has provided research on how universities contribute to the public good, the different theories on decision making and specific theories on university decision making, the decline of state support for public universities and the rise of profit driven university decision making, there is a gap in the academic literature bringing together these separate areas of research. Current conditions provide an opportunity to examine how public universities make decisions during times of state disinvestment and how those decisions are impacted by the university’s role as a public good. It is the purpose of this study to understand the decision making processes of University of California, Riverside campus leaders and if or how a consideration of the university’s role as a public good impacted the decisions made. The findings produced from this research on university decision making in light of the public good can serve to inform both academic leaders as well as policy makers on the impacts of future budgetary decisions. Chapter three of this study will discuss methods and research design. Going beyond understanding the inputs and output of the budgetary processes of the University of California, Riverside, this study will provide an in-depth exploration of how the university’s role as a public good played a part, if it did, in those conversations, decisions and tradeoffs.
CHAPTER THREE: RESEARCH DESIGN

Introduction

This project seeks to determine how leaders make decisions to allocate resources at the University of California, Riverside and how these leaders considered the university’s role as a public good. This study investigates how the university’s role as a public good played a part, if it did, in budgetary conversations, decisions and tradeoffs, further exploring how balancing international diversity against domestic diversity, investing in intellectual property licensing versus student access programs influenced financial decision processes. Three theories — academic capitalism, resource dependency and rational choice — dominate the literature on university decision making during times of state appropriation reductions and will guide this study. Using these decision making theories this study addresses the following research questions:

Research Question 1.) How do University of California, Riverside leaders perceive reductions in the state budget to have changed the way in which they make decisions?

Research Question 2.) How are University of California, Riverside leaders, across administrative and academic units, similar and/or different in the way they make sense of and manage possible tradeoffs because of reductions in the state budget?

Research Question 3.) What do University of California, Riverside leaders perceive as their public good activities and how do, if at all, University of California, Riverside leaders perceive their mission and definition of public good as set forth in the California Master Plan to be changing because of reductions in public financing?
Research Question 4.) How might possible future reductions in state funding of higher education impact the ability of the university to produce a public good, as perceived by University of California, Riverside leaders?

Research Design

This study uses a qualitative case study method comprised of interviews and document review to address the research questions. Because this study was focuses on a single site, a strong analytical framework was used in analysis of the data and drew heavily on the theoretical framework. Yin (2008) suggests that a case study is the preferred method of research design when three factors exist: when process based and/or causal queries are at hand, when a researcher has little control over the events being studied, and when the study addresses current events in a real world context. First, Yin suggests a case study approach is best when “How” or “Why” questions are being asked. This case study is seeking to explore how administrators make the tradeoff budgetary decisions they do and why they make those decisions. The how questions of this project are looking to understand the process by which the decision is made. Is it a collective decision? Is it a decision informed by data? Is it a gut decision? Is it a decision of self-interest? The why questions of this project are looking to determine a causal explanation of the tradeoff which resulted in a particular decision, as exposed through probing questions centered on the theoretical framework, including rational choice theory. Why might have decision makers chosen program x over program y? And, in terms of academic capitalism theory: why did one area become understood as an investment and another area seen as a cost?

Second, Yin advises that a case study is the appropriate method when the researcher has little control over the events of the situation being studied. Again, these criteria match this study
as I, as the researcher, had no control over the budget allocations on either the state or campus level that affected the decision making process and possible tradeoffs. My position on campus did allow for regular interaction with decision makers but the researcher was not in a position that makes decisions on resource allocation. Finally, Yin suggests that the case study model should be used when a researcher is studying a current event within a real context. As budget reductions and tradeoffs were still occurring in the decision making on campuses during the time of this study, the data collection from current leadership occurred in concert with the events considered.

A key feature of a qualitative case study is that it has the ability to provide for follow-up on the spot questioning that explores perception and decision making (Yin, 2008), which will aid in probing into the decision making process. Case study design helped to develop a descriptive review of how administrators allocate resources versus testing a theory on the resource allocation as such, which would lend itself to a quantitative study. The need for qualitative data recalls the work of Santos (2007) which noted that quantitative research in the area of university resource allocation prevented the researchers from taking “into account deep-seated beliefs held by resource allocators” (2007, pp. 142–143). Santos’ suggestion to address the lack of depth in quantitative methods was for future qualitative studies in university resource allocation. While quantitative studies on resource allocation can analyze the flow of funding in a university, a qualitative case study can ask the why and how questions of those who make the decisions. The framework of this study took this into consideration, using interviews targeting University of California, Riverside leadership to seek their perceptions on both decision making and the effects on production of public good.
**Methods**

*Site*

This study required a site that would unveil how universities allocate resources in times of budget constraints and how these decisions occur in the context of a university’s role as a public good. The university site needed to be a public institution, to have experienced significant and ongoing reductions in public support, and to be recognized as a significant public good. In all three areas, the University of California fit the purpose of this study. During recent reductions to their state appropriations, the University of California had been able to produce a public good. As the 2011 *Washington Monthly* Rankings (Washington Monthly, 2011) demonstrated, based on contributions to the social good, five UC campuses were among the top ten. As discussed earlier, to broadly investigate the decision making, this study will collect data from a single site.

When evaluating the ten campuses for best fit along with greatest access, the Riverside campus presented the best opportunity to conduct this study. UC Riverside provided a unique setting in which to gather data on the decision making that takes place during state budgetary reduction and how those decisions affect the university’s role as a public good. The Riverside campus represented a campus of change and growth appropriate for this study because during the period of the state appropriations reductions, the campus had grown in enrollment by over 10%; in terms of academic offerings, the campus received approval to develop two new campus units, a new School of Medicine and a new School of Public Policy. While the School of Medicine continued to grow and expand even during the period of disinvestment, the campus made decisions to delay starting the School of Public Policy. During the reductions in state funding, the campus conducted a strategic planning exercise and used the process to set aspirational goals.
to achieve AAU status. AAU status represents the recognition of an elite status among Tier 1 research institutions. This mixture of growth, aspiration, and commitment to community during time of disinvestment provided Riverside as an appropriate setting to explore decision making in the context of the university’s role as a public good.

**Population**

Participants included fourteen senior budgetary decision makers on both the academic and administrative sides of the university, representing fully the campus’ decision maker framework. The inclusion of both types of decision makers in the participants was purposeful and was in recognition of the UC System’s political structure. The UC System is unique in many ways when compared to other systems of higher education, most notably though is the university’s system of shared governance (J. A. Douglass, 1998). To understand decision making, it proved necessary to represent academic decision makers adequately in the data. The diversity and breadth of positions of this population was purposeful and was intended to draw out the ways different leaders of the university might possibly see their contribution to the public good. Additionally, the breadth of the population served to add internal validity to the research design by cross referencing interviews to determine if decision makers are providing a simple “party line” or, in fact, providing rich data on individual decision making processes.

The University of California is led by two distinct leadership groups: one academic and one administrative. While many administrative leaders have faculty appointments within the campus they do represent different areas of responsibility and may yield different responses for purposes of this study. The administrative decision makers represent campus leaders with broad oversight of a campus program that is not specific to any single academic mission. For instance
the Vice Chancellor of Students has oversight of student housing, dining, recruitment and student life, whereas an academic decision maker such as the Dean of Engineering maintains supervision of academic program related issues such as faculty hiring, teaching loads and course programing. The Budget Advisory Committee represents administrative decision makers advising the Chancellor, while the Senate Planning and Budget committee corresponds to academic decision makers advising the Academic Senate.

Data Collection

This study employs two main data collection methods and makes comparison across the two methods. This methodology includes cross referencing the data from the interviews with enacted budgets and financial documents in order to understand if what was said is what actually occurred when budget allocation took place. The chart to the right illustrates this cycle, showing the progress of the data collection throughout the project.
Interviews

This project began data collection with interviews of senior administrators representing both academic and administrative budgetary decision makers at the university. Interviews attempted to uncover how the interviewee saw the university’s decision making historically being impacted by the public good, whether they see strength or decline in the university’s contribution to the public good, how they perceive their own budgetary allocation impacted by the campuses role as a public good. The interviews were semi-structured and sought to go beyond perceptions of overall campus budgeting to develop insights into how the conception of the university as a public good impacted budgeting within individual units. Appendix A includes a sample protocol delineated by research questions.

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<tr>
<th>Administrative Decision Makers</th>
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<tr>
<td>Chancellor</td>
<td>Academic Senate Chair</td>
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<tr>
<td>Provost/EVC</td>
<td>Planning and Budget Chair</td>
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<td>Vice Chancellor Finance</td>
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Building off this framework in interviews, I pursued follow-up questions relating to the theoretical framework. Of particular interest were the differences in the responses, in terms of the inquiry: do leaders from different areas of campus see their role in decision making differently? Of further interest was the problem of how different decision makers frame their decision making, which would be supported by Weick’s (1995) theory of sense making. The study sought to probe in follow up questions additional inquiries concerning academic
capitalism, in order to reveal how administrators weighed unpredictable state funds against more predictable private funds and if or how that produced tradeoffs in where to invest funds.

**Document Review**

Following upon and informing the interview process, the execution of a document review in this study verified how enacted budgets correspond with answers from respondents. The documents reviewed include: the Chancellor’s townhall meeting records, cabinet minutes, strategic planning documents, budget planning documents, budget requests and final budgets. Such primary evidence not only provided detail for the events that had occurred and how the campus had framed budget discussions, but they also provide secondary corroboration as to whether the perceptions of decision makers match those of their stated goals or intents in budgeting. Merriam (2009) describes documents as rich with data that are readily available.

Document review not only allows for an analysis of historical and current records of events and, unlike interviews or focus groups, contains data insusceptible to modification to fit the questioning, thus acting as objective verification of interviewees versions of events, but also provided the opportunity to follow decision making process from concept to action. Starting with the review of the strategic plan, this project then carefully maps the progression decision made to online records of minutes from the Chancellor’s cabinet meetings, video archives of
Chancellor budget townhalls, budget requests and budget justification documents from each academic and administrative unit, the final budget and, at last, the public discussion of the budget including town halls, campus wide communications and press releases.

While interviews provided detailed information on individual decision and sense making processes, interview participants, by the nature of the methodology at hand, are/were inherently susceptible to the possibility of tailoring responses, which would limit the depth of understanding decision making for the purpose of this research; document review provided concrete data on the final budget that was produced. The documents gathered contained at once public budget statements, which revealed the public image of the campus’ decision making, and internal budget documents, such as individual budget requests, which recorded budget formulation and enactment. This study sought to cross reference both the public and internal documents with the interview data to order examine whether respondents had, wittingly or unwittingly, produced superficial stock answers or had indeed driven deep enough to provide greater understanding of the decision making process at the level of university financing and its relation to the public good.

Access

As a member of the University of California, Riverside campus community, I enjoyed an already established acquaintance with many of those individuals interviewed on a professional level. While the professional role of the researcher does not include budgetary decision making, it did require regular interaction with many of the participants of the study as well as engagement in campus administrative decisions. This interaction with the site created a participant observer/researcher role in the campus which proved advantageous to data collection for this
study, profiting from a preexisting level of trust between the researcher and the participants. It provided an early rapport with the campus and campus leadership and additionally offered a clear understanding of access points for data collection whether they were in scheduling interviews or collecting campus documents. In terms of the participant-researcher role, Rubin and Rubin (2011) assert that having a relationship of trust with the subjects is important not only to obtain access to their time to conduct the interviews but also to gain greater access to feelings and opinions as confidentiality can be assured when appropriate. This beneficial entrée in terms of both subjects and documents, given the author’s role as a participant researcher allowed the researcher to provide context to the data collection, permitting deeper and richer questioning, enabling immediate contextualization respondents’ answers, and, providing the opportunity for on the spot follow-up questioning (Hunter, 1993; Marshall & Rossman, 2006).

Data Analysis

Following the model of Creswell, this project worked in a “linear, hierarchical approach” (Creswell, 2008, p. 185) to analyze the data collected during the study. Creswell’s approach provides for a systematic approach that allows researchers to develop meaning from a large amount of qualitative data. In this study the process involved conducting analysis and collection of data in tandem, as each stage of investigation informed the next. Yin (2008) suggests that researchers can develop operational theories and explanations in the midst of, rather than only at the conclusion of, data collection. As previously discussed, there was a need to analyze interviews to inform data collection in a positive feedback and verification in relationship to document review.
The stages of these multiple data analyses included transcribing audio recordings of interviews, as well as gathering necessary documents for review from the site itself or form online resources. Following the collection of the primary resources, I read through transcripts and documents highlighting any areas identified as themes. In order to develop concrete themes from a single site, this study relied on the theoretical framework to develop themes from the data to determine where connections to the literature existed. A first reading of the data led to the creation of a codebook recognizing and defining emergent themes. The data was then re-read and re-coded once more to ensure that these themes were adequately identified and drawn out from the data. One a second codification occurred, the resultant themes were traced back to the individual documents so as to develop deeper themes and to assign connections in both thought/perceptions through interviews, as well as in action/decisions through document review.

While using the theoretical framework as a guide, an emphasis on the differences between campus units and administrative or academic roles within the campus dominated the conceits of data analysis. This was purposeful in order to reveal if different areas of campus responded and made decisions in different ways. Not only were the different units of interest but also how differences existed between the respective academic and administrative decisions makers.

**Ethical Issues**

While I indeed already was part of the community under study, a circumstance which aided in access, I understood this situation as a call for greater attention to ethical considerations. To develop the relationships necessary to obtain data from the site, I made sure the interviewees felt confident that their responses would not be shared with anyone outside of publication and
that the researcher would protect their identities when presenting the findings. To additionally develop a level of confidence within the site, this project allowed for participants to review the findings before publication or presentation. Holding their responses in strict confidence helped develop a relationship with respondents that provided for deeper access to information on decision making processes. Interviewees were also provided with an informed consent document to review before they are engaged in data collection (attached Appendix B). To additionally ensure confidentiality, decision maker names, as well as titles were altered as they can be identifiers. The Riverside campus did require a separate IRB process besides approval of UCLA IRB, which provided for an additional layer of external review. Additionally while I was acquainted with many of those involved in decision making at the site under study, I was careful to access and gather data from only those individuals outlined in the project proposal and not bend the study to include those with the views already known to myself in order to manipulate results.

**Reliability and Validity**

Yin (2008) was used as a guide to create the conditions necessary to support validity and reliability of the findings. Yin (2008) outlines four tests of conditions to show constructed validity, developed internal validity and external validity, and advanced the reliability of the findings. In order to construct validity, more than one source of evidence will be used by uncovering perceptions not only through interviews but also through analysis of documents. As Yin (2008) suggests, this not only develops multiple sources of evidence but also establishes a chain of evidence which helps construct sound research design. To ensure internal validity in advance of data collection, a protocol (attached Appendix B) was developed as well as follow up
questions that sought to anticipate possible responses so probing questions could be asked. Yin describes pattern matching logic as “one of the most desirable techniques…such a logic compares an empirically based pattern with a predicted one. If the patterns coincide, the results can help the case study to strengthen its internal validity” (Yin, 2008, p. 136). The use of theory aided in developing external validity. Additionally, demonstration and support of previously documented theories is achieved by incorporating external theories in the research design (Yin, 2008).

The use of multiple methods also ensured validity since this provides triangulation of the findings (Merriam, 2009). Denzin (1988) suggests that there are four types of triangulation, three of which have proven essential in the design of this study, helping to build internal validity. Our research engages multiple methods: interviews, and document review and the use of multiple methods allows for checking results. This study checked what a decision maker said they allocated resources against internal budget documents that demonstrated how they were allocated. The use of multiple sources not only allows for checking data across the campus but also provides depth to the understanding of the campus decision making process by not simply confining data gathering to the Chancellor and Vice Chancellor of Finance. By employing multiple sources, multiple data collection methods and multiple theories this study constructs greater validity.

Summary

This study extends previous research on university decision making and resource allocation. Building on the theories of academic capitalism, resource dependency and rational choice this study seeks to understand how leaders have made decisions to allocate resources at
the University of California, Riverside and how these leaders consider the university’s role as a 
public good in relation to these decisions. Using a case study design that incorporated data 
collection through interviews and document review this study has been able to collect a large 
amount of data from a single site. Analysis was in purposeful fashion, with interview responses 
checked against data collected from document review. Through the analysis of the data, this 
study intends to reveal how the university’s role as a public good played a part, if at all, in 
budgetary conversations, decisions and tradeoffs.
CHAPTER FOUR: FINDINGS

Introduction to findings

Through a qualitative single site case study at the University of California, Riverside, I investigated how senior leaders made policy and financial decisions in response to the disinvestment of state resources, and how those decisions impacted the campus’ role as a public good. To analyze the decision making process, a theoretical framework guided the research which includes academic capitalism theory (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004), resource dependency theory (Pfeffer & Salancik, 1978) and rational choice theory (Simon, 1955, 1957). Additionally to frame this project a working definition of public good was developed: public good is a byproduct of public investment that creates a stronger society or reduces the need for public intervention as described by Baum, Ma and Payea (2010). Developed through a review of the literatures on decision making, resource allocation, and sense making, the theoretical framework sought to answer four research questions:

Research Question 1.) How do University of California, Riverside leaders perceive reductions in the state budget to have changed the way in which they make decisions?

Research Question 2.) How are University of California, Riverside leaders, across administrative and academic units, similar and/or different in the way they make sense of and manage possible tradeoffs because of reductions in the state budget?

Research Question 3.) What do University of California, Riverside leaders perceive as their public good activities and how do, if at all, University of California, Riverside leaders perceive their mission and definition of public good as set forth in the California Master Plan to be changing because of reductions in public financing?
Research Question 4.) How might possible future reductions in state funding of higher education impact the ability of the university to produce a public good, as perceived by University of California, Riverside leaders?

The research design incorporated both document collection across the campus and 14 interviews of senior campus leaders that yielded extensive findings for each of the four research questions.

Question One: How do University of California, Riverside leaders perceive reductions in the state budget to have changed the way in which they make decisions?

Four major findings emerged through this study that addressed the question of how leaders found their decision making changed because of reductions in state general funding. First, leaders across both administrative and academic positions expressed that the budget reductions focused them on priorities. Second, the fourteen leaders unanimously asserted that they sought out consultation and that this information affected their decision making as their decisions were a collective work, not a directive. Third, leaders reported that when making cuts or disinvesting in programs they pushed the micro-decision making or micro-managing of the cuts to the next level. Finally, reductions in state budget affected the transparency of resource allocation as leaders indicated that budget reduction discussions were transparent, contrasted by previous investments of resources where decision making was not as public.

Focus on priorities

The discussion and focus on priorities in decision making during budget reductions permeated the leadership of the University of California, Riverside. At the top of campus
leadership the Chancellor discussed the way in which the loss of state revenue impacted and changed decision making:

I think the silver lining in the cloud of the poor economy is it challenges yourself and those around you to think more differently and innovatively. It also means you have decide in a down economy and shrinking budget where are the most important areas to either sustain your investment or increase your investment.

Throughout the interviews, leaders expressed that decision making had changed speaking of the greater need of focus, priorities and identification of core functions. While not uniform in describing decision making, a similar tone was expressed across campus: “we had to look at our core functions”, “identify high performing, high priority targets”, “I had to focus on our mission”, and “we had to engage in a strategic plan”. While these opinions were expressed when leaders were asked how decision making had changed from when state budgets were strong, many articulated the opinion that if budgets were to grow, they would continue to use a budget process and resource allocation to develop campus and individual unit priorities.

The Chancellor’s and other leaders’ comments on priority setting were echoed by many who discussed the strategic planning process that evolved during the budget reductions. As one academic leader stated “I think we [the campus] took an opportunity to develop a strategic plan and really what I hope now and in the future is that we will use that strategic plan when investing resources going forward.” Additionally the strategic plan was referenced by all four of the administrative leaders and how the campus’ strategic planning process prompted strategic planning in their own units. The Vice Chancellor of Student Affairs commented that the student affairs strategic planning process aligned to fit that of the campus; he followed that when it came to making adjustments because of reduced state funding, “ultimately at the end of the day when the cuts were administered we were true to what we submitted [in the strategic plan] and to what
extent there was any variance, it was driven by consultation with the Chancellor’s strategic plan and then our strategic plan.”

While the bulk of leaders talked of the budget reductions with distaste, some did admit that the budget cuts were helpful in defining priorities. An administrative leader with significant budget decision making suggested that without the budget reductions a clear set of priorities would not have been created, “I hate to say this, but yes, I do think that the budget reductions were helpful in us finding and defining our priorities. We’ve got to be bold enough to say this is where we need to be.” This statement of the budget cuts being both difficult to manage, but uniquely helpful in setting priorities was not an isolated response. An academic leader talking on the benefit of priority setting during budget reductions stated, “When your back is to the wall, you end up deciding what are the absolute crucial things that have to happen and in what order. And you can’t afford mistakes. You’ve got to be judicious with what funds you’ve got.” The decision maker then went on to state, “this will really sound strange I actually think the budget reductions were actually good for the school… I think you ultimately had to figure out how to make forward progress.” One of the most blunt responses on the positive effect of budget cuts came from the Chair of the Academic Senate committee on Planning and Budget who said, “In some ways the cuts are good because it forces you to look at what is most important and to get rid of whatever fluff there is. It also pushes you to rethink things. Refocus. Redirect.” Both the administrative and academic leaders have similar reflexive or confessionary tones when referencing the budget cuts in a positive light aiding in priority setting with one stating they “hate to say it” and the other expressing their comments would sound “strange”.

While all levels of decision makers across academic and administrative leadership discussed the way in which state appropriation reductions focused decision makers on priorities
and strategic planning there were echoes of the priorities being developed as part of crisis management. As one academic leader stated, “it is crisis driven when we have to make those huge cuts.” This crisis driven decision making was described by the Chair of the Academic Senate who stated “even though we have a strategic plan when we are being cut other forces come into play that severely undermine it … many other things will come and corrupt the designs of the administration, no matter how lofty or well thought out they are.”

Not only did interviews reveal a uniform expression of views by university leaders in terms of the importance of core functions and priorities setting within a new and constrained fiscal environment, but also these same sentiments repeated themselves in document review, appearing in three of the six guiding principles of Chancellor’s Budget Advisory Council’s Statement of Principles (attached Appendix C). Principle one states: “All budgetary recommendations are to be driven by our overarching commitment to preserve UCR’s academic core.” Principle two references the above-mentioned strategic plan: “Budgetary priorities for the campus and within each unit must align with our strategic plan”. Meanwhile, the fifth guiding principle expresses: “The Council’s recommendations should reflect the meaningful distinction between strategic areas of investment and parochialism.” These guiding principles while not explicitly asserting UCR will protect its core, along with the statements of leadership, describe a decision making process that was affected by reductions in state funding causing the campus to reexamine core and priority functions.

Consultation

While the interviews revealed that decision makers focused on priorities, goals and core functions during times of state budget retrenchment, the interviews also uncovered that these
areas of focus were not the decision of a single individual. Commonly, during the interview, decision makers would discuss the group process that helped identify the priorities of their unit or of the campus. Rather than making decisions from on high, leaders of both the administrative and academic ranks discussed the need for consultation and consensus when developing budget cuts. The Chancellor expressed the need and reasoning for consultation “You can’t run the university in isolation…Consultation. There is a lot of process at the university and lots of groups who should have their voices heard.”

The interview with the Provost yielded the most concrete data of the process involving consultation:

We asked each of the deans to prepare a budget for their college or school a plan for how they would deal with the budget reduction…The vice chancellors all had to prepare budgets for their units and so on. And then we had hearings. It was a process where we gathered a lot of input from the units.

From the perspective of the deans and the Vice Chancellor when providing the information to the Provost and Chancellor’s Budget Advisory Committee, they too sought out consultation to form priorities. For instance, when the Vice Chancellor for Advancement described the unit’s process, he suggested “I talk a lot with my leadership team about where we put new investments and where we take them away. I spend a lot of time with every Dean every month to make sure I’m in tune with their priorities.” The Vice Chancellor of Students described an equally consultative and time-intensive process saying “I have many conversations with the Chancellor and Provost.” However, it was the Vice Chancellor of Research who discussed not only the consultative process, but also why it was important:

I used peers internally. I think it is important to use those within the university to get feedback on it. It’s still my decision, but they are smart people. You give them some proposals to look at. You get their feedback and are informed by it. Every once in a while you take a risk and go against what people have said, but, for the most part, looking at what others have said is very useful.
The administrative leadership of the vice chancellors was not alone in seeking advice when making decisions; upon probing their decision making process, academic leadership echoed many of the sentiments of the administration. For the Dean of Engineering this meant working with the chairs and associate chairs to seek a consensus. Similarly, the Dean of Science collaborated with the associate deans from the college to address the bulk of decisions and for larger decisions created committees for the purpose of “objective analysis”. The Academic Senate committee on planning and budget used a process similar to the administrative leadership that called for data collection and the involvement of leadership from both the academic and administrative decision makers. The Chair of Planning and Budget Committee described a decision making process not unlike the process described by the Provost of the Chancellor’s Budget Advisory Committee. The process involved presentations by the heads of each of the academic and administrative units on campus, described as “a parade of deans and vice chancellors coming through and explaining to Planning and Budget what they did. And explaining staff and budgets.”

Of significance here is that no decision maker on campus described a process that was entirely self-driven. Each decision maker on both the administrative and academic sides described a methodological approach that was filled with consultation and collective decision making on how to manage reduced funding. This was evident not only from the interviews but also checked through collection of budget documents where the Chancellor, Provost and Academic Senate went to great lengths to describe the inclusive process and group decision making that ultimately produced the final budget. However as often as the subject of the collective process presents itself, one administrative leader did share their personal feelings on the inclusive campus process stating, “I wish during the last two budget crises — the most senior
campus management — the Chancellor and the Provost would have simply said we want to make these cuts and be done with it.”

**Broad cuts without micro-management**

While the Chancellor was open about the need for consultation and engagement across campus, he was also expressive about the need for decision making to stop at a certain level of cut. As was stated during the interview, “I’ve resisted getting down into too much detail as chancellor because I believe those details need to be formed at the programmatic level.” These sentiments of leaders not getting into the weeds of decision making when state resources have been cut was mimicked throughout the campus. While no leader gave a full explanation or monetary floor of how low they would go with their decision making; this developed a sense that the second level decision maker on campus possessed some flexibility. Further, the Dean of Education described this passage of budget targets on to the next level and why getting too deep into the decision making could create challenges by stating that as Dean the focus of cuts is on the “…big ones. By a long shot. I think beyond that the little nickel and dime stuff really isn’t that important. We did have a period when we had everyone on paper allocations and stuff like that which is a heck of a way to run a school of education.” The Dean’s sentiment expressed that there is a certain level of decision making that is necessary for campus leadership; beyond that, as the Chancellor had stated, further determinations should be pushed to the programmatic level.

In one case, the passage of budget cuts and decision making on to the next level created a series of unintended consequences. One Dean described the process in their College stating:

So the chairs were not happy with some of those reports and some of those proposals I gave them so as a consequence, the week after next we’re having a budget retreat with the chairs. Where I’m going to throw it open and say, “Okay we need to cut this amount of money. You’re going to work in teams to come up
with proposals with what things we can do to come up with those budget cuts and were going to sit down and prioritize it.” And ultimately I will make the decision with the input of my team. I will have solicited and considered the input of the department chairs and the center directors and the graduate program.

I think we’re all going to live with whatever we decide and we’ve come up with what we feel are the best ways to achieve these budgetary savings. But if other people have better ideas I’m all ears. Again the buck stops here and I will take responsibility for whatever decisions we make but the chairs made it clear and I’m going to let them do it.

The experience of this Dean was the closest expression from those interviewed of a command from on high. Even when the Dean articulated that a directive had been set, the process reverted itself back to one of shared governance and leadership that spread the decision making process among many leaders.

Transparency

The final significant finding that relates to how decision making had changed from times of strong state support to times of weak state support was that during budget reductions the decision making process strived for transparency, as compared to an unknown, private investment of funds during strong state support. As the final budget decision maker the Chancellor described the need for transparency during times of budget reduction:

In particular during tougher times people don’t think they are getting their fair share. One of the great equalizers in the budget process … is to share everybody else’s budget and not just budget but expenditures. You suddenly realize that school X has much higher commitments for their dollars than your school does even if you are smaller. And everybody realizes we’re all sort of sucking wind to manage activities against resources available. That takes a lot of mistrust out of the equation. This is a good way of budgeting: to have no secrets.

Document review confirmed the Chancellor’s statement on a public budget process in that all budget requests and allocations for each campus unit was available publicly on one single public
campus website. Additionally, the Chancellor’s desire for a public transparent process was reiterated in one of the six Chancellor’s Budget Advisory Council guiding principles:

Principle #6: UCR’s budget and decision making must be made accessible and comprehensible for members of the University community in a timely fashion. The Council expects transparency from all campus stakeholders with which it interacts, and the Council, in turn, will reflect a commitment of transparency.

This guiding principle reaffirmed publicly the Chancellor’s commitment to have a decision making process that was transparent in allocating scarce resources. The Chancellor’s viewpoint on UCR decision making was from that of only budget reductions as during his tenure there had been no budgets that included increased state resources. To further understand how the budget decision process had changed in regards to transparency from times of strong to state support, to times of weakened state support a long associated senior UCR decision maker provides the most blunt description of the resource allocation process during times of strong state support. “On our campus when the state fully funded us the budget was not very transparent. And for me I’m not really sure I really understood the budget in the way I should have. One person allocated resources and that was all we needed.” This leader, who held many academic and administrative positions on campus over multiple decades, was clear in explaining the process had significantly changed from times of investment to times of disinvestment.

The statements of the Chancellor and a senior long time campus administrator confirmed that the process had changed for the administrative decision makers; it was also a comment repeated by academic decision makers. The Chair of the Academic Senate Planning and Budget Committee described the budget reduction process as an open, almost naked scenario, “during the budget cuts there were a lot of people who were trying to save their skin. For the most part though people were open and exposed on their budget plans. I think most people were transparent”. This comment by one of the most senior academic budget decision makers on
campus demonstrates that transparency was a commitment of both academic and administrative leaders.

Transparency in budget decision making is an easy term for decision makers to support. There were no examples of decision makers stating that they had a closed or private decision making process. However to fully understand how transparent the budget process was, it was important to engage in the document review process. Through the document review process, I was able to readily access campus budget documents. These contained more than the pro-forma enacted budget, also including documents from throughout the process, preliminary budget requests, projected budget reductions at levels of 5, 8 and 15%, original presentation to both the Chancellor’s budget advisory committee and academic senate. These documents spanned three years of budget reductions all available on a centralized campus website, detailing the process, requests and results leading to the final budget, confirming a transparent budget reduction process. During the document review of the publicly accessible budget artifacts of the campus, research revealed no instances of budget requests or a budget process for years of state investment, demonstrating that the budget reduction process significantly augmented transparency in contrast to years prior where state budget investment was centralized and private.

Research Question One Summary

While this study focused on interviews and document review during the recent budget reduction process, four major findings emerged in response to research question one, indicating the impact on the budget decision making process of changes in state support. In the first of these findings, the repetition of the phrases such as core function, priorities, and strategic plan demonstrated that both academic and administrative leaders found a greater need for and
definition of both campus and unit priorities in order to guide their decision making. The second major finding was that both academic and administrative leaders sought a consultation during their decision making; this result indicates that leaders went beyond the shared governance model that was part of decision making during times of investment but rather towards a model of open and shared leadership with responsibility of the decision making process during times of state reductions. While leaders engaged in a process that was consultative they did not engage in a process that was final. Rather, as a third finding suggests, senior decision makers made broad level decisions and passed the management or smaller decisions concerning resources allocation on to the next level of decision maker on the campus, representing a shift from times of state investment. This consultative, open process leads onto the final finding from our first research query: that state budget reductions created a transparent budget reduction process free available not only to the campus decision makers, but also to the broader campus and to general public.

**Question Two:** *How are University of California, Riverside leaders, across administrative and academic units, similar and/or different in the way they make sense of and manage possible tradeoffs because of reductions in the state budget?*

While research question one focused on how the broad campus decision making had changed from times of state budget investment to times of state budget reduction, research question two seeks to uncover the ways in which academic and administrative leaders differ in how they made decisions because of reductions in the state budget. Recalling the study’s design, and in recognition of the endemic differences between academic and administrative prerogatives, analysis focused decision makers and their decisions in light of their campus roles. In these terms, administrative decision makers included the Chancellor, Provost and Vice Chancellor,
while the Deans, Academic Senate Chair and Academic Senate Chair of Planning and Budget qualified as academic decision makers.

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Data collection for question two illustrated two major findings: first, that administrative leaders go up the decision making chain of command while academic leaders go down the chain of command and second that differences between academic and administrative decision makers consisted in administrators’ focus on the strategic plan and campus vision, as opposed to academic leaders’ concentration on their individual spheres or “turf”. In the former case, simply stated, a Vice Chancellor will look to guidance from the Chancellor and Provost while Deans will look to guidance from Department Chairs or Associate Deans. The interview process uncovered these two findings when common themes emerged — themes which were themselves confirmed when checked against the budget records during the document review process.

Differences in Consultation

While research question one demonstrated that the decision making process had been changed during times of state budget reduction, in that leaders sought consultation, it is research question two which reveals that the two areas of leadership were different in the type of
consultation they required. The data collection and analysis illustrates that administrative leaders such as vice chancellors turned to the Chancellor and Provost for to determine the correct course of action while the academic leaders including the Academic Senate and deans sought advice from their lieutenants. In a basic sense, administrative leaders looked up the decision making chain of command for consultation, while academic leaders looked down the decision making chain of command, for consultation.

During the data collection, six deans submitted to interview, providing their perspective on the decision making process. Specifically, the interview protocol asked an open-ended series of questions, including: “Could you walk me through the decision making process? What goes into that process? Who do you consult? Or is there something that guides that process?” All six Deans responded by identifying leaders who reported to them or faculty within their jurisdiction as being part of the decision making process. While some academic leaders had large groups of those they chose to consult, others had just a handful, but all academic leaders indicated that they consulted down the decision making tree — a difference from the responses given by administrative leaders.

The Dean of Science, who had only been in the post for a year, provided the most elucidating elaboration on the consultative or team process:

One of the things we’ve been doing this year is figuring out our budget because it is pretty complex. When the new Associate Deans came on in July, we spent a lot of time talking to the them and getting up to speed on the budget. So when we make decisions there is little individual decision. That is something I like to do as a team. The associate deans and I. We make the decision with the data support from our CFAO…We sit down as a team and determine if they are really justified.

While this response from the Dean is very much in line with the findings for research question one — that decision makers used a consultative process — what sets this consultation apart from
the administrative consultation is that the Dean used associate deans to help guide the process, reaching downward on the decision making tree. Key in this statement was the way in which the Dean described a process that was fundamentally inclusive, using we and team.

The response of the Dean of Science was not isolated as the Dean of Engineering described a similar process. As with the other academic areas on campus, in the School of Engineering, decision making on budget allocations is the Dean’s responsibility. When the Dean was interviewed on the decision making process and asked about who contributed to the consultation process, he furnished a list of those within the School of Engineering: associate deans, department chairs and finance officers within the college. Similarly the Dean of Humanities described a process that incorporated the collaborative decision making of the Associate Deans and department chairs.

For the administrative decision makers, which included all of the vice chancellors, the process of consultation was notably different. While all vice chancellors described a process of consultation, significant to research question one, they described a consultative process that was different from academic leaders, making it important to the results of research question two. For the Vice Chancellor’s the consultative process was one that looked up the leadership chain of command and involved consultation with the Chancellor and the Provost of the campus. The Vice Chancellor of Students was most illustrative in describing the process of consultation:

The other thing certainly is the orientation philosophy direction, at times, from the CEO, the Chancellor of the university. So to have many conversations with the Chancellor and Provost about things we were thinking of doing … As far as the decision making, it really ultimately is the decision making on the state side and was predicated and was driven by the Chancellors budget process.

While the Vice Chancellor of Students portrays a process that is consultative when asked about decision making, it is consultation upward, not downward, as is the case with academic
leadership. The type of consultation by administrative decision makers was not unique to the Vice Chancellor of Students. All vice chancellors outlined a method that involved upward consultation whether with the Chancellor, Provost or a loosely identified senior leadership. Only the Vice Chancellor of Advancement spoke of consulting those down the leadership chain of command, yet only following upon a consultative process with the Chancellor, Provost and Vice Chancellor of Budget.

*Differences in Focus*

The interviews with senior decision makers at UCR shed light on not only who was sought for consultation but also what areas were of greatest focus for the individual agents involved. As administrative leaders went up the decision making chain of command, their focus surrounded the priorities of the Chancellor, campus and strategic plan. On the other side and in contrast, academic leaders who went to subordinates were more focused on the priorities of their individual units than on campus priorities. This differentiation was most clear when examining the language used by the administrative and academic leaders. Academic leaders used words such as “protect” and “turf” to describe their focus, while administrative leaders employed vocabulary such as “strategic” and “mission”. To wit, deans and academic leaders calibrated their decision making to correspond with the priorities of their units and vice chancellors and administrative leaders adjusted their decision making to reflect the priorities of the Chancellor and the campus.

Most revelatory of this difference of focus were interviews conducted with the leadership of the Academic Senate, represented by the Chair and the Chair of the Committee on Planning and Budget. Both of these roles have the jurisdiction and ability to advise the Chancellor of the
entire campus on budget matters, including both academic and administrative functions, but their central concern clearly consisted of their own “turf” or faculty. The chair of the Academic Senate who described faculty as his focus, went on to describe the decision making process and the impact of having his faculty as his focus:

At the level of the campus, which I’m more familiar with, the tradeoff I think was first a huge cut at the administrative level and staff level. I think you can argue that these were done not by accident but it was understood that the prime mover of this campus is the faculty. I think it is appreciated that the faculty was protected. Faculty hires continued at a much reduced pace but did continue. All efforts were made by the administration to protect that aspect of the university. Nonetheless the faculty was hurt.

The Chair of Planning and Budget who also has the ability to advise on the full campus budget was similarly defensive of his faculty:

I think faculty at this state university, as with all the UCs, get demoralized when they hear about budget cuts because the budget cut is just a thermometer of respect and feeling about the UC system. So even though it is a small part of our budget it has a huge impact on faculty. Now it looks like a small part of our budget. But as Chair of Planning and Budget I can see how devastating it is to lose what little we have. We get so little.

Both the response of the Chair of the Senate and the Chair of the Committee on Planning and Budget demonstrate that while they have the jurisdiction of the entire campus budget, they choose to concentrate on impacts from the perspective of faculty.

The responses of the academic decision makers, the Deans and their descriptions of their focus, mimicked the responses of the academic senate leaders, coming across as unit-focused, not campus-focused as was the case of the administrative leaders. As way of example one dean described the budget process and concerns that lead that process, “At the end of the process the consensus was to protect our college, protect the departments, protect the faculty.” Another dean described their focus in frank manner, “At what level am I concerned? Office of the President, OP? No. At the UCR level? No. At my college’s level? Yes. The others have someone else to
protect them. My decisions were guided in the sense that we had to protect my college.” These two deans are explicit in the territorial nature of their calibration points and focus for decision making: their own colleges, their own turf. These two deans were also among the most direct in the emphasis on their own areas of domain, but do represent the collective of academic decision makers who use their own areas as frames of reference for decision making.

In contrast to academic decision makers and significant to research question two was the way in which administrative decision makers calibrated their decisions. Across the board, the four administrative decision makers, represented by UCR Vice Chancellors, signaled that their focus or calibration points was the from a campus viewpoint. For one of the vice chancellors it was easy to describe when asked, “I’m guided by a couple of things. One is campus mission relevance, and then also the Chancellor and other senior campus leadership.” When probed deeper on how these two calibration points affected the decision making the Vice Chancellor elaborated, “my decision making process is guided by the strategic plan which lays out the priorities but ultimately the goals are set by the Chancellor. My decisions involve a lot of consultation with the Provost and CFAO and then finally with the Chancellor and the strategic plan.” This Vice Chancellor’s comments were similar to other three vice chancellors, all of whom demonstrated a focus on the larger campus priorities and agenda, all referring to the campus’ strategic plan.

Additionally, another Vice Chancellor when queried about focus, decision making and resource allocation within their own unit, provided an answer that evidences this broader viewpoint. What is significant in addition to what is said, is what in the implicit statement; in this case the Vice Chancellor does not mention their own unit or their unit’s role within the campus. Rather, the focus here is on the broader impact of their investment on the campus,
First, I really do believe in a return on investment. But it isn’t a monetary return on investment. What you are looking for is something vague but it has impact. Did the money you spend make a difference in making the university a better place and for this one I’ll often look to our peers. Does Michigan think we are a better university because we have done this? And are we a better university because of this? And obviously you have to know what the taxpayers think too, because they are looking at the whole university.

This Vice Chancellor demonstrates that their concern not for their own area such as students, advancement, research or budget, but rather for the whole campus, looking at how their decision making is “making the university a better place” or a better regarded institution — in value-based and not simply monetary terms.

The tone of the Vice Chancellor’s campus focus disclosed itself not only during the interview process but also through document review. In documents submitted to the Chancellor’s Budget Advisory Committee and the Academic Senate Planning and Budget Committee all Vice Chancellors referenced the UCR Strategic Plan as their guidepost for strategic investment and reductions. The repetition of the strategic plan as the document for decision making signaled the way in which Vice Chancellors, representing the administrative decision makers, approached decisions differently than the academic decision makers.

Research Question Two Summary

The findings of research question two demonstrated two significant differences between academic and administrative leaders. The first of these differences was the way in which consultation was sought to guide the decision making process. While inquiry demonstrated that all leaders, academic and administrative, sought out consultation during times of state budget reduction, the manner in which they sought consultation was vastly divergent. The interview
process uncovered that academic leaders consulted with those they oversaw, while administrative leaders consulted with those that oversaw them. These findings emerged when leaders responded in interviews to a request to describe the process by which they arrived at resource allocation decisions. Leaders were then probed to describe who, if anyone, they consulted and might have helped guide their decisions. Universally, all decision makers indicated they consulted others in their decision making but were notably different in who provided consultation.

Similarly to consultation, when the researcher probed decision makers on what guided or was the focus of their decision making process, there was a noted difference in the responses of academic and administrative leaders. While both indicated they were guided and focused by a specific doctrine, there was a significant difference between academic and administrative leadership. Academic leadership indicated that the priorities of their individual units, colleges and schools strongly guided the focus of their decision making; where broader campus priorities, campus strategic plan and the direction of the Chancellor and Provost steered the actions of the administration. These differences were apparent in both the interviews and in the records of presentations to the Chancellor’s Budget Advisory Committee and the Academic Senate Committee on Planning and Budget.

**Question Three:** What do University of California, Riverside leaders perceive as their public good activities and how do, if at all, University of California, Riverside leaders perceive their mission and definition of public good as set forth in the California Master Plan to be changing because of reductions in public financing?
Through the data collection, two major findings surfaced in relation to research question three. First was the way in which academic and administrative leaders defined the public good of the university and of their units, departments and colleges. Administrative leaders and decision makers all responded with definitions that included in different forms the tripartite mission of the University of California: research, teaching and public service. In contrast, academic decision makers produced definitions that focused on their largest sources of funding. For instance a dean who conducted large amounts of research would respond that their public good was research, while a Dean whose unit was financially incentivized to teach more would respond their public good was teaching.

The second of the findings connected to research question three was that there was a unanimous consensus that the public good and the public good production of the university was changing. University leaders had a difficult time pinpointing or providing concrete examples of how the broader public good of the university was responding but did express deep feelings of change and provided a handful of examples of responses to reduced state appropriations. These intimations of flux represented the challenge of tracking public good in that the views of the leaders represented the vague articulation of gut instincts as opposed to longitudinal data, demonstrating actual change in the nature of production public good within the university context. While concrete examples of change in public good could not be identified and correlated to reductions in public funding, it is significant to note and discuss the unanimously expressed feeling that the public good of the university suffers due to reductions in state support for public universities.
Definition

To understand the definitions found in this research, it is important as a frame of reference to understand the economic definition of public good and the working definition of public good used in this research. The economic definition of a public good is “goods or services that bestow collective benefits on members of society. Such goods are both nonrival and nonexcludable” (Case & Fair, 1994, p. 409). Nonrival public goods are goods in which one’s use of a good does not hinder the abilities of others to use it. Public goods also create positive externalities or spillover effects, in which the goods serve both the individual and the greater society. An example of this is in national health through immunizations. While the immunization directly serves the individual through strengthened resistance to disease, it also serves the greater public by limiting the transmission of the disease. A strong case can be made that public education is a public good through its nature as nonrival and nonexcludable, but also because it creates a positive externality serving both the student and the public through a more educated society. To frame this project, our definition of the public good follows from that of Baum, Ma and Payea (2010): public good is a byproduct of public investment that creates a stronger society or reduces the need for public intervention.

Through the interviews, decision makers directly responded to queries on how they would describe the public good of the University of California, Riverside and how they would characterize their own contributions to public good; the methodology of questioning is open ended, allowing decision makers to furnish extensive answers. The replies ranged from deep responses on how public good is broadly defined to responses that reiterated the tripartite mission of the University of California; research, teaching and public service. As might be
expected, the Chancellor gave the most comprehensive definition of the public good of the university:

Perhaps the most enduring and most important one [definition] is that we create graduates both undergraduates and graduate, professional school level who learn both the knowledge and skills and experiences to go out into a community somewhere more often than not regionally but certainly around the state or nation or around the world, to take what they’ve learned here and build upon it and do good things for their communities. So the public good piece is having an educated workforce in the community and typically those with higher degrees of education have lower levels of unemployment. So they can support themselves or a family if that’s their choice. They are able to contribute back financially with their taxes and their purchases in real estate, etc. But then they also hold public officials in city hall, in school boards, and park districts and water districts and law enforcement and health care to a higher level of accountability and expectation. And some of our graduates get involved in doing those roles in addition to their career and then help provide service to the community to help make things better. The biggest outcome of the university is its students and what they do when they go back into their communities. And that is a very strong public good.

The Chancellor’s initial response focuses on the student output but then proceeded to expand the definition to include research and creative activity:

There is also a public good of the creative activities of the research if you will and in the STEM field that can lead to spinoffs and patents. But in the humanities they lead to greater understanding of the human experience by studying anthropology things in the past or by art to express the human experiences is what these are all about. Of course you can pick the business schools which create people who are good auditors or marketers. Or you can think about people in the sciences who help with agriculture or help with plant pathology or etymology. Or engineering with issues of energy, simply look at our university catalog of programs and take those words and what they mean to society.

Concluding with a concise definition, “It is our students and what they do with their careers and lives that is the most profound impact, and that publicly it is the work of our research and creative activity and it is our economic impact because of business forces as an employer.” The breadth and themes of the Chancellor’s initial answer and final summation emerges throughout the interviews often expressed simply as research, teaching and public service. Of interest was
how the decision makers differed in where they emphasized the greatest contribution to public good. The responses from administrative leaders echoed the broad themes from the Chancellor, while the responses from the academic leaders revealed their own areas of contribution to the public good.

The administrative leadership outside of the Chancellor including the Provost and Vice Chancellors of research, students, budget and advancement all gave answers that connect to the mission of the university, research, teaching and public service. The Provost was direct in identifying how each of the components of the campus’ mission addressed the creation of public good, “Research that we do which leads to new industries and benefits the economy of California… education is a public good in that they can hold better jobs… And then probably outreach. We have as part of our mission service and outreach that serves the public good.” The Provost’s definition of the public good demonstrates clearly from his viewpoint that the mission of the university is what defines the public good of the university. Each of the vice chancellors expanded on these three areas of mission accentuating their particular areas.

While the Vice Chancellor of Research was quick to respond that the base of the university’s public good consisted of “education”, “research”, and “service to the community”, the Vice Chancellor goes on to elaborate on the importance of research in the university’s role as a public good. To emphasize this importance, he states, “so first of all my unit is designed to bring additional funds for research to the university and effort is focused on that. So one way you can look at is that the funds that come to UCR from Washington do economic and public good by their standard multipliers.” This elaboration serves to demonstrate where the Vice Chancellor of Research feels the greatest creation of public good occurs.
The Vice Chancellor of Advancement provided, again, the same three broad categories of public service while using similar yet different words, defining the universities public good as the “creation and dissemination of knowledge, economic development and community engagement.” The Vice Chancellor then goes on to qualify this answer to explain how those three missions serve the public good stating, “the public good piece of it is the product of all those activities that result in a better educated society and solutions to societal problems.” This response is similar to that of the Chancellor, Provost and Vice Chancellor of Research in that at the base it reflects the mission of the university — research, teaching and public service — but from these grow the public good of the university as such.

While it is demonstrated that administrative decision makers see the public good of the university as at the root the mission of the university with broad impact on community, the responses of the academic leaders characterize the contribution to public good as coming more specifically from their own individual units. Simply stated, in the academic areas, the mission of the university framed the definition, but it was the core function of the unit that shaped the definition. An example of this is a response from the Dean of Humanities who is largely funded and rewarded because of a high teaching load. The initial response from the Dean of Humanities on the definition of the university’s public good was succinct: “teaching, research and service.” When probed the Dean goes on to state where they see the tripartite mission creating the public good, “Some see a research university like UCR and think we don’t emphasize teaching as much as we should. Teaching is really important to our faculty. Not to the detriment of research but we put effort into it. I think at UC [teaching] really is such an essential piece of the public good.” This Dean, an academic leader, illustrates a mindset similar to the administrative leaders that, at its root, the public good is research, teaching and public service but when probed the
most important area of that mission in terms of creating public good is the area in which they are financially rewarded, in this case teaching.

The Dean of Humanities was not alone in emphasizing the importance teaching plays in public good creation. The Dean of Education echoed the Dean of Humanities definition with a spin from the viewpoint of teacher training. Like the Dean of Humanities, the Dean of Education starts with a broad definition, “We start with research, teaching and professional public service” and then qualifies the answer with teaching by describing the role of the School of Education, “we have a responsibility for providing high quality teacher training.” This is similar to the Dean of Humanities in that both Deans see the overarching public good as the mission but see the “real” contribution to the public good by the university as emanating from teaching — the primary focus of their college.

Apart from the Deans of Education and Humanities are the Deans of Engineering and Science, whose definitions of public good demonstrate the strong relationship between their colleges and research. Similar to other decision makers the mission of the university contributes to the definition of public good. The Dean of Engineering expresses this as “training, teaching, research and community and city involvement.” However when these two deans were probed, they each revealed the nature of their colleges, highlighting the specific contribution the campus makes to public good though the mission through benefits arisen from their own programs, and by the aspects through which they enjoy the greater reward — in this case research. For the Dean of Science, the connection between where they locate their public good creation and where they find financial reward is quite explicit:

Science does have some special considerations when we talk about who our clients are because we’re one of the three campuses that is a land grant and we receive money specifically through both the agricultural experiment station and cooperative extension and those funds are specifically to enable us to conduct
what’s called mission orientated research. And so when we are making decisions about the use of those experiment stations and cooperative extension funds we have to be responsive to the needs of the clientele which are very heavily California-centric.

The Dean of Science’s response is quite telling; he understands the broad mission of the university but when drilled down on how the school specifically contributes to the public good articulates a perception public benefit in areas of where adequate and enabling funding exists, especially for mission oriented research — an answer which is additionally articulated in terms of a “client” relationship between the university and the public; this is the Dean believes the greatest contribution to the public good resides.

Change of Public Good

Research question three represents two functions: one, to establish a baseline for how decision makers, both administrative and academic, define public good and two, to understand, in the opinion of the decision makers, if public good in terms of the university is undergoing fundamental transformation, due to the effects of reductions in state funding. While decision makers quickly define and provide examples of public good within both the university and their own units, the decision makers had a more difficult time describing how circumstances in regard to the public good might be changing. All decision makers interviewed believed that state disinvestment was impacting the public good of the university. When probed on this statement of change, a common theme or challenge emerged that prevented decision makers from pinpointing how precisely the nature of this change. The challenge that many decision makers expressed was that the public good of the university is a dividend paid out over a long-term return on investment. This challenge came across through which responses understood public
good changing for “decades” and “generations”; the Vice Chancellor of Budget sums up the feeling of these leaders:

What is insidious about the disinvestment is the impacts are not going to be felt this year or next. They are going to be felt for a generation or generation and a half from now. My answer to you is the public good in the short term at the highest level is the knowledge creation and research solving societal ills, producing an educated workforce. I think we’re not going to feel it in this year or next. In fifteen or twenty years, California is not going to be as competitive as it otherwise would be. Ultimately faculty and students will leave. When you think about the innovation and economic benefit we get from them, the faculty and students, we need to nurture that. We, California, are going to suffer economically and socially in the time to come because of this.

The statement of the Vice Chancellor of Budget demonstrates the long yield of the investment of state dollars in public universities. While this made it a challenge for decision makers to respond to the direct impact on long term public good, they were able to provide examples of how the reductions in state budget affected and continued to affect the near term dividends of public good.

A theme that emerged among the administrative leaders on the subject of the change in public good was access and affordability. The Chancellor describes this in a formula, “If we want to continue to offer access and excellence, then the affordability quotient changes.” For the Vice Chancellor of Students the theme of access and affordability again comes up:

Public good has been significantly impacted. One element we work on in student affairs is access and affordability. So obviously with the economic condition that we’ve had to face for the last ten years because you could go back twenty for increasing fees but that’s had a dramatic impact on what the university needs to do in order to maintain access and affordability.

While all administrative leaders reiterated the urgency of access and affordability in regards to the relationship between disinvestment and alterations in the provision of public good, one administrator explains that this is not by chance. The Master Plan was the source of the definition of public good through the mission of the university in research, teaching and public
service; it was also a source for the metrics that guide that public good. The administrator explains:

We are being impacted at our core mission. We try and protect access and affordability but when you look at the tuition increases you realize access and affordability are being impacted. This concerns me greatly. The reason for this is that being part of the University of California, [UCR] has a major commitment to honoring the Master Plan. We have honored our commitment and obligation to the Master Plan. And we are trying to provide a place and opportunity for those students who qualify.

These comments signify that when state appropriations decrease, the university responds with the relief valve of tuition increases; while financial aid is available, any reduction or augmentation does impact the public good production of the university through decreased access and affordability — and indeed invite the possibility of a betrayal, by the university of the tenants of the Master Plan itself.

The statements on access and affordability link back to the economic definition of public good. Because access to the university is becoming a scarce resource, the public good nature of the university is diminished as it loses its non-rival and non-excludable features. The loss of public good, is then supplanted with private good, to the individual student, as another senior administrator explains:

It is a toll road. If you use the system you have to pay more for it. We’re roughly today 50/50. I know back in the day it was 5/95 and it was pretty good when you were a student. But there is some symmetry to where we’ve devolved to roughly 50/50; if there is both private and public good it makes conceptual sense that is the base line we should always strive to be at. A little less burden off the state taxpayer and more burden on the family and student. But some coherence to being 50/50. My worry is it will slide [to] even less and less. We have to make sure the electeds [sic] don’t do that as a way of preserving access and affordability for Californians.

This administrator’s comments indicate that as tuition rises and as the tuition to state support ratio changes, the ratio of public and private good changes. Even as the state still receives a
highly educated citizenry, it is a citizenry that has paid more for their public education — a public education that becomes more rival and more exclusive, with less state support.

The concerns over access and affordability are not unrecognized by academic leadership. However research question two demonstrated that academic decision makers more often focus on their own areas of responsibility as opposed to the overall university and this was again evident in research question three, when academic leaders described the change they see in public good as state appropriations decrease. Similar to the administrative leaders, they all see that reduced state appropriations leads to reduced public good and, like the administrators, they have a difficult time precisely indicating the changes in public good which they nonetheless maintain are taking place. To describe these changes verbiage such as “devastating”, “dramatic” and “drastic” emerge in respondent interviews and disclose the deep feelings of change.

For academic leaders, the loss of state funding translates to the loss of faculty. Seven of eight academic leaders interviewed used the experience of the faculty to described the way in which public good was declining due to reduced state appropriations. As the Dean of Education explains, “We’re down two faculty members. Our ability to be generous in our working relationships with the community has shrunk.” However, faculty lines are not the only areas of demarcation that some academic leaders felt express deterioration of the public good. For those faculty left to carry the workload, issues of morale developed, as presented by the views of one academic leader,

It has an allover pervasive effect. It’s not just tangible in terms of how the campus runs — you know we need this money — it’s a morale thing. I think faculty at this state university as with all the UCs, get demoralize when they hear about budget cuts because the budget cut is just a thermometer of respect and feeling about the UC system. So even though it is a small part of our budget it has a huge impact on faculty. Now it looks like a small part of our budget.
As this academic leader explained, the budget reductions have direct and indirect impacts to the public good of the university. Faculty can represent this impact, as well as intimations of change, as their role spans the mission of the university, touching each area of research, teaching and public service.

*Research Question Three Summary*

Research question three spanned two areas of public good. First, it investigated how leaders defined public good; second, it investigated how leaders saw change occurring to public good because of reductions in state budget. The response to the definition of public good varied from administrative to academic leaders. For administrative leaders, the definition of public good was rooted in the tripartite mission of the university equally through research, teaching, and public service. In contrast while academic leaders acknowledged the broad public good of the university, the focus of their definition centered on the location of their financial reward. This comes across when a Dean of Humanities recognizes the mission as the public good, but feels the biggest public good is teaching, whereas a Dean of Engineering also recognizes the mission as the public good, but states that the greatest public good lies in research. Across both the academic and administrative leaders it was clear that the mission set forth in the Master Plan still strongly influences the vision of public good within the University of California, Riverside.

Though, through interview, academic and administrative leaders were able to readily identify their definition of public good and its relation to the Master Plan, when probed, they found it difficult to articulate concrete changes in public good, even as a general feeling of the dissolution of the public good in regards to the university remained palpable. Some leaders expressed this difficulty as a result of the long-term return on the public investment by using
words such as “decades” and “generations”. Again there were differences in the way in which administrative and academic leaders perceived these changes to be occurring. Administrative leaders saw the change in public good in terms of access and affordability, expressing that the loss in state support had been supplanted by tuition increases and increased class sizes, both having an effect on the access and affordability of the institution. For academic leaders, the changes in state funding and their impact on public good discursively arose, as described nearly solely through the experience of the faculty: concrete examples of both lost faculty lines and lost faculty morale presented themselves as having impact on the public good. The responses of both the administrative and academic leaders expressed a deep feeling of change in that the lost state funding during the recent economic downturn would be played out in lost public good for the coming few decades or generations.

**Question Four:** How might possible future reductions in state funding of higher education impact the ability of the university to produce a public good, as perceived by University of California, Riverside leaders?

The findings for this research question rely entirely on the interviews conducted during data collection, as any perception of future impacts could be gained only through perspectives of the leaders as to how future reductions in state funding would impact public good creation. Through the data collection, three key findings connected to research question four surfaced. The first of the findings was that decision makers felt future reductions would lead to the university acting in a more corporate-like manner. This came across in the interviews when decision makers would discuss future disinvestment in economic terms and the need to make decisions based on financial good, not the public good. The second of the findings was that
decision makers felt future reductions in state funding would cause them to further protect the areas of research and teaching, indicating that the public service commitment of the mission would be compromised. Finally decision makers expressed a feeling that further reliance on external funding would be necessary in order to compensate for any future losses in public funds, thus reducing public good creation. Despite the fact that the questions asked of decision makers were speculative in this final line of inquiry — asking respondents their opinion as to what would be the losses in public good, if any, due to future cuts to public funding — decision makers were indeed able to offer concrete examples of such potential future loss.

Corporate Decision Making

The finding that decision makers would act in a more corporate-like manner if state funding suffered further reductions was made clear through the need to invest in organizations like research and advancement that provide a high return on investment (ROI). Additionally, the corporate decision making model for university leaders was evident through their use of language, employing the corporate/economic terms of “ROI”, “investment”, “profit/loss” and “revenue” when discussing the impact of future losses of state funds. An example of this type of vocabulary emerges in the response of a senior administrative leader when asked about the possible implications for public good in the event that further reductions in state funding occur:

The way I would invest resources would change even more. I’d look for ways to multiply our resources. In some ways, that’s why we’ve looked at investments in research and advancement. Both of those areas provide a good ROI. I’m much more aware of where I put resources now, expecting results and a return on that funding. We’ve got to be strategic to stretch our dollars and turn one into three.

The statement is clear: some areas of the campus generate funds for the university. In the mind of this administrator these are plainly the units of research and advancement. Similarly, the
Chancellor not only identifies research and advancement as areas that provide ROI, but also connects these returns to public good. In the Chancellor’s view these two units produce both additional funding and additional public good:

On the advancement side because we became more visible and because this campus didn’t not have as strong of a public opinion as its worth justified. Closing the gap between what we were doing well and what people knew about was one that helped the public understand the public good of this place and the incredible good will that developed across the UC system as well as across California. On that side, it kind of helped our public good — the impression or understanding of our public good. On the research side, there is increasing interest in getting the ideas of faculty and grad students of a research enterprise — in getting those ideas to market. So by having more research activity, chances of getting more of that to market is also a public good. And all the support industries there. As I dissect this question whether these investment help with the public good they both do in different ways.

For the Chancellor, the investment in public dollars in areas that loosely connect to the public good served a public good if the dividends on those investments could be directed towards areas that served a public good. In a sense, if the public dollars could be stretched, and a public good still produced, then it is money well spent and well invested.

The examples of research and advancement being the economic drivers of the university are not lost on the leaders of either of those organizations; both realize one of their primary roles consists in the production of greater resources for the campus. As the Vice Chancellor of Research put it, “First of all, my unit is designed to bring additional funds for research to the university, and every effort is focused on that.” The views of the Vice Chancellor of Advancement were not much different, “Everything we do is designed to bring more resources to the university.” The statements of these two leaders clearly identify their primary duty as that to increase revenue for the university, strongly suggesting that the public good cannot be the top priority.
The revenue generating qualities of research and advancement are not recognized solely by the views of the administration; academic leaders also recognize that these two areas provide greater income for the campus. Many of the academic leaders, when they answered how future losses in state funding might impact their decision making, described research and advancement as possible lifelines. The Dean of Science discussed the need to partner with research as a technique for extending or stretching paltry state funding, “Obviously we’re going out and doing everything we can to leverage the funds that we do have with external funds; With Vice Chancellor of Research’s help, we’ve hired a grant facilitator.” The Dean of Education echoed this pairing with Research, “With Research, I have developed a program hopefully to provide incentives to the faculty to become more engaged in competitive grant seeking.” For the Chair of Planning and Budget within the Academic Senate, the lifeline was advancement, “No one could get their hands around a eighty-person development team. And you know I took a very strong stand in their favor, they can be a lifeline when resources are cut.” Both of these deans and the Chair of Planning and Budget see the partnerships with research and advancement as a way of extending, even “leveraging” existing funding, exhibiting financially driven behavior or intentions in decision making. This change in decision making, acting in a more corporate and manner, uncovered a second finding within question four: that decision makers anticipated a greater reliance on external funding if state funding further diminished.

Reliance on External Funding

While the first finding of question four demonstrated that decision makers would act in a more financially-driven or corporate manner if state funds continue to decline, the result of that market-oriented decision making is the second finding. When decision makers discussed making
decisions based on economic need this often translated into seeking other external funds to supplant lost state funding. When probed further, decision makers expressed how their reliance on external funds would be augmented in the event of further state disinvestment. For some of the decision makers having external funding meant more than just having additional funds to spend: it provided a path to stability within the campus’ decision making. The Provost explained this additional benefit of having a diversified financial portfolio:

So I think we need to aim for stability in funding from the state and again as I said before we are much more vulnerable than the other UC campuses. We have so little external funding. For example, UCLA I think is something like 12% of their budget is core funded state-funded, whereas we’re at 42%. And I know some of the people on the UCLA campus are really unaware of, have not been affected much, by the budget reduction.

Just as an investor looks for a diverse portfolio to provide peace of mind, the Provost sees a diverse funding stream as not only a way of providing additional revenue for the university, but also a means towards a less anxious sense of decision making.

For other decision makers the need for external funding was self-evident: if the state stopped investing they would be forced to seek other sources of funding. What is not clear though is how this would impact the university’s role in the generation of public good; if a decision maker received funds from a non-public, private source would decisions still be made with the public good in mind? An academic decision maker, a dean made this point that public good may be in jeopardy when decisions are being made purely to keep the university financially afloat:

When we are making decisions to save the university, we aren’t concerned as much with public good. We need the money, any color of it. Obviously it has to fit the mission somehow but that doesn’t mean it fits the public good. Hopefully because we get these funds from donors or from industry, it still serves the public good because we can keep the doors open and lights on for students. If the state cuts us further, it will just get worse. I know that’s really bad, and wow I feel bad just saying it. It’s really bad that we don’t explicitly have something that says we
make our decisions based on public good but again it depends on how broadly you define public good.

This Dean’s response as to how future reductions in state funding might impact decision making and reliance on external funding, proved the most explicit of the answers that future reliance on external funding would negatively impact public good. Other deans provided similar answers that funding from external sources would be sought, but none were as expressive in the explanation that the decision making would be driven purely to keep the university funded (and open) and that may mean pushing public good to the side in the decision making process.

Protection of Research and Teaching

While reliance on external funding emerged from interviews as a way in which the loss of state funding may impact public good, an additional finding materialized in the expression of the way in which decision makers would protect the areas that already produced revenue. Most often decision makers described the need to protect the areas of existing financial reward, which came across explicitly as the protection of the research and teaching areas of the mission. The Dean of Humanities explained, “If the state took away more funding, we’d have to reexamine our mission; research, teaching and public service. We’d have to drop one and protect the others. Just look at which ones we receive funding for and you have your answer.” While the answer was a bit tongue-in-cheek, the Dean was making the point that if they were no financial incentive to support public service and public good, there would be a necessity to sacrifice this to areas of greater financial reward, namely research and teaching.

The Provost provided context as to why the university would compromise public service and protect or promote teaching and research during times of state budget retrenchment:
When the state budget is reduced, and if it were further reduced, the areas of the mission are very much affected differentially. Much of the money we get from the state goes into faculty salaries. Very little goes into the researcher, indirectly though it goes into the researcher through salary. So you have faculty who are being paid to do research and some teaching. Then you have faculty who when we’ve been through a very difficult budgetary period like are teaching more, more students, unfunded students. What then gets pushed aside is service. So the three areas of the mission are affected differently. Research isn’t as affected, teaching becomes core and service is pushed aside.

The Provost’s comments indicate that there is a hierarchy when it comes to the missions of the university: research and teaching stand apart from public service. Research is financially rewarded by outside funders, be that the federal government or industry. Teaching is funded through the state, tuition, and even more heavily remunerated by international or out of state students. This leaves public service alone and unable to generate self-sustaining revenue. This is not to suggest that research and teaching do not contribute to the public good; however both of these missions represent hybrid goods, contributing to both the funder and public.

The Chair of the Committee on Planning and Budget provides a scenario that helps provide context to the challenges as a consequence of reduced state funding and why research and teaching enjoy privilege over public service:

The most successful faculty, the quintessential multi grant getting faculty don’t think at all about public good. It’s their empire and their research empire. It’s how UCs are run, because it brings in all the indirect money. It’s a funny thing. It’s like saying do you want a doctor to do your complicated bypass surgery who has a wonderful warm bedside manner or do you want the best heart surgeon in the city of Los Angeles to do your surgery? Do you want a faculty member bring in $25 million in grants or a faculty member who is out there in the community making everyone feel good about UCR?

While this is a blunt and hypothetical example, it is a telling insight that while public good and public service may be important when it comes to the mission of the university; if it does not generate revenue, it becomes a lost mission when state resources are tight.
Research Question Four Summary

Research question four sought to shed light on what future impacts reduced state funding might have on the university and its relationship to the production of public good. Three key findings emerged from the interviews: first, that decision makers would act in a more corporate, financially driven manner; second, that there would be a heavy reliance on outside funding; and finally, third, that the research and teaching areas of the mission would enjoy protection over that of public service. All three of these findings centered around finances and the ability of the university to stay afloat. Across the decision makers, both academic and administrative, it became unambiguous that further reductions in state funding would negatively impact the public good nature of the university because decision making would revert to a protective mode, as university leaders would simply try to “keep the doors open and the lights on”.

The three findings express a similarity in that they all focus on maintaining or creating resources for the university in the event of further state disinvestment. In the first instance, when it came to the university acting in terms of financially driven decision making methodologies, respondents used corporate and investment terminology, discussing the importance of protecting resource producing areas of the campus — namely research and advancement. Secondly when speculation arose concerning decision making within the context of further reduced state resources, the conversation always turned to external funding, eliding all mention of public good. As was a key quote by a dean, “We need the money, any color of it. Obviously it has to fit the mission somehow but that doesn’t mean it fits the public good.” Statements such as this demonstrate that level of public disinvestment and how close to the bone the university is already operating financially. Finally among the key findings in relation to this final inquiry was the way in which the two areas of the university’s mission that produced funding, research and
teaching, were protected areas of the mission. Telling of this protection or prioritization of the mission was a quote by the Chair of Planning and Budget who posed the hypothetical question, “Do you want a faculty member bring in $25 million in grants or a faculty member who is out there in the community making everyone feel good about UCR?” Combined, these three findings indicate that future reductions in state funding would have a great negative impact on the ability of the university to function as a public good.
CHAPTER FIVE: DISCUSSION

Introduction

In just over fifty years since the passage of the Master Plan, the University of California has seen its share of the California General Fund cut in half. During these five decades a slow and steady decline of investment has changed the course of the university. This study sought to investigate how the reduction in state funding relative to its total share of revenue has affected the core public value or public good and the decision making surrounding these values and goods of the University of California. To investigate this issue of public funding and its relation to public good and decision making, this study developed four research questions around how senior leaders at the University of California, Riverside made policy and financial decisions forced by the disinvestment of state resources, and how those decisions impact the campus’ role as a public good. To better understand these questions a single site case study was developed at the University of California, Riverside that incorporated broad interviews of senior decision makers with budget authority and leaders across the academic and administrative divides, as well as document collection. Through a strategic analysis of the data, significant findings of the four research questions were uncovered that shed light on the impacts on decision making and public good creation at public universities due to reductions in state funding. Our findings and research have yielded recommendations, demonstrated limitation within the study, presented opportunities for future research, as well as suggested implications for policy makers.

This much can be stated definitively: higher education is at a tipping point. As reductions in funding for higher education at the time of this study have manifest a roughly 50/50 split of state subsidization and student tuition, decision makers are attempting to tackle a new era in
resource production and allocation; no longer is California the primary payer and the primary consumer of the public good. This new era finds decision makers weighing public and private good, where money may be invested to produce new resources, and considering how such actions could be balanced against more costly and riskier alternatives. Current models of decision making focus on priorities working in consultation with other campus leaders.

Additional to the change in decision making, a concern as to the change in defining public good emerged; while descriptions from respondents echoed the university’s mission, many answers and illustrations belied close ties to where decision makers received financial reward. These changes in decision making and in the definition of public good should serve as caution as California moves towards performance based budgeting; policy makers should have a clear understanding of the unique missions of public universities before policy is set to incentivize performance.

One need only look to the University of Michigan to understand how the loss of public funding can impact the complexion of a public university. The University of Michigan when confronted with lost state revenues, increased out of state students to generate revenues, acting in terms of financially driven decision making. The University of Michigan aggressively seeks out revenues by way of out of state tuition. Consequently the university now serves a richer student population who can afford to pay for education; the number of students receiving Pell Grants has dropped by nearly 40% in the last twenty years (Journal of Blacks in Higher Education, 2005). These levels now are on par with elite private universities, demonstrating decision making based on financial gain, not public good. The distinct caution to the State of California and the University of California is that decision making, along with its tenants, intentions and actions, is changing; this is not a new phenomenon. We need only look to other states which have in recent
decades experienced the changes in public funding and changes in decision making to understand what may lay on the horizon for the Golden State should it no longer prioritize higher education funding.

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**Reflections from Primary Findings**

Throughout the process of data collection and data analysis, it was particularly notable that the feelings, findings and focus followed the theoretical framework developed for this study. As was hypothesized by the theory of academic capitalism, our study found that the university is experiencing a time of both mission and financial transition. Leaders sentiments demonstrated the ways in which finances and the bottom line influence resource allocation. While a restructuring of the university’s organization from that driven by public good to that driven by financial decision making was and is underway, research still remains to be done on the depth of transformation both within the University of California and at public universities nationally. Through the interview process it was clear that the leaders interviewed still deeply respect the
university’s public good value as such, but express willing to sacrifice the public good for the future (and private) security of the university — as one decision maker said “to keep the university afloat.” Evident was that decision making and in turn the ability to maintain public good is undergoing radical changing. What remained unclear through the study is whether and to what extent universities would continue these strategic financial partnerships if public resources were reinvested by the state.

Of deep concern is how public universities will change if they continue to embrace and move towards decision making based on financial, but not public good, terms. This research demonstrated that many decisions were made with in an academic capitalism manner, and as the literature suggests this is not an isolated method of decision making nor is it in any way limited to just the University of California, Riverside or the University of California. The concern, not just for academics, but for the broader public should be: how will it change our public universities when the bottom line and not the public good become the basis for decision making? (Or indeed, has this already begun to occur?) The hypothetical posed asked by the Chair of Planning and Budget presents the nature of this inquiry and anxiety, “Do you want a faculty member who brings in $25 million in grants or a faculty member who is out there in the community making everyone feel good about UCR?”

One of the hallmarks of a quality research university is the ability to take risks. This risk can be expressed in the willingness of a researcher to investigate the unknown, or in the willingness of the institution to accept students of color, low socioeconomic status, or who may need remediation. When financial thinking drives university decisions, the university is less likely to take risks and more likely to “invest” in the safe bet — a faculty member who is a proven grant recipient or a student who comes from a place of privilege and does not need the
costly support systems. When a public university makes decisions in such a manner, do we lose
the public nature of the university? I must be clear: this is not an isolated symptom of the
University of California, Riverside or the UC System, but is a broader trend that should be better
understood by those in the position to allocate funds to public universities.

As academic capitalism theory suggests, our research finds that these new revenue
streams and the loss of dependable income has created new dependencies at the University of
California, Riverside. Through this study there is evidence of the university’s behavior that can
be explained through the lens of resource dependency theory. In the case of this study, it
emerged that the manner in which decision makers acted and the processes by which they
reached decisions was a byproduct of the reductions in state funding appropriated to the
institution. A dean’s sentiments provide a clear example of the way decision makers responded
to reduced resources, as he stated, “We need the money, any color of it. Obviously it has to fit
the mission somehow but that doesn’t mean it fits the public good.” This dean’s feelings
indicate to what extent decision making has been dictated by resources. The new dependencies
created by reduced state funding are evident. As the dean details, units are looking for resources
to continue towards their mission and as explained that doesn’t necessarily mean it fits the public
good. As administrators may seek out additional funding from students, donors or industry,
these actions change the dynamic of who the university serves, as an agent for good, public or
private. When the majority of funding came from the public, the public was the main customer
in a sense; now as these new resources create new dependencies, consumption more often than
not shifts to students, donors or industry, away from the public, thus impacting public good, but
not the mission per se. Resource dependency details the power of priorities and financial
motivations within the university and helps to explain why decision makers held so closely the
mission of the institution, the priorities of the Chancellor as expressed through the strategic plan, as well as the desire to protect research and teaching. A stated weakness of resource dependency theory is that it does not incorporate internal dynamics of the institution which could have provided a better understanding of the differences between academic and administrative decision makers.

Finally, the theory of rational choice has proven fundamental to this study through an exploration of the consultative decision making process. Date collection and analysis made evident that leaders were intent on gathering a breadth of information and opinions in order to make the best and most informed decision based on the information available. The weakness of rational choice theory is that it is assumed that decision makers have perfect information in order to make informed decisions. The Chancellor, Provost and Vice Chancellor of Budget all addressed this weakness in interview, each articulating a greater desire for stability of funding from the state. These three decision makers expressed the value that a predicable funding stream would have in order to make informed, rational decisions. Even if state disinvestment continues, opinions stated suggest that having all of the data possible would help leaders make more informed — and in their eyes, better — decisions about the future of the institution.

One of the most fascinating findings of this study is the depth of decision makers’ understanding, value and expression of the university mission. Research, teaching and public service served as a repetitive mantra of the university leaders, indicating the value placed on the fundamental tenant. Additionally of interest was the way in which the participants of this study used the mission to define public good, revealing clearly that the core of the institution was found in the priorities set forth in the Master Plan. While some leaders placed disproportionate levels of value on one or more of the three parts of the mission, interviewees clearly expressed
that the university understood its public good in the mission and that the mission drove their
decision making when resources were not an issue.

As strong as the mission and dedication to public good creation may be within the
university, it also became clear that financial resources strongly drove decision making and the
manifestation, if not ultimate understanding of public good at the university. Decision makers
expressed concern for the future of the university should public resources experience further
reduction through their awareness of the impacts this could and was already having to the access
and affordability of the university. Financially-driven decision making should be of great
concern for the future of public good as research universities at their core should be willing to
invest in areas that do not have clear short term returns in the effort of pushing the intellectual
envelope. If universities continue to pursue only research and teaching in understood areas of
financial return, it is possible that future efforts in discovering the unknown will not be as
fruitful. This challenge is evident in that research universities such as the University of
California have long been the producers of basic research; however in a period of increasing
competition for financial returns a trend towards applied research looms. This circumstance
recalls in our analysis academic capitalism theory where the university of the future may be
looking to express its value in quarterly returns, as opposed to the ability to express the public
value of the institution over the course of generations. Could it be possible that we are already
seeing signs of this development given the increase in for-profit universities?

Limitations of the Study

As with all studies, limitations exist. This study in particular had three notable, but not
flawed, limitations: time, site and perceptions. First, the nature of the study, doctoral research
limited the nature of the research undertaken, and thus there was an eventual timeline that limited
the scope of the study. Secondly, the scope of the site limited the study; while the University of
California, Riverside provided an adequate site for this research, the depth of the study could
have been increased if the breadth of the study was increased. Finally, because of the qualitative
nature of this study, many of the findings were based on perceptions of leaders of the impact of
hypothetical future cuts to higher education.

The limitation of time in the study significantly impacted the collection of data. In the
original proposal, focus groups had been called for in addition to interviews. During the data
collection period, focus groups of senior leaders proved impossible to arrange; although this did
not impact the integrity of the study, it did limit the research’s breadth. Additionally, because of
the limitations of time, data collection in the interview process adopted a format limited to single
interviews. Single interviews did provide adequate data to address the research questions,
however further interviews after the initial data analysis would have allowed for additional
insights on decision making and resource allocation. Finally, the amount of time available to
conduct the research, confining it to a single site, impacted the breadth of the study.

The time constraints limited our research to a single site case study. While this was a
realized concern during the study design, informing the choice to deeply investigate a single site
as opposed to limited engagement at multiple sites, the possibility remains of conducting future
research at multiple sites at the same level of depth. A broader study with multiple sites presents
the possibility to compare differences between universities with different missions, the
differences between the University of California and CalState, as well as to investigate the
impact of reduced state funding in other states. However given the time constraints, the option
of deeply investigating a single site did provide rich data on the perceptions of the relationship between public funding and public good.

As is the case with many qualitative studies, the data of this study heavily relied on the perceptions of university leaders. As stated at the outset of this investigation the dividends paid by the investment of state dollars in public institutions take generations to realize a return. Because of the long nature term nature of these dividends this study confined itself to the perceptions of the university leaders as they discussed the hypothetical impact of future reductions to university funding and how these would impact decision making and public good creation. Because perceptions composed a large part of the study design, university documents and public statements served whenever possible to verify and triangulate findings in the interviews. However, this limitation and others to the study, many acknowledged during the design of the study, do not as such impact the integrity of the findings, rather they restrict the translation of the findings. Additionally, as is the case with all research, limitations allow for future studies to build upon this work.

**Opportunities for Future Research**

The research conducted by this study was not exhaustive; if anything it has just begun to peel back the first layer of understanding of the interaction of public funding and public good. Many questions and areas for future research exist to further build upon this work. Of particular interest would be a study of greater length which could involve tracking of cohorts of students, public financing and the impact on public good. Additionally, a quantitative study could help better connect public funding to public good in order to demonstrate a direct return on investment (ROI) on public funding. While this study focused solely on decision making,
additional future studies could investigate flows of information and communication to better understand how priorities and mission are developed and disseminated. Finally, if future research would incorporate public and student perspectives, this could facilitate a better understanding of the relationship between public good and public funding, thus providing research on those impacted by the decision making and resource allocation.

A future study that took a long term, longitudinal approach could uncover areas left undiscovered by this study. Particularly of interest in a longitudinal study would be the better understanding of how the decision making impacts long term public good. As considered during the research design and in the literature review, public good is a long term dividend of public investment. Because public good takes so long to develop, tracking its development could help understand the implications of academic capitalism and other decision making theories. While beneficial, the challenge to a longitudinal study would be that public investment may continue to significantly change over the coming decades; thus the results of a decade long study would be outdated as soon as they were produced.

To overcome the challenges of a longitudinal study, the opportunity for a quantitative study on public investment and public good does exist. Future studies could undertake research using existing data to examine how past investment in higher education has impacted current returns on public good. This is an area that has been previously researched and allows many to justify the public investment in public higher education; however there are gaps in the research (Baum, Ma, & Payea, 2010; Institute for Higher Education Policy, 1999; McMahon, 2009; Tierney, 2006). Particularly of interest is that quantitative research has, for the most part, focused on investment in public education and public good; during the last decade the disinvestment in public higher education has presented new data to be studied in a quantitative
research design. A quantitative study examining the loss in public funding since 2000 would have the opportunity to discover the connections between disinvestment in public higher education and public good.

In addition to longitudinal or quantitative research, future research on flow of information and communication would aid in a better understanding of decision making strategies. The findings of this study uncovered interesting differences between academic and administrative decision makers. Future research could better understand why these two sets of decision makers act differently and additional future studies could investigate how information flows from these two different decision making bodies within the university. Of particular interest would be a series of case studies that involved researchers observing decision making as it occurs. Looking at department chair meeting or a Vice Chancellor’s cabinet meeting to understand the reception of information and how decisions are made within these distinctly different campus bodies could shed light on the differences in decision making between academic and administrative bodies.

Finally, future research could build upon this study to understand the student and public perspective on the interaction of public funding and public good. The research of this study focused solely on the decision makers, taking this research to the next step to understand those that are impacted by the decisions could uncover connections of the impacts of these decisions. Research questions related to the public’s perceptions on public good creation could help provide a better understanding for policy makers who allocate funding to universities. For instance, does the general public feel that it is receiving a good return on the investment in public higher education? Do students feel that they are driven more by a private good when they are paying a greater share of the cost of their education and how does this impact the public good the taxpayer received who subsidizes this education? Studies such as these could have broad public policy
implications that would shed light on the importance of publicly funding of higher education, leading to the average taxpayer a better understanding that higher education is a public and private good.

**Implications for Policy-Makers**

While the findings of this study have reaffirmed the theoretical framework, there are additional findings that have practical applications for policy makers. This study reveals three key findings that have implications for policy. First, investment does have impact. Resource dependency theory shows that decision makers will follow resources; therefore, policy makers should take note that if they value the public good derived from the university they should invest in it. A second implication for policy makers is that the relief valve of tuition fundamentally changes when the 50/50 threshold of tuition/state support is crossed. When students and their families have a greater burden of the cost of education, the message of the university as a public good diminishes. Finally, this study provides policy makers with a better understanding of how university decisions are made. As the nation trends to performance based budgeting for higher education, this study can shed light for policy makers on how small tweaks to higher education appropriations can cause large ripples if shared governance is not fully understood. As the consumer/funder of higher education shifts from the state to the student, universities will continue to make decisions based on that consumer which may shift the goals of the university from public good to private good.

The long-term disinvestment in higher education has not ended; it may have for the time being flattened out. As legislatures find their financial footing and begin to reinvest in higher education, this study confirms that investment does have impact. Understandably, policy makers
are under pressure to produce results, however this should not give them a free pass to measure universities by singular metrics that do not fully understand the nature of the university. As discussed earlier, the ability of the university to take risk is at the core of academic inquiry. When universities submit to evaluation solely by output, with reward or incentive determined only by this output, we lose the value of this risk. Measuring universities by corporate-like indicators will do nothing more than force them to act in a privatized manner, overlooking the public good value of their being.

As the cost of an education at the University of California has reached a 50/50 blend of student tuition and state subsidy, policy makers must also seek to understand the ways by which students and their families begin to measure universities. Decades ago, when the state subsidized a greater portion of the cost of educating a student, student debt did not exist at levels it does today. Now as students and their families are paying more and graduating with more debt, how does this change their behaviors in the workplace and labor market? Will the student debt crisis create an unintended shortage of public servants? Will graduates seek out higher wages over jobs that further contribute to the public good? This is an opportunity for future study but should be well understood by policy makers before they go well beyond the 50/50 threshold.

Finally, this study serves to inform policy makers that university decision making is not cut and dry, nor easily simplified to one box or style. Volk, Slaughter and Thomas (2001) address this when researching university resource allocation stating, “the models of resource allocation we have used in the past because these [theories] are no longer adequate to complex, bureaucratic institutions with multiple missions and multiple markets” (2001, p. 408). However, policy makers often treat public universities like other public agencies that function in a political top-down manner. The truth of the matter is, as this research demonstrates, decision making at
universities is highly complex. When policy makers fail to understand this point, they are unable to affect the change they seek within universities. What this should evidence to policy makers is that governance of universities is truly shared. In order to continue to support universities and improve outcomes, it is my hope that legislators will collaborate with both administrators and academics on the governance and future of our public universities.

**Personal Reflection**

The findings of this research project should be a call to action. From my own vantage point it is clear that the University of California, Riverside and the University of California are playing the hand they were dealt, responding in the best possible way. What is dangerous though is that the game may be fixed. As the review of the literature demonstrated, appropriators know that public higher education has an out when it comes to reduced public funding: tuition. The danger is that we have reduced state funding to a level where it is nearly a 50/50 share of student and state paying for the cost of education. Should we continue along this path of disinvestment, will the public good of higher education be challenged? The call to action is for higher education to do a better job telling the story of the public good of education. For decades we in higher education have told the story of the private good of education: go to school, study hard, and have a better life. It is time now for those in higher education to retool their messages to retell the story of the public good of education. We must focus on the public message if we intend to continue to receive public funding. Legislators and the public at large must understand that society is better off by having a well educated population regardless of who obtained the degree. While the private good message is important to be told to those parts of society who traditionally have not been able to access higher education, it is equally important to tell the
general public that quality of life is improved for more than just the graduate when the university confers a degree.

This research additionally should serve as a warning for the future of public education. When public funding reduces to levels of which cause administrator to begin to make decisions to “keep the lights on and the operation functioning”, it is clear they will operate in corporate like manners focused on the bottom line finances of the university. Again, I reiterate, and previous research on academic capitalism confirms, that the administrators and academics at UC Riverside have acted in a manner that was to be expected and given the set of challenges presented by the state budget, have performed and continue to perform excellently given the resources and data presented. The warning is that further reducing public funding will cause universities to further seek private funding and ROI. The danger in this type of decision making is that efficiencies will be sought and risk minimized. At the core of the persona of public universities is the willingness to take risk. To seek students who have not been sought, to research what has been undiscovered. When public universities act in a corporate business-like manner they jeopardize their public nature. Clear at UC Riverside was that their public nature and mission came ahead of the bottom line. Of concern is how this may change should there be continued reductions in state support for public higher education.

Finally, I am grateful for the open, candid discussions that took place during the data collection. It was clear during these discussions that public good weighed heavily on the minds of the academic and administrative decision makers at UC Riverside. The decision makers on campus showed a genuine passion for the mission of the university. The candid nature of the discussions allowed the decision makers to express where they saw their own short comings, not
always fully knowing the consequences of their decisions, but at the core making value-based
decisions; for this, I am grateful.
APPENDIX A

Interview Protocol

Thank you for agreeing to participate in this interview. This interview is being conducted in an effort to gather information about the budgetary decision making process and how it relates to the campus’ role as a public good. This is intended to provide information based entirely on your own views. It is my hope that you will provide information on how decision making relates specifically to you and your area of responsibility. I will be recording the interview to make sure I capture everything that is said. At the end of the interview, you will have an opportunity to review the transcript of this recording if you would like. Do you understand?

Before we begin please introduce yourself, your title, area of responsibility and how long you have been in this position?

Defining Public Good (RQ3)

1. How would you describe your unit’s role in contributing to the public good?
   1a. What is a concrete example of a way in which your unit has contributed to the public good?
2. What would you describe as the campus’ mission?
3. How would you describe the campus’ role in contributing to the public good?

Changing Public Good (RQ3/4)

1. We just spoke of your role and the campus’ role as a public good. Thinking back to your statement on the campus’ and your unit’s role in contributing to the public good, how has that been impacted by changes in the budget?
2. How has reduced state funding changed the way you manage and seek external or alternate funding sources?
3. If state funding were to be further reduced, how would you look to fill the gap? Describe both possible cuts and possible sources of external funding.
   3a. How do you seek out funding or stability for long term projects?
4. If the state fully funded your unit would you still engage external funding opportunities?

Decision Making (RQ1/2)

1. Thinking to the latest budgetary cycle what tradeoffs if any did you make?
   1a. Can you walk me through your decision making process when you are forced to make these tradeoffs? For instance, What went into making these decisions? Who did you consult in making these decisions? What guided your decision making?
2. If the state fully funded your unit how would your decision making change?
3. Similarly if state cuts further reduced funding to your unit how would your decision making change?
APPENDIX B

University of California, Los Angeles

CONSENT TO PARTICIPATE IN RESEARCH

An understanding of how public good creation and resource allocation are affected by state budget declines at public universities

Lars Walton and Jose Luis Santos, from the Graduate School of Education and Information Studies at the University of California, Los Angeles (UCLA) are conducting a research study.

You were selected as a possible participant in this study because of your role as a decision maker at the University of California, Riverside. Your participation in this research study is voluntary.

Why is this study being done?

This study will investigate how senior leaders at the University of California, Riverside have made and currently make policy and financial decisions forced by the disinvestment of state resources, and how those decisions impact the dividends of public good delivered by the campus.

What will happen if I take part in this research study?

If you volunteer to participate in this study, the researcher will ask you to do the following:

- Questions on how resources were and are allocated
- Opinions on resource allocation
- Questions on how public good is defined

How long will I be in the research study?

Participation will take a total of about one hour of interview time.

Are there any potential risks or discomforts that I can expect from this study?

There are no anticipated risks or discomforts.

Are there any potential benefits if I participate?

You will not directly benefit from this study.

The results of the research may create an informed dialogue between both those who publicly fund higher education and those who depend on the public financing. The data produced by this study will provide justification to seek addition public funding and provide justification to those who provide public funding.
Will information about me and my participation be kept confidential?

Any information that is obtained in connection with this study and that can identify you will remain confidential. It will be disclosed only with your permission or as required by law. Confidentiality will be maintained by means of removing of your name and campus name from the results of the study. Additionally you will be allowed to review both the transcript of any interviews as well as the final results of the study.

What are my rights if I take part in this study?

- You can choose whether or not you want to be in this study, and you may withdraw your consent and discontinue participation at any time.
- Whatever decision you make, there will be no penalty to you, and no loss of benefits to which you were otherwise entitled.
- You may refuse to answer any questions that you do not want to answer and still remain in the study.

Who can I contact if I have questions about this study?

- The research team:
  If you have any questions, comments or concerns about the research, you can talk to the one of the researchers. Please contact:

  Lars Walton  PI

  José Luis Santos, Faculty Sponsor
  Moore Hall 3038
  405 Hilgard Avenue
  Los Angeles , CA 90095-1521
  Email: jsantos@gseis.ucla.edu
  Phone: (310) 825-7549

- UCLA Office of the Human Research Protection Program (OHRPP):
  If you have questions about your rights while taking part in this study, or you have concerns or suggestions and you want to talk to someone other than the researchers about the study, please call the OHRPP at (310) 825-7122 or write to:

  UCLA Office of the Human Research Protection Program
  11000 Kinross Avenue, Suite 211, Box 951694
  Los Angeles, CA 90095-1694

You will be given a copy of this information to keep for your records.
SIGNATURE OF STUDY PARTICIPANT

______________________________
Name of Participant

______________________________  _________________
Signature of Participant           Date

SIGNATURE OF PERSON OBTAINING CONSENT

______________________________
Name of Person Obtaining Consent

______________________________
Signature of Person Obtaining Consent

______________________________
Contact Number

______________________________  _________________
Signature of Person Obtaining Consent           Date
APPENDIX C

CHANCELLOR’S BUDGET ADVISORY COUNCIL
Statement of Guiding Principles
March 2011

Principle #1: All budgetary allocation recommendations are to be driven by our overarching commitment to preserve UCR’s academic core (i.e., activities central to our mission of teaching and research) and our goal to achieve the profile of an AAU university. This is the polestar guiding the evaluation of all units and functions at UCR.

Principle #2: Budgetary priorities for the campus and within each unit must align with our strategic plan, UCR 2020, particularly our strategic goal of academic excellence in research and creative activity. UCR must continue to recruit and retain faculty and staff of the highest quality and must identify and support its excellent academic and professional programs.

Principle #3: Budgetary priorities for the campus and within each unit must align with UCR’s commitment to student success.

Principle #4: UCR must fundamentally reexamine what activities, both academic and nonacademic, it can continue at the highest levels of excellence and efficiency, with the expectation that some programs and functions will need to be scaled-back, reorganized (e.g., centralized), or even discontinued. This must be a data-driven evaluation process, and all of UCR’s programs and functions should be reviewed.

Principle #5: Allocation recommendations must be informed by a sound appreciation of the common good for the campus, including what it takes to sustain such common good activities. The Council’s recommendations should reflect the meaningful distinction between strategic areas of investment and parochialism.

Principle #6: UCR’s budget and decision-making must be made accessible and comprehensible for members of the University community in a timely fashion. The Council expects transparency from all campus stakeholders with which it interacts, and the Council, in turn, will reflect a commitment to transparency.
References


