EXAMINING THE PRIVATIZATION OF PUBLIC RESEARCH UNIVERSITIES

by

KRISTEN LINTHICUM

Under the Direction of James C. Hearn

ABSTRACT

This dissertation engages in a multi-site case study, which examines privatization at three elite U.S. public research universities. The study seeks to understand the influence of state funding and context on universities privatization efforts, identifying the importance of state politics and laws, institutional leaders, and sources of external revenues as key drivers of privatization.

INDEX WORDS: Privatization; public higher education; research universities
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KRISTEN LINTHICUM

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DEDICATION

For my husband, Will, who makes every day a delight.

And, for my parents, who always believe in me.
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CHAPTER 1

STATEMENT OF THE PROBLEM

Public higher education in the United States aims to benefit both individuals and the country at large by preparing individuals for democratic citizenship, developing a productive workforce, and providing a means of economic advancement (Labaree, 1997). By educating millions of students each year, public colleges and universities produce both private and public goods that positively contribute to economic and democratic ends (Lewis & Hearn, 2003).

To serve both public and private purposes, the U.S. has established a differentiated system of public higher education. States support public two-year colleges as access-oriented institutions, public four-year colleges to provide baccalaureate and some master’s degrees, and public research universities—the focus of this study—to create knowledge and to instruct undergraduate and graduate students (Bastedo & Gumport, 2003). American public institutions are operating in a time of changing demographics, public perception, federal policy, and state policy. One of the most critical changes facing public postsecondary institutions is declining state financial support (Cheslock & Gianneschi, 2008; Heck, Lam, & Thomas, 2014). In response to state funding cuts, public universities are altering their activities and missions to shift the burden of payment from the states to the students and to incorporate private funding for institutional activities.

This important change in public higher education financing—a sector that is vital to the American democracy and economy—merits attention. Therefore, this study seeks to provide a better understanding of several public research universities’ responses to a changing funding
structure. This dissertation reviews literature related to the changing context in which public research universities reside, with a particular emphasis on declining state funding as well as theory on institutional change. By conducting a multi-site case study of three public research universities, this study examines how a changing funding context and subsequent institutional responses alter public institutions’ relationships with external stakeholders. To provide the context for the study, this introduction chapter will discuss public research universities’ position in American higher education, the roles of the federal and state governments in postsecondary education, and the changing missions of public research universities.

Public Research Universities

Public research universities educate approximately 3.8 million undergraduate students each year. Of those students, nearly one-third receives Pell Grants, and nearly 90% of enrolled students performed in the top half of their high schools (AAA&S, 2016). Undergraduate students are more diverse than ever before (Glodrick-Rab & Cook, 2011). The proportion of white students has declined, and the proportions of Hispanic, Asian, and African-American students have grown considerably. At public four-year institutions, students come from families of all income levels, but enrollment is slightly skewed toward students from higher incomes. Fifty-five percent of students come from families of incomes of $65,000 or higher, while 45% of enrolled students come from families making less than $65,000 (CollegeBoard, 2015). However, if tuition prices continue on the trend of increased amounts, low-income students may become increasingly limited in their ability to access public research universities (Hossler, 2006).

Since the early 1980s, the demand for elite education has increased, and top public universities have gained a stronger market power (Geiger, 2007). This positioning has encouraged public research universities to increasingly engage in competitions with similar
institutions for students and prestige (Bok, 2013). Public universities have begun to recruit students from a national pool, demand higher SAT scores from applicants, reduce acceptance rates, and charge higher tuition prices. To compete with other institutions on these and other prestige metrics, universities pursue excellence and quality, which drives up costs (Ehrenberg, 2002). The prestige competition for top students and faculty has inspired universities to allocate resources to reduce class sizes, provide students with experiential learning opportunities, and improve technology. As technological innovations have occurred, top institutions have felt pressure to invest in infrastructure that allows the universities to incorporate new technology into classrooms, libraries, research sites, and residence halls (Geiger, 1993). The competition for new technology and amenities has further driven up costs, because the technology used by elite universities does not enhance productivity or reduce education delivery costs (Ehrenberg, 2002; Johnstone & Marcucci, 2010; St. John, 2006).

At relatively the same time that public research universities’ market power has increased, American popular opinion has shifted to emphasize the private benefits of public higher education—namely a high-paying job after graduation. The public opinion also has reflected a declining trust in these institutions’ abilities to fulfill their public purposes (St. John, 2006). Aligned with the public’s concerns, policymakers and interest groups began to raise questions about institutions’ effectiveness in preparing a rising number of students to enter the workforce (Zumeta, 2011). In response, state policymakers called for increased accountability from institutions, and higher education ballot initiatives increased considerably (McLendon & Hearn, 2003; Schmidtlein & Berdahl, 2011). To formalize these calls, policymakers have introduced a variety of outcomes-based policies to hold institutions accountable for public service along with
other metrics (Burke & Minassians, 2003; Dougherty et al., 2016; Dougherty et al., 2014; Frost, Hearn, & Marine, 1997).

While the public has increasingly emphasized the private benefits of higher education, researchers also have identified that some individuals’ political party affiliations have caused them to question the effectiveness of higher education. The Pew Research Center found that 58% of Americans who identified politically as Republican or as Republican-leaning Independents perceive higher education as having a negative impact on the country, while nearly 36% of this group saw colleges and universities as having a positive societal influence (Fingerhut, 2017). This skepticism of postsecondary education represents a recent shift in partisan-based thinking. Just two years before the 2017 findings, the Pew Research Center found that 54% of Republicans and Republican-leaning Independents viewed higher education positively, and 37% of the group viewed higher education negatively (Fingerhut, 2017). Republicans’ perceptions in 2017 of postsecondary education contrasted sharply with Democrats—72% of whom viewed higher education positively.

Gallup, a national polling organization, also has examined how partisan divisions influence perceptions of higher education and found that Republicans who said they lost confidence in postsecondary institutions expressed concerns about what they perceived as liberal campus politics and curricula (Newport & Busteed, 2017). Although the full implications of these divisions are not yet known, Newport and Busteed (2017) expressed concerns that diminished confidence, “raises questions about the future of higher education in this country.”

**Federal Role in Public Higher Education.** The federal government helped to establish public research universities’ role as prominent research institutions that educate a large proportion of undergraduate and graduate students. In terms of higher education, the federal
government’s primary responsibilities are to sponsor research and provide financial aid to students (Geiger, 1993). Federal financial aid is distributed through loans and need-based grants. However, the federal need-based grant program, known as the Pell Grant program, and other forms of need-based aid have failed to keep up with the pace of tuition. As a result, students have increasingly relied on loans to fund postsecondary education costs (Hossler, 2006). By providing these grants and loans directly to students, the federal government has expanded Americans’ access to postsecondary education. However, the availability of loans may have influenced the inelasticity of tuition prices and may have created a loan culture that allows elite institutions to benefit and grow wealthier and social stratification to continue (Geiger, 2011).

**State Role in Public Higher Education.** State governments play a critical role in the operations of postsecondary institutions. States establish the governance systems in which institutions are managed, create policies that institutions must follow, and provide appropriations that fund universities’ missions. U.S. higher education governance is less centralized and more market-oriented than other countries’ postsecondary systems (McLendon & Hearn, 2009), and American states typically employ coordinating boards or governing boards to manage public colleges and universities. Governing boards exist at the state level and are consolidated entities that make decisions for institutions. Frequently, studies have found that governing boards play a critical role in state policy adoption (e.g. Hearn, Lacy, & Warshaw, 2014; Tandberg, 2013; Tandberg & Ness, 2011; Titus, Vamosiu, & Gupta, 2015). Coordinating boards are intermediary agencies that oversee statewide higher education planning and provide less oversight than do the governing boards.

The political environment of states plays an important role in influencing public universities. In many states, governors with higher levels of interest in the issue of education and
the legal power to do so have played an increasingly important role in state higher education policymaking since the 1980s (McGuinness, 2011; Geiger, 1993). Further, state-level partisan politics tend to influence state financial support for higher education (McLendon, Mokher, & Doyle, 2009). States with higher percentages of Republicans in office are more likely to adopt market or outcomes-based policies, and states with more Democrats in office and greater levels of electoral competition are more likely to allocate higher amounts of funding to postsecondary institutions (McLendon, Tandberg, & Hillman, 2014). While the political climate shapes institutions, these universities also operate as political actors in their own states and in the nation (Pusser & Doane, 2001). Institutions lobby state officials to request funding and to promote certain policies.

One of the most important elements of the state context that influences public universities is the national trend of reductions in state appropriations to institutions—a topic that will be explored in greater detail in this dissertation’s literature review, which is found in Chapter Two. In many states, funding cuts have been prompted by slow income growth that limits state tax revenues, competition for state resources among state agencies, and policymakers’ platforms that prioritize tax cuts (Toutkoushian, 2009). State appropriations are highly correlated with economic activity in states—wealth and positive economic growth are associated with increased funding to institutions (McLendon, Tandberg, & Hillman, 2014). However, in the years immediately following the Great Recession in 2008, state funding for higher education was significantly cut. Despite an economic recovery and some states’ subsequent decisions to slightly increase funding to postsecondary education, the majority of the funding was not restored for these public institutions (Seltzer, 2017).
In fact, the funding in many states has reached its lowest levels in decades. These reductions have encouraged institutions to seek cost savings and aggressively pursue alternative forms of revenue (Heller, 2006; Hossler, 2006; McLendon & Cohen-Vogel, 2008). This changing funding model has directly affected undergraduate students, as many public institutions have increased revenue by increasing tuition prices charged to students, enrolling greater numbers of out-of-state students who pay full nonresident tuition prices (Webber, 2017). It is clear that the state funding cuts have altered the ways in which research universities operate in service of their missions (Cheslock & Ginneschi, 2008)—a key element that is examined by this dissertation.

**Changing Missions of Public Research Universities.** Shaped by the broader context, scholars have observed that public institutions’ missions are changing to incorporate markets and an increased focus on revenue generation (St. John, 2006). Institutions have expanded out-of-state enrollment and increased tuition prices for all students (Bok, 2013; Brint et al., 2016; CollegeBoard, 2015; Hearn, 2006; Heller, 2006; Hossler, 2006; Jaquette & Curs, 2015; Titus, Vamosiu, & Gupta, 2015). In addition, universities have pursued increasingly aggressive private fundraising initiatives, beginning to mirror the behaviors established by their private university peers (AAA&S, 2016; Conley & Tempel, 2006; Geiger, 1993; Hearn, 2006).

Elite research universities also have altered their instructional missions to generate revenue (Eckel, 2003; Eckel & Morphew, 2009). These institutions have expanded instructional offerings to short-term certificate programs and professional graduate education programs, such as professional master’s programs, part-time evening professional programs, and executive master’s programs (Ehrenberg, 2002; Weisbrod, Ballou, & Asch, 2008). In addition, institutions have hired non-tenure track instructional faculty. This has served as a cost-saving mechanism.
that expanded the number of part-time faculty members in the U.S. by more than 376% from 1970 to 2003 (Altbach, 2011).

As these changes occur, universities are altering their service missions to include the transmission of knowledge to local organizations as a part of economic development (Bok, 2013; Geiger, 2007). This arrangement benefits institutions financially in the form of corporate donations and government funding (Geiger, 2007; St. John, 2006). Ideologically, the notion of economic development has been accepted, encouraged, and has provided institutions with greater public support and legitimacy among external stakeholders (Geiger, 1993; Lambert, 2014). All of these changes shape the context in which public institutions operate. Keeping this context in mind, this study will focus largely on the changes related to state funding, tuition and enrollment, and private fundraising.

Overview of the Study

Within this rapidly changing environment, it is important to understand how public universities’ missions are changing and the ways in which stakeholders are responding to institutional actions. Many scholars have described this activity as privatization—defined as the replacement of state funding with tuition revenue and other private sources of revenue (Eckel & Morphew, 2009; Lambert, 2014; St. John & Priest, 2006; Weisbrod, Ballou, & Asch, 2008). For this study—which is largely focused on institutions’ undergraduate instructional missions—privatization will be defined as public research universities replacing state funding with revenue from tuition and private support.

Privatization presents challenges and opportunities to institutions and to the constituencies they serve. The potential consequences of privatization are significant. Within the context of these changing conditions, few studies have examined the outcomes of
privatization. To address an element of this gap in the literature, I have conducted a qualitative multi-site case study that examines the responses of elite public institutions—those with the greatest ability to privatize—to declining state funding. I have deeply explored the actions of three public research universities to answer research questions related to the roles of institutional context, privatization pressures, and state policymakers in a time of privatization. Specifically, I have posed the following research questions:

1. How does an institution’s context shape its positioning on the continuum of privatization?
2. Why do similar pressures of privatization prompt different responses among institutions, and what factors shape a university’s responses to those pressures?
3. How do administrators navigate an institution’s relationships with state policymakers while pursuing strategies of privatization?

To answer these questions, this dissertation provides a review of the literature related to privatization, an examination of two theoretical frameworks that help to explain institutional change related to privatization, a discussion of the appropriate methods, a presentation of the study’s findings, and an analysis of the study’s implications.
CHAPTER 2
LITERATURE REVIEW

As the modern public research university has evolved, it emerged as a unique entity that noted former University of California President Clark Kerr (2001) described as, “a new type of institution, it is not really private and it is not really public; it is not entirely of the world nor entirely apart from it. It is unique” (p. 1). For decades, public universities have received funding from various sources, including federal and state governments, students, donors, and corporations. However, in the 1980s, these institutions faced increasing pressure to turn to private sources of revenue, encouraging the privatization that has expanded over time. Roger Geiger (2011) has referred to the time period of 1975 to 2010 as a generation of privatization for public higher education. Geiger suggests that 1980 marked a critical point in which public institutions began receiving greater proportions of revenue from private sources. Many scholars share Geiger’s conception of privatization and examine the phenomenon within the context of institutions’ missions as well as through the lens that privatization occurs on a continuum (Lambert, 2014; St. John & Priest, 2006).

Recently, researchers have identified the Great Recession in 2008 as another turning point in public postsecondary funding. In the midst of the recession—as states tried to navigate budgets with considerably diminished revenue—public funding to higher education was cut significantly. Though some states have increased postsecondary funding as the economy has bounced back in recent years, state spending on public institutions has not been restored to the
pre-recession levels (Kelderman, 2017; Mitchell, Leachman, & Masterson, 2017; SHEEO, 2017). The state divestment has been met with significant increases in tuition prices.

**Defining Privatization**

Scholars have defined privatization as a shift in institutions’ reliance on public subsidies to a reliance on tuition and other external revenue sources. This shift has been inspired by state economic conditions in which resources are constricted as well as by subsequent funding cuts for public higher education (Lambert, 2014). As these changes have transpired, public universities have altered their tuition policies, enrollment management strategies, and alumni outreach approaches to more closely resemble private institutions in order to preserve their levels of quality (Weisbrod, Ballou, & Asch, 2008).

To guide this study, I will employ the following definition of privatization based on the literature: privatization is phenomenon in which states have cut funding to public universities, and the institutions have taken steps to secure additional revenue through increasing tuition prices, growing nonresident enrollment, and expanding private fundraising (Eckel & Morphew, 2009; McLendon & Mokher, 2009; Lambert, 2014; St. John & Priest, 2006; Weisbrod, Ballou, & Asch, 2008). These actions have moved institutions closer to the market and largely have shifted the instructional cost burden from the states to students and their families. To support revenue-generating activities, institutions have sought and secured increased autonomy from states (Eckel & Morphew, 2009; McLendon & Mokher, 2009).

Ultimately, institutions’ steps toward privatization have increased the number of stakeholders engaged in public institutions (Lambert, 2014). Scholars and university administrators suggest that public institutions are evolving to become hybrid organizations that are engaged in both the public and private sectors—blurring of the lines between the traditional
roles assumed by public and private universities (Eckel & Morphew, 2009; Lambert, 2014). In fact, the former President of the University of Michigan, Jim Duderstadt described the evolving relationship between states and their institutions in blunt terms, commenting: “We used to be state-supported, then state-assisted, and now we are state-located” (Folbre, 2009). Therefore, this chapter of the dissertation will discuss relevant literature that identifies the pressures that encourage public institutions to pursue privatization, the institutional responses to those pressures, and the potential outcomes of institutions’ actions.

**Pressures Encouraging Privatization**

Since the 1980s, the U.S. postsecondary system has experienced the combined effect of increased public-sector enrollment and diminished state fiscal support for higher education. Institutions have transitioned from state-supported to state-assisted because of the declining funding (AAA&S, 2016; Hearn, 2006; Hossler, 2006; Tandberg, 2010). This reduction in funding is caused by limited tax revenue resulting from slow income growth and resistance to tax increases as well as from competition for funds among state agencies (Archibald & Feldman, 2006; DiSalvo & Kucki, 2017; Eckel & Morphew, 2009; Toutkoushian, 2009). State policymakers have recognized that public universities—unlike many other public state agencies—can generate revenue from private sources and consequently have cut funding to higher education.

Cuts have been particularly severe in challenging economic cycles (Doyle & Delaney, 2009). In fact, the share of state funding that higher education has received from states fell from 9.8% in 1980 to 6.9% in 2000 (Bok, 2013). Higher education’s share of state revenue continued to decrease in the past 16 years, which has diminished to an average of 34% (AAA&S, 2016). In 2017, nearly a decade after the Great Recession of 2008, state funding in the U.S. for public two-
and four-year institutions was $9 billion below its pre-recession level in 2008 (Mitchell, Leachman, & Masterson, 2017). The State Higher Education Executive Officers (2017) report found that the average state appropriation per student in fiscal year 2016 was $6,954—compared to $8,380 per student in fiscal year 2008 (adjusted for inflation). In 45 states, the state support per student in fiscal year 2016 remained lower than the 2008 levels (SHEEO, 2017).

Despite these trends, both public financial support and university enrollment vary by state (McLendon, Mokher, & Doyle, 2009). In addition, despite the decades-long trend of state funding cuts, several studies (Delaney & Doyle, 2014; Wexler, 2016a,b) indicate a modest increase in states’ inclination for postsecondary support. In the past several years, support for higher education in 40 states has slightly increased (Wexler, 2016b). Further, public spending on capital outlays increased over time, which Delaney and Doyle (2014) suggest may serve as an indicator of state support. However, these increases have not accounted fully for the significant cuts that occurred during the fiscal years closest to the Great Recession (Mitchell, Leachman, & Masterson, 2017, SHEEO, 2017).

**Changing State Policy Context.** In this era of privatization (Geiger, 2011), institutions also face a changing state policy context. As governors and legislatures realized universities’ positive impact on state economies, the 1980s began a trend of increased gubernatorial and legislative involvement in postsecondary education (McGuinness, 2011). In the past three decades, many governors have exercised greater oversight over institutions, increased calls for institutional accountability, and heightened their states’ focus on postsecondary outcomes. Essentially, as governors and legislators began to view colleges and universities as engines of state economic mobility, the policymakers began promoting policies that would link higher
education to the state’s economic goals (Hensley et al., 2013; McGuinness, 2011). State legislatures also have appeared to demonstrate an increased willingness to introduce policy innovations that shape higher education in ways that encourage privatization (McLendon & Cohen-Vogel, 2008; McLendon & Mokher, 2009).

State policy innovations included finance schemes, merit aid, and accountability mandates—all of which are designed to bring institutions in line with state economic and education strategies (McGuinness, 2011). This activity escalated in the 1990s, as state leaders drafted legislation to further connect higher education to broader state policy strategies. By establishing P-20 councils, enacting performance funding systems, and incorporating other accountability policies, states begun to introduce more metrics for institutions to meet and illustrate clear courses of actions for institutions to follow (McGuinness, 2011). Within this changing state context, state policymakers have increased demands on colleges and universities, and governors have increasingly become involved in postsecondary education policymaking.

**Rising Cost Pressures.** In addition to state cuts as a contributor to rising tuition prices, some scholars cite escalating higher education costs as factor in the increased prices facing students and their families. The rising costs are attributed to internal factors as well as external pressures, including: inefficiencies related to shared governance; federal regulations; limited federal need-based aid; research funding arrangements that transfer costs to institutions; and, external actors who advocate for costly initiatives (Ehrenberg, 2002). As institutional theory would suggest, elite public universities are engaged in voluntary associations and have increased their competition with peer institutions over time in ways that could contribute to rising costs (Ehrenberg, 2002; Harcleroad & Eaton, 2011; Weisbrod, Ballou, & Asch, 2008). These institutions are competing for students and faculty in a national market for higher education—a
competition that prompts institutions to maximize instructional and research quality by introducing initiatives to provide smaller class sizes, modern technology, and other amenities (Ehrenberg, 2000; Geiger, 2011; Weisbrod, Balou, & Asch, 2008).

In addition, voluntary organizations, such as the AAU, provide considerable information to members and foster conditions in which mimetic and normative forces encourage institutions to take steps to more closely resemble one another in terms of admissions standards and research expenditures, among other factors (Harcleroad & Eaton, 2011). As the U.S. has seen an increased demand for elite higher education, and because of the top public institutions’ prominent positions, they have faced limited resistance to these higher costs associated with the escalation of pricing (Geiger, 2011). Although the literature provides limited information related to institutions’ cost-cutting initiatives, the following chapters of this study will explore some institutional efforts to cut costs and the degrees to which these measures are effective.

**Ideological Pressures.** In addition to declining state support and rising higher education costs, some scholars suggest that certain ideologies promote privatization. First, polling suggests that the public trust in higher education has declined (Zumeta, 2011). As discussed in the first chapter of this dissertation, trust in postsecondary education may be influenced by Americans’ partisan preferences, with Republicans reporting considerably less trust than their Democratic counterparts (Fingerhut, 2017; Newport & Busteed, 2017). A decline in public trust based on partisan affiliation has increased dramatically in recent years and may continue to present challenges to institutions and their states. Because of questions about public institutions’ effectiveness, there is public support for market-based accountability measures (Schmidtlein & Berdahl, 2011).
Second, it is clear that policymakers and the public have recognized the private benefits of higher education and may be willing to transfer the costs to the private beneficiaries. Therefore, this line of thinking suggests, if higher education simply produces positive economic benefits for individuals, it is reasonable to shift the burden of cost from governments to students and their families (Hensley et al., 2013; Hossler, 2006; Johnstone & Marcucci, 2010; Toutkoushian, 2009). Further, this emphasis on the positive private benefits would support policymakers’ encouragement of an increased reliance on loans over grants (Hossler, 2006; Slaughter & Rhoades, 2011). As students’ use of loans increases, tuition prices may become more inelastic—allowing institutions to continue to increase the prices charged to students (Geiger, 2011).

Ideologically, college could be conceived of as an investment—a cost for which the private beneficiaries should pay back with their high post-graduation incomes. Critics of privatization, such as University of California Santa Barbara professor Christopher Newfield, express concern that this could alter instruction and inspire students to shift their career goals to focus on high-paying future careers (Zinshteyn, 2016). It also could prevent low-income students, who are less able to invest in education, from attending college. Another ideological argument for privatization suggests that a prominent national focus on the market has encouraged policymakers to pursue market-based accountability and finance policies (Kerr, 2001; Lambert, 2014; McLendon & Hearn, 2009). Institutions compete in the economic marketplace, “and are viewed by policymakers and university leaders alike as quasi-state agencies, if state related at all” (Eckel & Morpew, 2009, p. vii). Therefore, policymakers may support universities’ moves to the market.
Despite these policy positions that may have encouraged privatization, some scholars suggest that reduced state funding and public higher education’s subsequent turn to the market may be the result of a policy drift (Eckel & Morphew, 2009). Scholars note that there has been limited public debate about privatization, and it appears that states and institutions have failed to develop a concrete plan to address the changes—indicating the policy drift (Ikenberry, 2009; Mumper, 2001).

**Institutional Responses to Privatization Pressures**

When faced with forces that encourage privatization, elite public institutions have responded by privatizing—generating revenue from tuition and diversified sources, enrolling more nonresident undergraduate students, and seeking greater levels of private funding support. Despite the potential limitations of entering the marketplace, institutions have pursued privatized strategies as a reasonable response to diminished state funding, competition, and policy encouragement to engage in the market (Eckel & Morphew, 2009; Schmidtlein & Berdahl, 2011). It is clear that America’s most elite public institutions, which have the greatest opportunity to privatize, have pursued privatization to maintain or boost quality (Bok, 2013; Geiger, 2007; Kerr, 2011). Summarizing institutions’ responses to privatization pressures, Brint et al. (2016) noted:

> Very few institutions in our sample simply fell into a defensive posture in the face of state budget cuts and declining endowments … College and university leaders also tried to take advantage of the Recession to place their institutions on a financially and symbolically stronger footing (p. 887).

The most common institutional response to declining state funding was the decision to increase tuition prices for both resident and nonresident students and recruit out-of-state students.
(Bok, 2013; Brint et al., 2016; College Board, 2015; Geiger, 2007; Hossler, 2006; Jaquette & Curs, 2015; Weisbrod, Ballou, & Asch, 2008). Because of public research universities’ strong market power, these institutions are attractive to out-of-state and international students who are willing to pay the full cost of nonresident tuition (Geiger, 2007).

Further, institutions have increased the proportion of total revenue from tuition—indicating a shift of the cost burden from states to students and their families. These actions allow institutions to generate revenue to compensate for state cuts, and to preserve the quality of education (Brint et al., 2016). Some studies have identified a direct link between tuition increases and state funding cuts. Examining IPEDS data from 1987 to 2014, Webber (2017) found that for every $1,000 reduction in state appropriations per student, a student pays $257 more in college costs on average. This amount has increased since the Great Recession in 2008, Webber (2017) wrote, noting: "students are being asked to shoulder the burden of state divestment more now than ever before" (p. 4).

Evidence of the recent tuition increases also come from the College Board (2015), which found that tuition prices grew by 40% from 2005-2006 to 2015 to 2016. The changes have varied by state and region: the lowest average in-state price occurred in Wyoming ($4,890), and the highest average price occurred in New Hampshire ($15,160). Despite the differences nationally, in nearly all cases institutions substituted tuition revenue for lost state funding, and tuition funding has reached nearly half of institutions’ total revenue (AAA&S, 2016; Bok, 2013; College Board, 2015; Ehrenberg, 2002; St. John & Priest, 2006; Wexler, 2016a). Illustrating institutions’ substitution of state funds with tuition revenue, Bok (2013) noted:

Many flagship institutions have responded by raising their tuitions at a rapid clip, capping their enrollments, and recruiting larger numbers of well-to-do students from other states
and overseas who can be charged substantially more than the in-state rate … Many flagship universities are coming increasingly to resemble selective private colleges by catering to students of high ability from more affluent segments of the population (p. 100).

To grow revenue from tuition, institutions have pursued a variety of revenue generation strategies, including tuition differentiation (Hearn, 2006). Institutions have employed enrollment management strategies and have hired marketing firms to promote their universities to prospective students. They increasingly have competed for out-of-state students and raised out-of-state tuition prices (Slaughter & Rhoades, 2011; Titus, Vamosiu, & Gupta, 2015; Weisbrod, Ballou, & Asch, 2008). Because of competition, demand, governance, and market forces, the prices that public universities charge to out-of-state students have converged in recent years to become strikingly similar (Titus, Vamosiu, & Gupta, 2015). Further, state institutions have experienced a decreased monopoly over students living in state—revealing a less geographically concentrated market for higher education.

From 2002 to 2012, out-of-state enrollment increased from 20.7% of total first-year enrollment at public research universities to 24.7% (Jaquette, Curs, & Posselt, 2016). Recent studies have shown a direct relationship between state funding cuts and rising nonresident enrollment. Jaquette and Curs (2015) identified that a 1% decline in state appropriations corresponded with a 0.27% increase in first-year out-of-state enrollment at four-year institutions. The relationship between state cuts and nonresident enrollment was even more pronounced at research extensive universities. At these institutions, which are similar to the universities selected to be examined by this study, Jaquette and Curs (2015) identified that a 1% decline in state funds was associated with a 0.5% increase in nonresident first-year enrollment. Illustrating
the potential negative consequences of increased out-of-state enrollment, Jaquette, Curs, & Posselt (2016) found that increased out-of-state enrollment may prevent public institutions from reaching equity goals. The study identified that greater nonresident enrollment coincided with decreased proportions of underrepresented minority students—a relationship that was stronger at prestigious universities, institutions in states with large minority populations, and institutions in states with affirmative action bans.

Because institutions clearly are replacing state funding with tuition dollars, it is critical for researchers to understand the outcomes related to this shift in the public higher education funding model. Throughout this dissertation, I will examine the ways in which the cases selected for this study pursue revenue through tuition increases and nonresident enrollment and the ways in which it affects the institutions’ budgets, equity aims, and relationships with the state.

Engaging in Development. Another way that public universities have increased revenue is through expanding institutional advancement, increasing private giving, and growing endowments. Public universities have grown institutional advancement efforts considerably and have brought development efforts into nearly all institutional units (AAA&S, 2016; Conley & Tempel, 2006; Geiger, 1993; Hearn, 2006). In recent decades, public institutions have shifted toward professionalized fundraising and begun to resemble their private peers (Weisbrod, Ballou, & Asch, 2008). Institutions that have strong market positions within their states and on the national stage—those that are research universities, members of the AAU, institutions with law schools, or universities with competitive undergraduate admissions—tend to receive higher levels of private support from donors than their less prestigious peers (Cheslock & Ginneschi, 2008). In fact, some scholars have found successful fundraising to be a marker of institutional prestige (Weisbrod, Ballou, & Asch, 2008). In his discussion of institutional theory, Toma
(2012) suggested that elite public institutions may measure their fundraising data or endowment figures against peer institutions to compete or to gauge success.

This increased emphasis on fundraising has been met with broad acceptance within public institutions (Conley & Tempel, 2006). Public universities increasingly have emphasized the importance of capital campaigns, and these institutions have sought funds for endowments (AAA&S, 2016). By expanding endowments, institutions obtain revenue that provides increased flexibility in spending. Endowment funds can be used to subsidize tuition prices charged to students, recruit top faculty, and build new facilities, among other initiatives (Weisbrod, Ballou, & Asch, 2008). Because of the increasing importance shown by the literature that public institutions place on fundraising, this study will closely examine the ways in which the three cases pursue private donations as well as the subsequent effects of development activities on the institutions.

Engaging the Government. To generate revenue and government support, institutions employ lobbyists and engage legislators. David Tandberg (2010) found that, “many, if not most, large public universities have an office of government affairs that lobbies at the state and federal level” (p. 419). Much of this lobbying activity seeks additional funding for institutions, but it also engages on deregulation reforms. Deregulation, which provides universities with increased independence, has advanced since the early 1980s (McGuinness, 2011). Many of the efforts have involved the deregulation of state procedural controls; the reduction of state governance and coordination; the introduction of charter colleges; and, the removal of bureaucratic requirements (Bok, 2013; McLendon & Hearn, 2009). These new market-based accountability arrangements have allowed for increased institutional freedom, which elite public universities
have used to pursue excellence and compete with other peer and aspirational public and private institutions (Bok, 2013; Eckel & Morphew, 2009; Lambert, 2014).

**Altering Internal Dynamics.** In addition to increasing revenue from tuition, many institutions have altered internal dynamics in ways that shift power to revenue-generating entities. Many institutions are changing staffing structures and hiring professionals to manage initiatives, encouraging faculty to conduct applied research and seek grant funding, and introducing new curricular programs—including professional master’s degrees and other certificates (Eckel & Morphew, 2009). Public institutions also responded to the changing context by pursuing revenue generation strategies (Kerr, 2001; St. John, 2006). Universities turned to the private sector to secure resources, form partnerships, hire professionals to manage revenue-generating activities (Eckel & Morphew, 2009; Geiger, 1993).

Universities also have engaged in some activities that appear to be disconnected from their missions in an attempt to generate revenue. These types of activities touch a variety of external stakeholders and include: launching international branch campuses; engaging in drug testing; investing in faculty discoveries; hosting alumni cruises; and, managing logo licensing (Bok, 2013; Hearn, 2006). Institutions pursue revenue generation through introducing profitable academic programs—activities more closely aligned with instructional missions. These graduate education endeavors, such as professional master’s programs, part-time evening professional programs, and executive master’s programs, build upon past offerings and frequently are designed with goals of raising considerable sums of money (Ehrenberg, 2002).

Because the 1980s presented a changing legal environment that permitted and encouraged institutions to pursue profits from research, universities have begun to seek revenue from scholarship (Slaughter & Rhoades, 2011). The 1980 Bayh-Dole Act allowed institutions to
patent discoveries and transfer technology to the marketplace, and copyright laws were changed to allow for internet-based education and to protect digital work (Geiger, 2011; Slaughter & Rhoades, 2011). In the decades since 1980, the privatization of knowledge has increased. Research has grown in importance and has received more institutional funding; institutions have pursued partnerships with industry; universities have encouraged faculty to increasingly pursue grant funding; and, institutions have turned increasing percentages of teaching to adjunct faculty to provide additional time to tenured faculty for their efforts to pursue research (Geiger, 2007, 2011; Lambert, 2014; Slaughter & Rhoades, 2011).

Institutions also have incorporated research into their public service missions and have framed revenue-generating research as an element of their service to the state. This activity reflects a changing notion of public service that is represented by a switch from community-based projects to economic development efforts spearheaded by research (St. John, 2006). Within the new framework of public service, universities secure revenues through grants, faculty are paid for independent contracting services, and universities receive positive publicity for service. By incorporating economic development to public universities’ service missions, Geiger (2007) notes that public universities are rewarded both financially and in terms of public perception.

These changing internal dynamics are important in shaping the ways in which public institutions operate, and they help to establish the context in which the institutions in this study will operate. Although it is important to note how these changes will frame institutional behavior, this study will focus largely on the impacts of state funding cuts, undergraduate tuition and enrollment increases, and the increased relevance of private donations to public institutions’ operations.
Outcomes of Privatization Efforts

As institutions respond to privatization pressures, the outcomes of institutional behaviors have affected internal and external stakeholders with mixed results. Much of the literature has noted that privatization also changed the power dynamics of a growing number of external stakeholders. It has become a significant challenge for public institutions to manage multiple stakeholders and missions (Geiger, 2007; Lambert, 2014). This increasing number of stakeholders has challenged traditional relationships and complicated state and institution relations (Ikenberry, 2009; Pusser, 2008). As public universities have competed for additional sources of funding, the proportion of revenue from the state decreased and may have altered institutions’ ties to their states. As connections potentially diminish, states may respond by continuing to cut funding and by encouraging institutions to pursue revenue from other sources, including increasing the tuition prices charged to state residents (Weisbrod, Ballou, & Asch, 2008). This deterioration may be magnified by the trend of elite public universities recent efforts to pursue national and international prominence. As universities look externally, legislators may challenge public institutions’ levels of commitment to their states, or punish institutions by reducing state fiscal support (Lambert, 2014). Throughout this study, these changes will play a role in altering the ways in which the three universities operate in the context of reduced state funding.

Benefits of Privatization. Despite the considerable amount of literature that raises concerns about the dangers and challenges of privatization, some researchers have noted that there could be advantages to privatization. First, if an institution can maximize revenue on peripheral activities, that university may be able to keep tuition low and focus on its mission-based activities. Therefore, privatization could allow institutions to generate resources used to
pursue the academic mission by enhancing the learning environment or by providing scholarship support to students with demonstrated need—both longstanding goals of public research universities (Lambert, 2014). If universities are pursuing revenue generation in a way that preserves the academic core, privatization could be viewed as a positive strategy that helps public institutions survive state funding cuts.

A second potential advantage to privatization involves institutional responsiveness. Researchers note that elite universities benefit from the autonomy that comes with privatization. Because of the increased freedom, institutions can be more responsive to the needs of the market, the state, key stakeholders, or the local community, (Geiger, 2007; Schmidtlein & Berdahl, 2011). Institutions can leverage autonomy to fund key priorities and reduce some of the complexity that may occur with state regulations. Although the literature does not provide extensive consideration of the benefits of privatization, this study does explore those benefits for the three institutions and will discuss those benefits in greater detail in the final two chapters of this dissertation.

**Limits to Privatization.** However, many of the concerns regarding the disadvantages of privatization relate to how deeply privatization changes the public nature of public universities (AAA&S, 2016; Bok, 2013; Lambert, 2014). Scholars have asked if institutions continue to receive smaller proportions of revenue from public sources, will these universities become less committed to serving public purposes (Bok, 2013; Hossler, 2006; Weisbrod, Ballou, & Asch, 2008). This question, which will be explored in great detail by this dissertation, is summarized by Weisbrod, Ballou, and Asch (2008), who write:

As public schools’ actual endowments grow, their financial dependence on state legislatures will decline. Ironically, if public schools’ fundraising efforts are sufficiently
successful, state legislatures could increasingly respond by cutting government grants that, in turn, could precipitate even more energetic forays by public schools into the market for private donations, leading to the privatization of public higher education (p. 145).

Another negative outcome has been observed as institutions have increased tuition prices as well as the share of revenue from tuition. This change has resulted in negative consequences for low-income students. These students are forced to turn to loans to finance their postsecondary education or to attend less prestigious public institutions, ultimately limiting access and broadening structural inequality in education (St. John, 2006; Taylor & Morphew, 2015). Yet another consequence of privatization involves the increased institutional autonomy allowed by states. The deregulation efforts may free elite institutions to pursue strategies that produce internal benefits but may not advance the state’s system of higher education—potentially harming both state residents and the less prestigious institutions within states, which have fewer outlets through which to secure additional revenue (Eckel & Morphew, 2009; McLendon & Mokher, 2009; Lambert, 2014).

A retreat from public missions damage the nation as a whole, and it could sew doubt in public universities’ commitments to the public good, which could have negative consequences for the public’s perceptions of both public higher education as a field as well as the individual institutions (Lambert, 2014). Privatization promotes the notion that college attendance is a consumptive decision resulting in largely private benefits (Hossler, 2006; Lambert, 2014). This could create a cyclical relationship with citizens so that they expect and demand privatized services and accept the privatized public institutions.
Therefore, it is important to understand institutional responses to privatization forces as well as state policymakers’ perceptions of those responses. This study seeks to explore these notions to see how three elite public research universities have addressed significant state funding cuts as well as the resulting relationships with state policymakers. In the next chapter of this dissertation, I examine two theoretical frameworks that guide this dissertation—resource dependence theory and institutional theory. Following the presentation of the theory, this dissertation will include a chapter explaining the study’s research design, a chapter of my empirical findings related my research questions on privatization, and a discussion of the study’s implications for the future of public research universities and their states.
CHAPTER 3
THEORY AND CONCEPTUAL FRAMEWORK

In studies of organizational change in higher education, scholars apply relevant theoretical frameworks, including resource dependence theory and institutional theory, to help explain phenomena. Resource dependence theory highlights how colleges and universities have an interdependent relationship with the environment in which they pursue resources and, ultimately, survival (Aldrich & Pfeffer, 1976). Institutional theory, which considers variables of legitimacy, prestige, and homogenization, offers an explanation for why postsecondary institutions in the established field of U.S. higher education become more similar to one another in order to survive (DiMaggio & Powell, 1983). Although either theory could be applied independently to empirical research, a combination of the two perspectives may provide scholars with a more complete explanation of academic findings (Tolbert, 1985). Because of the two theories’ relevance to this study—and their unique contributions to higher education scholarship—I am applying resource dependence theory and institutional theory to guide this study with the belief that the frameworks will help me to more deeply understand the changing funding environment facing public research universities. In this chapter of the dissertation, I will examine literature related to the two theories and discuss the ways in which the theories can be applied as I design this study and analyze the data I collect.

Resource Dependence Theory

Resource dependence theory, an evolutionary framework that helps to explain institutional change, outlines the interdependence of the environment and organizations in an
organizational quest for resources and survival (Aldrich & Pfeffer, 1976; Harris, 2013; Gumport & Pusser, 1999; Kezar, 2012; Pfeffer & Salancik, 1978). Operating under the assumption that organizations depend on external funding, resource dependence theory suggests that an organization’s primary goal is to acquire the resources that ensure its survival (Aldrich & Pfeffer, 1976; Kezar, 2012; Pfeffer & Salancik, 1978). The theory suggests that resource acquisition is influenced by external actors—including intermediary organizations and government agencies—which can significantly influence institutional change (Kezar, 2012). Because of the importance of relationships, this framework focuses on how organizations attempt to manage the environment through decisions, power, and influence (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978), and the theory examines the ways in which power dynamics within an organization shift because of resource dependencies (Bastedo & Bowman, 2010). For this study, it has been important to identify the ways in which administrators at the three selected cases have responded to state policymakers—who have considerable power within the state policy and funding context—and have sought to maintain strong relationships with state officials, despite the decline in state funding support for higher education. This element of resource dependence theory proves useful as I have considered institutions’ efforts to satisfy state policymakers and preserve relationships with the state.

Resource dependence theory is particularly relevant to higher education, because it operates under the assumption—one that rings true for public colleges and universities—that institutions lack sufficient resources to operate independently and subsequently depend on external organizations for some of the resources that guarantee their survival (Harris, 2013; Neumann, 2012). Because of this dependency, institutional leaders are pressured to make choices in order to respond to, and sometimes conform to, the environment to maximize their
chances of obtaining resources (Neumann, 2012; Titus, 2006). Resource dependence theory distinguishes between different positions of organizations and suggests that institutional characteristics, including size, mission, and the level of connection between subunits, influence the ways in which organizations respond to their environments (Titus, 2006).

The framework suggests that resource dependencies influence institutions’ internal relationships. Resource allocation within a university could be viewed as a political process, and subunits attempt to acquire influence within the institution in order to gain greater levels of resources (Birnbaum, 1988a). Importantly, when researchers have applied resource dependence theory, they have determined that as institutions seek resources, the power distribution within the college or university shifts to the well-resourced elements of the institution (Slaughter & Leslie, 1997; Salancik & Pfeffer, 1974; Titus, 2006). The acquisition of resources and power can create a cyclical relationship—as subunits accrue influence, they can generate increased levels of resources. Stemming from this cycle, Salancik and Pfeffer (1974) found that institutions treated influential and well-resourced subunits more favorably than lower-resourced counterparts, potentially intensifying inequality within the institution.

At the institution level, the colleges and universities with greater levels of resources have greater abilities to engage and significantly influence the environment than poorly resourced institutions are able to do (Titus, 2006). Highly resourced institutions—like the three institutions that were selected as cases in this study—often are found to have increased levels of quality and prestige (Volkwein & Malik, 1997). Magnifying their impact, wealthier institutions are better able to diversify and expand their revenue sources. Those institutions can diversify suppliers and customers, create additional external partnerships, and establish new relationships through marketing, lobbying, forming coalitions, and merging, among other strategies (Harris, 2013).
These partnerships often are created when one stream of resources is constricted. Therefore, as funding for higher education is reduced, institutions will compete for new funds by shifting away from basic research to applied studies, increasing tuition prices, putting more effort into retaining students and the corresponding tuition dollars, cutting costs by shifting from full-time to part-time faculty, and increasing sales and services (Slaughter & Leslie, 1997; Titus, 2006).

Ultimately, Titus (2006) suggested, resource dependence theory shows how institutions make internal changes to acquire the external resources necessary for survival.

**Role of Partnerships.** Within the resource dependence framework, organizations are unable to generate sufficient funds independently in order to sustain operations (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978). Because these institutions must rely on external groups to provide essential resources, partnerships play a critical role. To continue to receive resources from external groups, institutions must negotiate with their partners to satisfy external expectations for performance while maintaining the partners’ approval of the dependent organization’s activities (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978). However, the level of dependence varies because of several factors: the importance of the resource provided, the institution’s level of autonomy in using the resource, the concentration of the resource, and the availability of other resources (Pfeffer & Salancik, 1978; Slaughter & Leslie, 1997).

In recent years, public colleges and universities have experienced considerable cuts in state funding and without receiving subsequent public support from the federal government that would compensate for the state reductions (Johnstone, 2011). As funds are limited, resource dependence theory suggests that public institutions will increasingly seek partnerships with external funders to offset their losses. In practice, scholars clearly have identified that public colleges and universities are actively seeking partnerships with other institutions, community
organizations, and businesses in order to generate increased revenue (Powell & Rey, 2015). Since resources play a significant role in organizational survival, resource dependence theory suggests that within partnerships, organizations begin to assume the characteristics of their funders (Slaughter & Leslie, 1997). Resource dependence theory’s prediction of organizational changes raises important questions for researchers and administrators in higher education. If institutions shift to resemble funders, it is important to consider questions of mission drift and how the dependencies will influence the public’s perception of higher education (Gumport & Pusser, 1999). For this study, it is important to consider how partnerships alter the three selected institutions’ missions and contexts. In addition, this study aims to evaluate how external partnerships shape institutions’ relationships with stakeholders, including state policymakers.

**Responsive to the Environment.** Resource dependence theory argues that an organization and its environment exist in an active setting in which the organization both responds to and shapes its environment (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978; Powell & Rey, 2015). This theory highlights the importance of fit between an institution and its environment, and it suggests that organizational leaders can work to alter the environment to best fit with the organization’s strengths and characteristics (Aldrich & Pfeffer, 1976). By applying resource dependence theory to study institutions, the model helps to highlight the ways in which administrators work within their institutions and also assume a responsibility for managing their environments in order to generate resources. Aldrich and Pfeffer (1976) suggest that administrators’ external activities “may be as important, or even more important” than their internal efforts (p. 83). Resource dependence theory suggests that to acquire resources, colleges and universities can adapt their services to the needs of the market, and they also can make decisions about which elements of the market they will serve (Powell & Rey, 2015).
**Benefits.** Resource dependence theory provides scholars with a useful framework through which to view organizational change. The benefits of resource dependence theory stem from its ability to help researchers understand how institutions seek resources and function in relation to their environments. This framework operates under the useful assumption that institutions depend on external revenue sources for survival, and, therefore, resource dependence theory enhances scholars’ understanding the decisions that college and university leaders make regarding organizational change (Senge, 2013). The theory also helps researchers evaluate relationships between organizations, distributions of power, and the effects of partnerships, and it makes clear predictions about organizational behavior (Senge, 2013).

**Limitations.** Despite the evident strengths of resource dependence theory, the framework is limited because it fails to consider the broader context in which institutions operate. Colleges and universities are operating in complex environments, and administrators’ decisions are shaped by many environmental and organizational factors (Hearn & McLendon, 2012). Within this broader context, resource dependence theory does not consider economic, cultural, technical, symbolic, or political factors (Dobbin, 1994; Gumport & Pusser, 1999; Senge, 2013). Therefore, it fails to explain power dynamics that are caused by factors other than resources (Senge, 2013). Another limitation to resource dependence theory comes from its origin of examining for-profit organizations. The majority of U.S. postsecondary institutions are not-for-profit organizations, and though many institutions seek to maximize revenue, resource dependence theory’s translation to higher education may miss some elements. The theory assumes that administrators and faculty members fully understand the availability of funding, but they may miscalculate or fail to plan strategically to capture resources (Gumport & Pusser, 1999). Because the majority of U.S. postsecondary institutions are not-for-profit organizations, studies that apply resource
dependency theory also may fail to capture cultural or mission-related elements of postsecondary institutions that stem from their nonprofit nature (Gumport & Pusser, 1999; Senge, 2013)—elements that were evident throughout the cases that this dissertation examined.

Although the theory has limitations, it is uniquely suited to address the research questions posed by this study. Therefore, I have applied resource dependence theory to the study design and data analysis to offer insights as I have examined matters related to institutional context, universities’ responses to the environment, and the institutions’ external relationships.

**Institutional Theory**

Institutional theory also offers an explanation for organizational homogeneity and survival. The theory posits that when an organization is positioned in a well established and highly structured field, its leaders face pressure to conform to the norms of the field in order to gain legitimacy and endure over time (DiMaggio & Powell, 1983). Many of these norms have been accepted as standards by field and direct institutions’ operations, eventually preventing change and innovation (Meyer & Rowan, 1977). This process of institutional conformity is captured by the concept of isomorphism—the pressure that forces organizations in a field to take action to more closely resemble other organizations (DiMaggio & Powell, 1983). Isomorphism is most prevalent in the established fields in which institutions are operating in conditions with unclear technical rules. Therefore, isomorphism encourages organizations to disregard notions of efficiency in order to comply with externally established norms and project the appearance of success (Rowan & Miskel, 1999). This conformity protects organizations from high levels of uncertainty and buffers against pressure to measure higher education’s outputs—a challenge that institutions largely have not answered (Harris, 2013; Rowan & Miskel, 1999).
Because postsecondary institutions operate in a field with unclear technology and outputs, institutional theory provides an effective framework through which to study higher education. When applied to the scholarship of organizational change in colleges and universities, institutional theory highlights that institutions interact with environmental standards, beliefs, and values (Bastedo & Bowman, 2010). When colleges and universities adapt to these established standards of the field, institutional theory contends that institutions obtain greater resources—both monetary and in the form of prestige, which also serves as a valuable resource (Bastedo & Bowman, 2010; Toma, 2012). By reaching higher levels of prestige, institutions gain more resources, a process could be considered cyclical because many of the oldest institutions are the most prestigious universities in the country, and they have significant concentrations of wealth. In this study, the three institutions selected all fit with the established format of elite public research universities, and all were able to secure the external support that provided significant wealth—offering positive evidence for institutional theory.

Despite the relationship between longevity, resources, and prestige, institutional theory helps to explain how many different types of institutions act similarly in order to gain greater levels of legitimacy and the accompanying resources (Toma, 2012). Because of a significant amount of pressure on institutions to enhance their levels of prestige, college and university leaders frequently work to manage external perceptions of their institutions’ levels of success. For example, administrators invest considerable amounts of resources in strategies employed by the most prestigious colleges and universities, such as introducing the residential learning communities often employed by elite liberal arts institutions (Toma, 2012). In addition, when administrators lead strategic change, they often focus on bolstering the institution’s image instead of making substantive adjustments (Gioia & Thomas, 1996). These actions help
institutions to influence their environments—a notion suggested by institutional theory. The framework recognizes that although institutions frequently conform to the norms of the field of U.S. higher education, colleges and universities can influence the environment in which they operate (Harris, 2013). This critical element contributes to the ultimate purpose of institutional theory, which is to evaluate how norms in environments evolve and how those environments influence organizations and society (Rowan & Miskel, 1999).

Institutional theory has been applied to higher education to understand how the structure of education systems has evolved. Rowan and Miskel (1999) noted that legitimized rules and a drive for conformity have led to the creation of education bureaucracies. Although postsecondary institutions were established to operate within separate sectors, regulated by state agencies and serving specific populations, colleges and universities face external pressures to conform to one model (Rowan & Miskel, 1999). In this study, institutional theory can offer useful guidance as I seek to understand how an institution’s environment shapes its response to privatization pressures. In addition, the theory will help to explain how different universities respond to privatization pressures in similar ways.

**Isomorphism.** Within institutional theory, the concept of isomorphism captures the “constraining process” in which postsecondary institutions begin to resemble each other (DiMaggio & Powell, 1983, p. 149). Colleges and universities have clear understandings of other institutions’ actions through the press coverage as well as through established networks, such as the AAU, and these networks inform institutions about the ways in which organizations with high levels of prestige and legitimacy operate. Therefore, many colleges and universities identify peer and aspirational institutions and measure themselves relative to other institutions on metrics related to prestige, including enrolling students with higher SAT scores or increasing
endowments (Toma, 2012). These activities are undertaken with the overall belief that increasing prestige results in larger and more stable sources of revenue, leading to remarkable similarities among colleges and universities across the nation.

In addition to external pressures, isomorphism is an important force within postsecondary institutions, because these organizations—along with the professionals employed by them—value the notions of prestige and status (Toma, 2012). Therefore, administrators and faculty members will make the pursuit of prestige a key internal priority. Because of these individuals—and the outside funding agencies that provide financial support—view legitimacy and prestige as the path toward increased resources and stability, institutional theory suggests that administrators’ and faculty members’ focus on legitimacy will overshadow their interest in increasing efficiency (Rowan & Miskel, 1999; Toma, 2012). Therefore, university leaders will not consider efficiency a strategic priority. They instead will increase spending to boost quality in the quest for prestige (Toma, 2012). However, in an era of constricted resources, institutions must identify ways in which to save money. Due to isomorphic pressures, many administrators look to reduce or eliminate costs removed from the prestige hierarchy, including cutting spending in administrative areas (Toma, 2012).

Within the notion of isomorphism, researchers have identified three key mechanisms of change: coercive, mimetic, and normative isomorphism. Coercive isomorphism results from formal pressures, such as government regulations, as well as informal pressures, like social and cultural expectations of postsecondary institutions (DiMaggio & Powell, 1983). Coercive isomorphism occurs when institutions make changes resulting from government regulations or mandates, or when individuals or groups of donors encourage institutions to adopt programs or to build facilities (DiMaggio & Powell, 1983; Rowan & Miskel, 1999; Toma, 2012). Mimetic
isomorphism—institutional action often resulting from uncertainty—encourages institutions to model their organizations after other institutions that are perceived to be successful (DiMaggio & Powell, 1983; Rowan & Miskel, 1999; Toma, 2012). Because postsecondary institutions operate in a field with unclear technology and ambiguous goals, institutions often copy the programs and policies employed by institutions viewed as more legitimate, successful, or prestigious. Mimetic isomorphism is a less costly way to reduce uncertainty and demonstrate effectiveness, and this mechanism is often encouraged by a skilled labor force or diverse customer base (DiMaggio & Powell, 1983; Rowan & Miskel, 1999). Normative isomorphism occurs when institutions conform to the norms of professionalized fields. Because faculty members have received formal education and participate in professional networks, these individuals expect colleges and universities to pursue prestige and follow certain norms (DiMaggio & Powell, 1983; Rowan & Miskel, 1999). Ultimately, it is clear that these three mechanisms shape the operations of public research universities, and it will be interesting to identify how these pressures influence the decisions administrators make in relation to privatization.

Researchers have identified predictors of isomorphic change, which occur at both the organizational and field levels. Many higher level elements of postsecondary institutions serve as organization-level predictors for isomorphic change. First, as institutions become increasingly interdependent, isomorphic change will occur more frequently (DiMaggio & Powell, 1983). When one institution relies heavily on another organization for resources, the initial institution will begin to resemble its resource provider. Second, as colleges or universities pursue increasingly ambiguous goals and uncertain outcomes, they are more likely to emulate institutions that they revere as successful. Third, as the workforce becomes more professionalized—holding advanced credentials and participating in professional associations—
institutions are more likely to model themselves after other entities in the postsecondary arena (DiMaggio & Powell, 1983).

At the field level, DiMaggio and Powell (1983) have identified several predictors for isomorphic change. First, as the field increasingly relies on one source for funding, isomorphism will increase. Second, as institutions within the higher education field interact with government agencies, isomorphism will increasingly spread throughout the field. Third, if there are few examples of different ways to organize institutions isomorphism will spread more quickly (DiMaggio & Powell, 1983). Fourth, when the field must operate with unclear technologies or goals, isomorphism will prevail. Fifth, as a field hires an increasingly professionalized workforce, isomorphism will increase. Finally, as a field is more structured, isomorphism will be more prevalent (DiMaggio & Powell, 1983).

The Cultural Model. Within institutional theory, scholars have identified the cultural model, which provides a holistic view of institutions (Peterson & Spencer, 1990) and suggests that organizational change is a slowly evolving process that occurs in response to the environment (Kezar, 2012). The cultural framework views postsecondary institutions as distinctive social organizations that possess histories, traditions, values, beliefs, myths, and rituals (Kezar, 2012; Neumann, 2012; Peterson & Spencer, 1990; Senge, 2013). The cultural model expands scholars’ ability to analyze postsecondary institutions by positioning them in a larger context (Senge, 2013). This model posits that an institution’s culture evolves as a result of its past, its leaders, its subcultures, and of the critical events in the institution’s history (Smerk, 2010). As the cultural model examines the notion of change, it assumes that change is a dynamic and ongoing process primarily motivated by the notion of legitimacy.
Within the cultural model, scholars have identified the notion of organizational saga, an accepted narrative about an institution based on the organization’s history that claims a significant accomplishment (Clark, 1972). The organizational saga unifies institutions and serves as a critical resource that connects individuals to one another and to the organization. When a developed saga is incorporated throughout the institution, it generates widespread belief from powerful individuals. For a saga to be accepted, institutions must have unique programs, external buy-in, a student subculture, and evident imagery (Clark, 1972). If a university leader leverages an established saga, that individual can manage change more effectively.

Researchers have applied the cultural model to many studies of postsecondary institutions and found that it offers significant explanatory power for the complexity of colleges and universities and the decisions that leaders must make in times of change (Smerk, 2010). By incorporating the notion of saga and considering the levels of institutional cohesion around the saga, scholars have determined that the cultural model helps researchers better understand institutions in times of change by identifying multiple groups, meanings, and ideas. As I consider the cases in this study, the notion of institutions’ histories and sagas can help me to better understand how the institutions make sense of change related to privatization.

**Resources and Risk.** Although institutional theory explains how in a quest for resources institutions make choices to resemble each other and seek prestige (Toma, 2012), the theory also helps to illuminate the different ways in which wealth influences the types of decisions institutions are able to make (Harris, 2013). Well-resourced institutions are better positioned to make investments in opportunities with unclear outcomes than lower-resourced institutions, because the wealthier institutions have more resources available to risk. Therefore, these highly resourced institutions can avoid some of the normative pressures and make innovative decisions
that could further position themselves as pioneers and leaders in the field of postsecondary education—ultimately providing these well-resourced institutions with greater levels of wealth and prestige (Harris, 2013).

**Benefits and Limitations of Institutional Theory.** Institutional theory has been used in higher education scholarship and demonstrates considerable strengths as a theoretical framework through which to view organizational change. One of the most important benefits of institutional theory is its holistic view of organizations and its ability to view institutional change in a broader context (Senge, 2013). This expansive theory has strong explanatory power for the ways in which institutions conform within the field of postsecondary education (Rowan & Miskel, 1999). It also helps to explain how well-resourced institutions can make risky decisions to innovate while lower-resourced institutions are less capable of taking chances (Harris, 2013).

Although institutional theory provides clear strengths to postsecondary research, the framework has several limitations. Institutional theory fails to offer clear predictions regarding the outcomes of institutional actions (Rowan & Miskel, 1999). In addition, institutional theory does not account for innovations and risk-taking led by less prestigious institutions. Despite these limitations, institutional theory will be relevant to this study. Institutional theory offers a strong explanation for similar actions taken by different institutions, while allowing for innovative behavior. This theoretical framework provides space to consider an institution’s context, and it will help this study to further explain institutional norms and the risks that administrators decide to take. Finally, the theory also considers matters of prestige, which are particularly important to the AAU institutions that will be included in this study’s sample.
Connecting the Two Theories

Organizational scholars have found considerable value in using multiple theoretical frameworks through which to explain organizational change. By applying multiple theories, researchers are able to provide a more complex depiction of organizational change in postsecondary institutions (Birnbaum, 1988; Kezar, 2012). Importantly, Tolbert (1985) found considerable explanatory power by employing both institutional theory and resource dependence theory in the same study. She noted that when the two frameworks are applied together, “an institutionalization perspective defines conditions under which hypotheses generated by a resource dependence perspective will hold” (p. 11). Following Tolbert’s guidance, this study has employed the two theories to provide a better explanation for the complex decisions institutions must make when faced with declining state financial support.

Differences Between Theories. Because institutional theory can establish conditions that create dependencies, the two theories help to explain different elements within this study—a notion that will be explored further in the implications section (chapter 6). Resource dependence theory will help to explain institutional differentiation. As institutions have adapted to the needs of the marketplace or attempt to serve or to develop new markets, administrators and faculty have introduced programs or services that distinguish their university from other institutions (Powell & Rey, 2015; Tolbert, 1985). This notion of differentiation within resource dependence theory differs significantly institutional theory’s notion that institutions face significant pressures to conform to a standard in order to obtain the necessary resources to survive.

Although both theoretical frameworks address the role of resources in institutional survival, institutional and resource dependence theories discuss resources in slightly different manners. In a recent study, Powell and Rey (2015) noted that institutional theory discusses how
resources interact with the environment in relation to institutional culture—a notion I found occurring in the three universities throughout my data analysis. In comparison, the study suggested that resource dependence theory is used to examine how institutions are affected by and manage the environment, and how the environmental constraints influence administrators’ and faculty members’ behavior. Therefore, the two theories highlight the influence of different elements in institutional decision-making—institutional theory illuminates the importance of internal characteristics, while the resource dependence framework emphasizes the key role of the environment.

**Similarities Between Theories.** Despite the differences between the two frameworks, the theories have noteworthy similarities and could converge in ways that make it challenging to delineate between the theories as I draw conclusions from this study’s findings. Both theories address the important role of environmental scanning (Pfeffer & Salancik, 1978; Toma, 2012), and suggest that institutions must remain aware of the actions of other organizations within their environment. If this awareness leads to institutional similarities, it could be difficult to identify whether isomorphism or competition for resources led to the conformity. In addition, as dependency relationships at one postsecondary institution become accepted as part of that organization’s culture, associations could be legitimized and adopted by other institutions (Tolbert, 1985). If many institutions establish similar types of relationships, it could be challenging to attribute the partnerships to resource dependencies that exist separately from isomorphic pressures that encourage institutions to develop similar alliances. Importantly, as external partnerships become more financially significant to postsecondary institutions, the colleges and universities may begin to resemble their funding partners (Slaughter & Leslie, 1997). Therefore, these resemblances could become normalized within a single institution.
(Tolbert, 1985) and adopted by other institutions that are conforming to the standard set by the initial institution or competing with that institution. If this occurs, it will be difficult to distinguish the effects of resource dependencies from the influence of institutional cultures. Ultimately, the overlapping characteristics of the two frameworks could present dilemmas in my analysis of this study’s findings. However, to draw insightful conclusions, I have closely examined the theoretical literature and discussed my conclusions with other researchers. I will discuss this in more detail in the implications chapter of this dissertation.
CHAPTER 4
RESEARCH DESIGN

Qualitative studies are, by nature, exploratory. These studies put the researcher in the field, close to participants, and allow for in-depth analyses of phenomena. Within qualitative studies, researchers examine multiple forms of data (Creswell, 2009). Qualitative researchers conduct inductive data analysis, identifying patterns and themes as they analyze the data. In qualitative studies, researchers attempt to understand the broader meaning of participants’ experiences (Creswell, 2009).

In higher education research, scholars have examined the forces encouraging privatization and some of the actions that institutions have taken in response to those pressures. However, the scholarship of privatization is still emerging. There are gaps in the literature that have prompted this researcher to employ a qualitative research design, including: how institutional context shapes privatization; the institutional responses to the context and to forces of privatization; which elements represent the public nature of a public university or the privatized nature of the university; and, how privatization influences relationships with policymakers. Therefore, because limited research has been conducted to identify the different ways in which different institutions privatize and the various outcomes of privatization, qualitative methods are appropriate to leverage to answer the following research questions:

1. How does an institution’s context shape its positioning on the continuum of privatization?
2. Why do similar pressures of privatization prompt different responses among institutions, and what factors shape a university’s responses to those pressures?
3. How do administrators navigate an institution’s relationships with state policymakers while pursuing strategies of privatization?
Guided by these research questions, this chapter of the dissertation will expand upon the study’s research design, including the sample selection, data collection, methodology, reliability, and validity. It will elaborate on how this study employed a multisite case study design that allowed me to conduct document and archival analyses as well as interviews to obtain data that have illuminated institutional responses to privatization and the subsequent stakeholder responses.

The case study examines a unit of analysis that exists within a bounded system to discuss the global nature of the unit (Merriam, 2009; Yin, 2014). This strategy of qualitative inquiry allows researchers to explore processes, activities, and events (Creswell, 2009). By examining a single event, program, or phenomenon, a case study produces a descriptive analysis that provides a deeper understanding for the study’s reader. The multisite case study approach—an expanded version of the case study—allows researchers to collect and analyze data from several cases (Merriam, 2009). This approach enhances the study’s external validity and frequently allows for a more compelling interpretation. Multiple case studies are considered more compelling than single case studies, and examinations of multiple sites offer more robust analyses (Yin, 2014). Case studies benefit the broader knowledge of subjects because they offer detailed and contextual examinations that advance a field’s knowledge, but these studies are limited in their generalizability (Merriam, 2009). For effectiveness, case studies depend on the researcher’s integrity for reliability, and validity.

The multiple case study approach allows this study to examine within the bounded context of an institution how several prominent universities—with many avenues for revenue generation but declining state revenues—respond to privatization forces and to identify the outcomes of each university’s actions. By incorporating the multiple case approach, I have identified trends across institutions, observed the influences of state contexts, and increased the
study’s validity and reliability. Although the study does not intend to produce findings that are
generalizable to all public institutions, it does offer insights about the ways in which well-
resourced research universities address state funding cuts and competitive pressures. Therefore,
the following research questions have guided this study:

1. How does an institution’s context shape its positioning on the continuum of privatization?
2. Why do similar pressures of privatization prompt different responses among institutions,
   and what factors shape a university’s responses to those pressures?
3. How do administrators navigate an institution’s relationships with state policymakers
   while pursuing strategies of privatization?

Sample Selection

Qualitative researchers employ nonprobability sampling (Merriam, 2009). Within this
approach, many scholars use purposeful sampling—a technique that allows researchers to
identify samples that provide rich data to expose a phenomenon. In case studies, researchers
must employ sampling strategies to identify both cases to study and participants to interview
(Merriam, 2009). For this study, I have used nonprobability sampling to identify a purposeful
sample of cases, which allowed me to identify public research universities with multiple avenues
to generate revenue from external sources—organizations that are best positioned to privatize. To
identify those cases, I established the following selection criteria to identify the most appropriate
institutions to examine in this study:

1. Because of elite research universities’ abilities to generate external revenue, cases must
   be public research universities that are active members of the prestigious Association of
   American Universities, a selective organization that identifies members based on
   institutional research productivity;
2. Because of the study’s key assumption that privatization is largely motivated by state
   funding cuts, cases must be institutions that experienced declining state support from
   1990 to 2014, including:
   a. Institutions that experienced real declines in state funds;
   b. Institutions that experienced real declines in state funds per FTE; and,
   c. Institutions that experienced a more than 10% decline in the proportion of revenue
      received from the state;
3. Because of the study’s definition that suggests that institutions replace state support with tuition revenue, cases must be institutions that increased tuition prices from 1990 to 2014, including:
   a. Institutions that experienced increases in real tuition dollars;
   b. Institutions that experienced increases in real tuition dollars per FTE; and,
   c. Institutions that experienced a more than 10% increase in the proportion of received from revenue from tuition;
4. The literature shows that institutions are turning to out-of-state students to generate tuition revenue. However, to control for institutions that must employ this practice to account for population declines, cases must be institutions located in states that experienced at least a 1% population growth from 1990 to 2010, according to the U.S. Census.
5. To narrow down number of institutions, I created grids of privatization (discussed below) and selected two of the most frequently occurring institutions that appeared in the more privatized grids.
6. To provide a case for maximum variation, I identified one public AAU institution that did not experience a real decrease in total state funding from 1990 to 2014 but did experience a real increase in tuition dollars in that same time span.

When I examined the institutions that meet the selection criteria, I identified 34 public AAU institutions. Then, by employing IPEDS data I found that 21 public AAU institutions had experienced the three types of state funding cuts discussed above. Of those, 16 met the three criteria of increased tuition funding. Finally, of those institutions, 15 are located in states with population growth. After identifying those 15 institutions, I created grids to visually see which institutions could be considered as pursuing privatization (see Appendix G). Using IPEDS data from 1990 to 2014, I established a grid that compared changes in institutions’ proportion of state funding with the proportion of state funding received. I also created grids that contrasted changes in the proportion of tuition funding to the proportion of tuition funding received; changes in the proportion of endowment funding to the proportion of endowment funding received; changes in the proportion of federal funding to the proportion of federal funding received. In these grids, several of the institutions that met the above selection criteria appeared to be experiencing shifts toward privatization as well as increased sources of private funding. Two institutions—the University of California at Berkeley (Berkeley) and the University of
Washington (UW)—experienced both a large decline and low proportion of funds from the state along with a large increase and high proportion of funds from tuition. These measures indicate that both Berkeley and UW may be experiencing the forces of privatization in powerful ways.

After considering the institutions that met the first five case selection criterion, I determined that Berkeley and UW would be two public research universities that could provide interesting contexts through which to more deeply understand privatization (please see Appendix A for a table indicating how each institution met the selection criteria). In the selection criteria’s time frame, Berkeley experienced a 26 percentage-point decline in the proportion of revenue received from its state and a 30 percentage-point increase in the share of revenue from tuition. The institution also experienced a real decline in state funding per-FTE of $21,422 and generated an additional $19,477 per-FTE in tuition revenue. During the 24-year time span, UW experienced an 18 percentage-point decline in its share of revenue from the state (-$13,173 per FTE) and an increase of 11 percentage-points in the share of revenue from tuition (+$21,089 per FTE). It is clear that despite this study’s effort to control for institutional type, prestige, and privatization, there is still a variety in the ways in which public research universities privatize. These forces have been imposed in different ways for each institution—creating unique cases to allow me to investigate how the context of an institution shapes its responses to privatization.

After selecting the two cases that fit the first five selection criterion, I decided to identify one case that could provide maximum variation—meeting the sixth selection criteria. This institution would be a public AAU flagship that had not experienced declines in state funding (in constant dollars) over the past 25 years. This third case would provide my study with a similar type of institution—an elite public research university—that would offer a direct contrast, in terms of state support, to the two institutions selected through the selection criteria. By
identifying an institution that did not experience significant real declines in state funding, the third case would allow me to account for isomorphism or other changes in the public research university sector—such as increasing marketing efforts or other tactics—that could be unrelated to significant state cuts.

As I examined IPEDS data from 1990 to 2014, I found five institutions that experienced growth in real state funding. These five institutions included: Georgia Institute of Technology (+$55.9 million); the University of Kansas (+$55.6 million); the University of Maryland (+$18.7 million); the University of North Carolina at Chapel Hill (+$25.5 million), and Texas A&M (+$53.2 million). Of these institutions, one—the University of North Carolina at Chapel Hill (Chapel Hill)—also grew real tuition revenue by $227 million. The growth in real tuition revenue, accompanied by growth in state support, presented an interesting case to study. Chapel Hill is an institution that has experienced historically strong state support and constitutional requirements surrounding tuition as well as legislative requirements surrounding enrollment. The university also is a top U.S. public research university, and institutional theory suggests that it may feel pressure to emulate the behaviors of similar institutions. By examining Chapel Hill as a different type of case for this study, I thought I might be able to identify pressures of isomorphism, if they existed.

**Context of the Cases.** Each of these institutions presents an interesting case through which to examine the pressures of—and responses to—privatization. Although I will present the findings related to the contexts of these cases in significant detail in Chapter 5, this section will provide an introduction to the three cases examined by this study. This introduction of the cases will explain the unique elements of the three institutions that guided their case selection.
Berkeley has been considered to be a prominent example of the importance of outstanding public higher education (Kerr, 2001), and *U.S. News & World Report* ranks it as the number one public university in the nation (U.S. News, 2017). In recent years, Berkeley has experienced rapid declines in state funding. The university has compensated by rapidly increasing the proportion of funding from tuition revenue. While facing criticism for abandoning its public mission, Berkeley also has been publicly criticized for its enrollment of out-of-state students (Jaschik, 2016).

IPEDS data also presents UW as an interesting case to study. Located in Seattle, the *U.S. News & World Report* considers it the number 16 public university in the nation (U.S. News, 2017). The university receives one of the lowest (of all AAU publics) proportions of revenue from its state (7%). The institution received more than $1 billion in federal grants in 2014, and the same year it was the top public AAU in committing expenditures to research, according to IPEDS data. UW also has a robust fundraising enterprise, and in the 2014 fiscal year the institution raised more than $482 million from more than 108,000 donors (University of Washington, 2014). Along with Berkeley and Chapel Hill, UW ranks among the top public institutions in receiving gifts from donors (Chronicle of Higher Education, 2017).

Chapel Hill provides a unique case through which to examine state funding and state relationships. The university is considered by *U.S. News & World Report* as the number five public institution (U.S. News, 2017; UNC, 2013), and Chapel Hill roots itself in its history and considers itself to be the first public university in the nation. This institution has undergone significant changes in recent years, including a 20% increase in the undergraduate student population from 2001 to 2011 (UNC, 2010). In addition to institutional changes, North Carolina’s political arrangement has shifted considerably in recent years. The state’s
legislature—traditionally controlled by Democrats—shifted in 2011 to Republican control (North Carolina, 2017). In addition, the state’s governor—also, traditionally affiliated with the Democratic Party—shifted to the Republican Party in 2013. These changes encouraged partisan divisions that have impacted Chapel Hill over the past decade (Purdy, 2015).

Ultimately, these three cases offer compelling opportunities to examine the forces of privatization. Although there are other institutions that fit the selection criteria, the selected three institutions offer unique contexts that could provide interesting data that allows an examination of privatization. These cases provide opportunities to examine the relevance of institutional mission, the pressures of external stakeholders, the influence of federal funding, and more.

**Data Collection**

Within the case study, researchers employ sampling strategies to collect data at selected sites. Some of the forms of data used in qualitative research include interviews, document analysis, and archival analysis (Creswell, 2009). Interviews—one-on-one or focus groups—are unstructured sessions in which the researcher asks open-ended questions to participants. Interviews provide context; give researcher control over questions; and useful when observations are unavailable. But, interviews include participants’ filtered perspectives, are not natural, and may be biased by the researcher (Creswell, 2009). Despite the bias that can be introduced from the questions and responses, Yin (2014) calls interviews one of the most important sources of data. Documents involve public documents (newspapers, meeting agendas, reports) and private documents (journals, memos, letters). This form of data shows participants’ language; is accessed on the researcher’s time; is thoughtfully produced; and does not require transcription. But, the information may be unavailable, hard to find, incomplete, and inaccurate (Creswell, 2009; Yin, 2014). With similar strengths and drawbacks to documents, archival records can be
important and include public files (census, state data); service records; organizational records (budgets); maps and charts; and, survey data (Yin, 2009).

For this study, I have employed purposeful sampling and engaged in a two-stage data collection process. First, I conducted a document and archival analysis in the spring of 2017, examining 91 documents—at least 30 from each institution. This provided me with a more nuanced understanding of the context in which each of the cases reside. I learned about many of the important figures in the institutions, and I gained an initial understanding of the budgets, controversies, and news of the cases.

As a first step in my data collection and analysis, I collected data that includes news coverage; institutional communication to external audiences; institutional histories and missions; budgets; and, legislative records. To understand the ways in which institutions communicate objectives to external stakeholders, I analyzed presidents’ or chancellors’ annual reports, provosts’ reports, university newsletters and magazines, blogs, websites, and videos. I found these reports by examining institutional websites and archives. To identify external perceptions of the decisions and activities of institutions related to privatization, I examined press coverage. The press coverage I examined included news reports of: state funding of public institutions, legislation tied to public higher education, broader state budget issues, governors’ priorities related to higher education, controversies related to the cases, and national coverage of the cases. I identified relevant news coverage by using the database LexusNexus and searching by institutional names and including relevant search criteria, such as “privatization,” “state funding,” “state politics,” “fundraising,” “state cuts,” and “controversy,” among other search terms.
To identify institutional priorities and degrees of privatization, I analyzed documents related to universities’ budgets spanning back to the Great Recession. These documents were located on the institutions’ websites. Because institutional theory—one of the frameworks guiding this study—highlights the importance of institutional culture and history, it is important to understand the context in which these institutions operate. Therefore, I analyzed institutional histories and historical as well as more recent documents related to institutional governance arrangements. These documents have allowed me to identify university officials who play an important role in external relations—further ensuring that this study would secure relevant administrators to interview as participants.

Following the document and archival analysis, I conducted 26 interviews with university administrators, governing board officials, and others affiliated with the institutions or who have knowledge about privatization. I employed a purposeful sampling strategy to select a collection of participants who serve as decision-makers on matters related to privatization. These individuals have provided considerable insight regarding state support for higher education and how the institutions’ relationships with their states have changed as funding has been cut. The professional roles of the participants included in this sample are: provosts, officials in provosts’ offices, senior staff in presidents’ or chancellors’ offices, senior administrators in campus and system offices of government relations, senior development administrators, senior admissions administrators, senior administrators in offices of university finance, and former administrators. The majority of the senior administrators held roles at the vice president or vice chancellor level, but several participants included officials at the level just below vice president or vice chancellor. One institution’s most senior administrator participated in the study. I also conducted interviews with administrators who work with the governing boards. In addition, to
understand the broader national context, I included one long-serving higher education faculty member and an executive at a top consulting firm that has analyzed the operations of two of the institutions in this study along with many other institutions of higher education. Although I intended to interview state officials, such as legislators and staff in the governors offices, no state officials responded to repeated requests for interviews.

For this study, I aimed to conduct interviews with seven to ten representatives from each institution, and I ultimately was able to conduct 26 total interviews. After concluding data collection, at Berkeley I interviewed 7 administrators, 1 system official, and 1 retired campus and system level administrator. At Chapel Hill, I interviewed 4 campus administrators, 2 system-level administrators, 1 former senior campus administrator, 1 former system-level administrator, and 1 management consultant closely affiliated with the institution. At Washington, I interviewed 6 administrators, 1 governing board representative, and 1 faculty member. To establish connections with these participants, I emailed them information about this study and an invitation to participate.

As I prepared for the interviews, I designed the questions with the intention of obtaining responses that best addressed my research questions (See Appendix F for several of the interview protocols). To obtain a detailed understanding of privatization forces, interviews were conducted in an open-ended and semi-structured format. These interviews were scheduled to occur over the course of a half an hour to an hour, and they were recorded digitally. Seventeen interviews were conducted in person, and nine interviews were conducted over the phone. I have stored the interview transcriptions in a password-protected Dropbox folder. To protect participants’ identities, I removed names and titles from the transcriptions and have provide broad
descriptions of each individual in the analysis sections of this paper. With each participant, I have discussed his or her comfort level with my descriptions in the dissertation.

Once my dissertation proposal was approved to move forward, I submitted the study’s data collection and analysis plans to the University of Georgia (UGA) Institutional Review Board to seek its approval. In response to my application, the UGA IRB exempted this study from its oversight process (See Appendix H for the IRB letter).

**Methodology**

This study follows the qualitative tradition of data analysis—embarking on an ongoing process that includes systematic bit iterative coding, analysis, and reflection (Creswell, 2009). I followed Miles, Huberman, and Saldana’s (2014) recommendation of a two-stage coding process, in which the first stage calls for applying broad codes to chunks of text and the second stage uses pattern codes to group initial codes into broader themes.

In this study, I obtained electronic or physical copies of public documents and institutional histories. For electronic documents, I stored files electronically on a password-protected Dropbox folder, and I coded by hand all of the documents. I used a largely deductive coding strategy with descriptive codes, especially on the first cycle (Miles, Huberman, & Saldana, 2014). I obtained descriptive codes from the literature and plan my coding organization strategy based on my research questions, theoretical framework, and literature review. As I began to analyze the data obtained from the interviews, I employed deductive coding with descriptive codes during the first cycle of coding the interviews, but I allowed for some inductive coding with in vivo codes to capture unexpected themes. During the second cycle, I applied participants’ phrases to capture broader themes and structure my understanding of the larger meaning of the data. I maintained a codebook with definitions (Appendix B). Throughout data
analysis, I have drafted memos on: themes identified from the data, differences across cases, and unexpected findings (Creswell, 2009).

Validity and Reliability. In qualitative research, the notion of validity references the researcher’s efforts to ensure the accuracy of the study’s findings. Creswell (2009) suggests that strategies to maintain validity include: triangulating data to make sure it justifies themes; member checking to ask participants whether the study’s analysis is accurate; writing rich, thick descriptions to discuss the findings; clarifying bias; presenting conflicting or negative information to present a complete picture of the case; spending prolonged time in the field; using peer review; and, asking an external reviewer to examine the study. Yin (2014) notes that construct validity can be established by using multiple sources of evidence, establishing clear chains of logic, and by engaging participants in reviewing the analysis. Internal validity references the study’s ability to connect the findings to the experiences of the participants (Merriam, 2009).

Reliability references the whether the initial researcher’s approach to the study could be replicated by other scholars (Creswell, 2009; Merriam, 2009). To ensure reliability, researchers fact-check transcripts, maintain code definitions, and ask other researchers to cross-check codes (Creswell, 2009). In addition, Merriam (2009) encourages researchers to understand their own biases/thinking and maintain detailed records of the decisions made during the research process. To expand reliability, researchers should use case study protocol and develop a case study database in which they keep clear notes and account for decisions (Yin, 2014). Finally, to help other researchers identify ways in which the initial study could apply to other studies, Creswell (2009) writes that qualitative generalization allows scholars to translate findings to similar cases.
To create a useful dissertation, validity and reliability are particularly important. I aim for this study to produce an accurate analysis of the ways in which the three cases respond to privatization forces and the outcomes of those decisions. Therefore, I have employed strategies to preserve the internal validity, external validity, and reliability. By engaging in a two-stage data collection process, I spent sufficient time analyzing the cases with the ultimate result of more deeply understanding the contexts facing the institutions. In addition, I have triangulated data through document analyses and interviews. Further, I have been willing to present conflicting narratives and question my assumptions. As I have written this dissertation, I have sought to provide in-depth descriptions of the cases to convey the study’s findings effectively. Also in this dissertation, I have discussed how the unique sample used in this study limits its generalizability to public research universities with robust research enterprises, selective admissions, and strong alumni and donor support. Finally, to preserve the study’s reliability, I have defined codes and maintained consistency, and I have made regular use of memos regarding my decision-making process. To ensure my conclusions are logical, I have asked peers and faculty members to review my work.

**Researcher bias.** As I conduct this study, I have been aware that in qualitative research, the researcher’s experiences, thoughts, and opinions can influence the findings of the study. It is important to consider the notion of researcher bias and to take steps to prevent it from negatively influencing a study’s results. While I am a doctoral student embarking on a research project, I also hold a graduate assistant position in the University of Georgia’s (UGA) Office of the President. My assignments and relationships in this role may influence my conceptions of the importance of state policymakers as external stakeholders. In addition, it may influence my perception of administrators’ reticence to discuss state policy and policymakers in a negative
light. However, as I have conducted this study, I have acknowledged my potential biases and consistently sought to not let my experience at UGA color my perceptions of other institutions. In addition, I have clarified to participants that I am not entering these interviews as a representative of UGA’s administration. Instead, I am conducting the interviews in my capacity as a graduate student.
CHAPTER 5

FINDINGS

As discussed in the research design chapter, this dissertation engaged in a multi-site case study of three public research universities, the University of California Berkeley (Berkeley), the University of North Carolina at Chapel Hill (Chapel Hill), and the University of Washington – Seattle (UW). I embarked on this study to fill a gap in the literature related to privatization—defined, for this study, as public research universities replacing state funding with revenue from tuition and private support. The study sought to answer questions on how an institution’s context shapes its privatization efforts; why institutions respond in different ways to similar pressures; and the institutions’ relationships with their states.

As a guide for this chapter, I will first discuss how I analyzed the data and my initial findings. Then, I will explore the context of each case to provide a deeper understanding of the privatization and political environment related to each institution. After providing the institutions’ context, I will explore the cross-cutting themes identified by this study, including changing sources of revenue, continued importance of the states, and the influence of context on privatization. As the chapter develops, I will discuss the similar ways in which the universities compensated for state funding cuts by cutting administrative costs and shifting the burden of payment to external entities. I also will discuss how each of the institutions emphasized the importance of maintaining ties with their states, despite experiencing state funding cuts. Through this discussion, I will explore the continued importance of state funding, the importance of effective university responses to state changes, increased government relations activities and...
government oversight, and the universities’ emphasis of their public missions. I also will explore my finding of the importance of institutional context on universities’ privatization efforts, particularly the influence of state taxes, politics, laws, and state higher education arrangements. Within the notion of context, I also will describe how individuals’ personalities shape the universities’ privatization postures. Finally, I will note that I found a small degree of state reinvestment—increased state funding—that was provided to the institutions with strings attached.

To answer those questions and to more deeply understand the privatization of public research universities, I conducted a document analysis. Coding of the UW’s documents revealed the institution was changing tuition prices charged to students, experiencing considerable changes in state funding, increasing fundraising, and expanding its research enterprise. Berkeley’s documents revealed similar themes and highlighted a heated political discussion regarding how the university’s increase in non-resident undergraduate enrollment may restrict access for state residents. Document analysis also revealed Berkeley’s efforts to expand corporate partnerships. For Chapel Hill, document analysis revealed an institution operating in a political environment that is deeply critical of higher education. Chapel Hill’s documents revealed a limited conversation about increasing tuition prices and nonresident enrollment. Instead, it appeared that Chapel Hill is responding to declining state funding by turning to private donors and corporations. For the specific counts of code occurrences during the document analysis process, please see Appendix I.

Following the document analysis, I conducted interviews with current and former campus and system administrators, faculty members, and other relevant informants. I analyzed the data collected in the interviews and identified clear themes related to institutional privatization,
context, and state relations. The two cycles of coding of the interview data revealed similar themes to the document analysis but provided me with a significantly greater understanding for the rationale of the universities’ behaviors regarding privatization and state politics. The heightened political environments in California and North Carolina regarding higher education became clearer, and the influence of each state’s legal and political context was evident. For the specific counts of code occurrences during the two cycles of interview data analysis, please see Appendix J.

My analysis of this data produced key findings, which I organize into themes that are discussed in detail throughout this chapter. But, before the full discussion of the themes identified by this study in detail, it is important to note that the assumption guiding this study is correct—the three public research universities examined in this study are privatizing. They are experiencing state funding cuts and are responding in both similar and context-specific ways. But, they clearly are attempting to decrease institutional costs and raise tuition prices, expand private fundraising, and pursue corporate partnerships. In fact, several participants discussed how the public institutions in this study are becoming more like their private peers in order to generate revenue in the wake of state divestment. One senior administrator at Berkeley captured this notion, saying in an interview: “As recently as even 30 years ago, more of our budget came from the state funding—more than half of the campus budget—and today it's about 12%. So, we have really pivoted to be funded a little more like private university.” Participants at the three campuses echoed this notion and described other behaviors that moved the public institutions into a posture that resembled their private peers, including engaging in nationalized undergraduate recruitment strategies. After discussing their institutions’ actions to become more like private universities, several participants said that they expect these behaviors to continue.
One senior administrator—also at Berkeley, but providing an analysis that was emblematic of participants’ responses at all three cases—said:

I don't anticipate that public funding is going to return to its former levels. I hope that we can sustain the current proportion of public funding that we receive, but I think that universities are going to become more entrepreneurial. They will further multiply and diversify their sources of revenue. Their philanthropic programs will increasingly look like the philanthropic programs of private colleges and universities. So, it will be a really interesting mixed model of private and public funding.

Despite these institutional shifts toward privatization, I found that the three universities examined by this study remain closely connected to their states. The universities experience considerable—and participants suggested increased—state oversight. Participants reported a continued reliance on state funding and a continued pursuit of their public missions. In addition, data analysis revealed that the institutions have expanded government relations activities, increasingly engaging with state policymakers to build greater political and financial support for the institutions.

Although the institutions pursued some of the same privatization strategies, this study found that each state, institutional, and administrative context plays a significant role in shaping the institution’s behavior regarding privatization. I found that the legal environment in states restricts or promotes institutional behavior. For instance, the legal context of the state of North Carolina restricts Chapel Hill’s ability to increase undergraduate resident tuition prices and non-resident undergraduate enrollment. In addition, the political environment of states influences levels of political support institutions receive from their states and the ways the universities engage with state policymakers. For instance, in general Washington’s state policymakers view higher education favorably, and the UW is able to negotiate with state policymakers and avoid a high degree of oversight. Finally, I found that individuals’ personalities play an important role in influencing universities’ privatization efforts. For instance, when a president or chancellor is
viewed favorably by alumni, the university is able to secure greater private support for institutional priorities or fundraising campaigns. As the chapter continues, I will explore these findings related to the importance of context in greater detail, providing a summary of each institution’s context as well as discussing cross-cutting themes related to context. To fully explore this study’s findings, this chapter first will outline the context of each case, then discuss subthemes related institutions’ close connections to their state in the wake of state divestment, and finally evaluate the cross-cutting subthemes related to the importance of context.

Overview of the Cases

The University of California Berkeley. The University of California at Berkeley faces a number of challenges that shape the way that Berkeley’s administrators operate. Like other public research universities, Berkeley faces the fiscal challenge of reduced state funding for higher education and significant competition among state public agencies for state funds, but the institution also faces a campus budget deficit that many participants described as self-inflicted. The university appears to have diminished political support from state leaders, and its level of autonomy is complicated. Although the UC system has constitutional autonomy—indicating broad authority to carry out its goals—the governor and to some degree, the legislature, play an active role in shaping institutional behavior. Berkeley also experienced a recent leadership change, with the institution’s current chancellor, Dr. Carol Christ, following a controversial leader and taking office on July 1, 2017.

Funding. As discussed in the methods chapter, Berkeley experienced declining state funding in recent years. In the previous chapter, I discussed funding trends over the past 24 years, but through data analysis it became clear privatization trends were accelerated by the Great Recession, which began in 2008. Therefore, as I present the three cases in this chapter, I
will incorporate data following the economic collapse of the past decade. Following the Great Recession, Berkeley’s state funding per-FTE declined from $14,311 in 2008 to $8,694 in 2015, according to IPEDS data. The 2015 per-FTE state funding is up from California’s lowest point in 2012, when Berkeley received $7,486 per-FTE in state funding. Although state divestment was encouraged by the Great Recession, state funding cuts have occurred for more than two decades. In fact, IPEDS data shows that annual state funding for Berkeley declined by more than $316 million in constant dollars from 1990 to 2014.

The campus replaced the reduced state support by increasing the revenue it received from tuition. IPEDS data reveal that Berkeley increased its tuition revenue from $9,025 per-FTE in 2008 to $18,432 in 2015, the highest amount to date. These changes are also reflected in the proportion of revenues Berkeley received from those two sources. Berkeley’s proportion of revenue from California decreased from 23% in 2008 to 17% in 2015, and the campus’ proportion of revenue from tuition increased from 18% in 2008 to 27% in 2015. Much like the decades-long trend in declining state support, Berkeley also has increased the revenue received from tuition by more than $528 million in constant dollars from 1990 to 2014.

In addition to facing considerable cuts in state funding, Berkeley also is working to overcome a significant budget deficit, which at its largest was $150 million (Anderson, 2016). Several of this study’s participants described the budget crisis, which many characterized as self-inflicted. One participant—an administrator who recently left Berkeley for the UW—noted:

In about 2009 or ’10 at UC Berkeley, the then-CFO, John Wilton, basically told everyone to deficit spend … So, he says deficit spend. This is where it came from. This is a central mandate. And that it was somehow going to be made better—I don’t know, by rainbow shooting out of a unicorn. And so what that means is that they ended up with a big fat deficit last year, and finally to sort of return to a sustainable path, it’s meant multiple years of across-the-board cuts. I think it’s been 6%. So what it means is that it may have looked good there right at the collapse of the economy in 2009-10—remembering that endowment payments are cushioned because they generally go off of a
five-year rolling average, so the downturn doesn’t come as quickly and the recovery doesn’t come as quickly. But, it looked pretty good there, and then it looked much worse. And it hasn’t gotten better … So, it keeps coming. They're not there. They're aiming for a balanced budget in fiscal year 2020. So that's pretty grim.

Interview participants and documents analyzed for this study described how Berkeley has sought to overcome this deficit through cutting costs and generating external revenue. The campus’ administrators, in consultation with Academic Senate, identified areas for budget reductions to reach $150 million—6 percent of the campus’ budget—in savings (UC Berkeley, 2016a). In a 2016 message, the Chancellor's office noted that the campus would reduce the deficit to $110 million by June 2017 by generating $23 million from spending cuts and $30 million in deferred capital expenses (UC Berkeley, 2016a). Administrators also asked units to identify areas for revenue generation to supplement the savings generated from budget cuts. Christ, Berkeley’s current chancellor, led the deficit reduction efforts as interim executive vice chancellor and provost, and participants noted that she continues to encourage the campus to pursue a sustainable fiscal strategy.

While Berkeley faces state funding cuts and a budget deficit, the campus is also constricted by the state’s tax structure and unique ballot initiative system, which limits public spending. Several participants interviewed for this study noted that California’s tax structure leads to volatile state revenue, and the ballot initiatives tie up state funding in ways that reduce the state’s ability to support higher education. Although this fiscal arrangement is unique to California, I will discuss the relevance of state tax law to higher education in greater detail later this chapter, because it emerged as a theme that spanned across cases.

**Political context.** Because Berkeley is a part of the UC System, the campus does not independently advocate for its own interests. Instead, Berkeley administrators—along with their UC counterparts—work together to encourage the state to support the system and its campuses.
While this arrangement is intended to insulate the campus from state politics, the UC System appears to be a political actor in the state of California. When the UC System becomes a contentious political issue in California—as it did recently with state audits on non-resident enrollment and the UC Office of the President’s spending—those political controversies can erode Californians’ trust in public higher education and ultimately impact the Berkeley campus.

While the system lobbies for general state support, each campus is influenced by the state’s political forces in unique ways. In addition to political concerns related specifically to the campus, Berkeley also experiences criticism from the California legislature and the state’s governor that stem from critiques of the UC System. Several participants noted that the UC President’s state budget negotiation strategies have created a hostile political environment that impacts both the system and the Berkeley campus. One participant, who is now retired but who served as a longtime campus and system senior administrator, described the context, noting:

It is politically difficult and has worked in a world somewhat away from the campus, because president of the University of California has a quite different background and does, of course, know politics quite well and therefore has been quite personally determining the strategy and navigating the waters of that. Which, is a little different than it would have been in past years, where it would have been more of a collaborative process.

In addition to state politics related to system operations, the Berkeley campus is also influenced by political criticism of the campus’ operations. In fact, residents’ concerns about in-state access to the UC System and the Berkeley campus has impacted Berkeley. One campus administrator described the political context, noting:

A lot of legislators, now, they’ll run on a campaign platform that includes getting access for their constituents to the university. It’s become a campaign commitment that they make that they will hold the university accountable to admit California residents—their constituents. So that’s created this adversarial relationship, where it doesn’t feel that it’s so much about cooperation or working together, it's more like ‘we’re going to force them’—that kind of rhetoric. That’s a challenge, too. They feel like they have to follow through on their campaign promise. Once they get into office, they are carrying
legislation that will try to prescribe the percentage of out-of-state students that we can have—that’s been something that has popped up—and then other things that they try to do interfere with the university, including trying to freeze tuition, things like that.

Despite the contentious nature of legislative engagement, several Berkeley administrators suggested that policymakers’ frustration with the UC system is not a new development. A longtime UC System and Berkeley campus senior administrator noted that the University of California experienced a “change in the perception of the university by degrees over the years. It was flying high in everybody's view from 1910 until let's say 1967. And then has been much more of a punching bag since then.”

**Institutional autonomy.** Although the state of California grants the UC System constitutional autonomy, Berkeley still experiences a considerable amount of political attention as well as many attempts from California’s policymakers to oversee the operations of the institution. One Berkeley administrator described the complicated level of autonomy that the campus experiences: “We do have autonomy. It is written into our constitution.” But, the administrator also noted, with a, “number of bills that are introduced every year, there is significant amount of interest in public higher ed. policy by members of the legislature … And, I think that whenever there are scarce resources, there's always interest in oversight. I think that that is an appropriate role for the legislature to play. I think that at times it goes beyond and crosses over the line in terms of the autonomy of the university and the fact that the Regents do have governance responsibilities and duties.”

Stretching beyond policymakers' interest in higher education, one Berkeley administrator suggested that the constitutional autonomy granted to the UC system has created a degree of resentment among legislators. This participant said that UC’s autonomy may have encouraged legislators to engage in the state’s university system. In an interview, the administrator said:
It is the case—and this is something that is upsetting to many legislators—when they write their legislation, they in their bills will request that UC do X, Y, or Z. Because they can’t force us to. But, the reality is that I can’t think of a single time when a piece of legislation has passed that has requested that the university do something that the university did not do it. Because, we just do. I think it would be a real challenge for the institution to not implement legislation that is passed and signed into law by the governor. So, on autonomy from the legislature, I think that there has been increased efforts to prescribe solutions to perceived problems.

These concerns were echoed by multiple participants. One senior UC System administrator, who also served as a long-time Berkeley campus administrator, said that California has a tension between the university’s constitutional autonomy and policymakers’ desire to engage with the state’s postsecondary system. In an interview, this administrator said:

There’s a very troubling dynamic that we have with the legislature. The university, in article 9 section 9 of our constitution, has vested full powers of governance to the Board of Regents … The legislature knows and understands that they don’t directly legislate over us when it comes to things like curriculum, things like admissions policy, when it comes to tuition. Those fall squarely under the auspices of the Regents. The lever they have to pull is our budget, and they do pull it to try to bring us in line. But, it’s troubling—this relationship—because it’s been engendered over the many years a distain, or maybe distain is too strong of a word, but a discomfort of many in the legislature because they resent our independence. It’s a little disempowering for them.

Several administrators on the Berkeley campus also voiced sharp criticism for the UC Board of Regents for operating as a political body that fails to insulate the UC System from political forces promoted by the California legislature and governor. One long-serving campus administrator described the situation, commenting:

[The Regents] cave to the legislature rather than defending UC. They turn around and criticize the campuses rather than creating a buffer, a framework. The whole way the system was designed—the reason we’re constitutionally independent—was to create a buffer so that political winds would not affect the quality of the institution. If you look at the charter documents and stuff, it is very clear what was intended by the original group that found the institution.
University of North Carolina Chapel Hill. Although the University of North Carolina Chapel Hill has experienced a degree of recent state funding cuts, it still receives strong state financial support relative to the other cases in this study. Despite the financial support it receives from the state of North Carolina, Chapel Hill is operating in a partisan environment in which it receives limited public support from the legislature and some serious challenges to institutional autonomy from its Board of Governors. Stemming from these political challenges that occurred over the past seven years, Chapel Hill's level of autonomy has been diminished. In addition, Chapel Hill's ability to pursue revenue is constrained by the state's legal environment related to higher education.

Funding. Despite receiving more funding per-FTE from the state than the other institutions in this study, Chapel Hill has weathered state funding cuts and pursued privatization strategies to the extent that the campus is able. According to IPEDS data, state support for Chapel Hill declined from $20,759 per-FTE in 2008 to $16,769 per-FTE in 2015, representing an 8 percentage-point decline in the share of revenue Chapel Hill received from the state. State divestment is a recent trend in North Carolina.

Most of the participants in this study—without being prompted—acknowledged Chapel Hill’s relatively strong state support, particularly when compared to the other institutions included in this study. One senior administrator outlined the context of state support, noting: “In fairness, while we have been cut over a period of time, the level of state support is still relatively high by national standards.” However, funding cuts to Chapel Hill continue to occur each year, despite the state’s economic recovery following the Great Recession. One senior campus administrator suggested that the state’s politics encourage these recent funding cuts,
commenting: “[Political representatives] continue to lower taxes. It’s not just the economy that drove [state funding] down, it’s also the change in politics.”

The higher education privatization literature would suggest that institutions would pursue revenue from tuition, non-resident enrollment, gifts, research, and more to compensate for state funding cuts. While Chapel Hill appears to follow this pattern to some extent, the campus is legally constricted in its ability to raise tuition prices and increase the percentage of non-resident undergraduate students. Article IX of the state’s constitution outlines an accessible approach to higher education, stating: “The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense” (North Carolina, 1868). In addition, in 1986 the UNC System adopted a policy to limit non-resident enrollment to 18% of the incoming first-year class (North Carolina Legislature, 2014). When the Chapel Hill campus has exceeded the 18% limit, it has been forced to pay fines to the state to compensate for breaking the law (Worf, 2016).

A UNC System administrator described the state’s approach to residents’ access, noting: “In North Carolina, that’s really rooted in the state’s constitution, where there is a requirement … to offer the benefits of the university to the citizens of the state as free as practicable. That’s been translated into low tuition, relative to the rest of the country, and high state support.” However, IPEDS data shows that the campus did increase the tuition prices charged to students, raising in-state tuition prices from 2008 to 2015 by $3,194 for state residents and by $8,156 for non-residents. Chapel Hill increased its share of revenue from tuition by 6 percent in that time frame. However, Chapel Hill’s tuition prices still remain considerably lower than the other two universities examined by this study.
**Political context.** Throughout each of the interviews conducted for this study, it was evident that North Carolina’s political environment shapes Chapel Hill’s behavior. The North Carolina legislature—long controlled by the Democratic party—began shifting to Republican control in 2010. The Republicans in the state legislature have engaged deeply in higher education issues and have driven a partisan agenda intended to reshape the state's approach to postsecondary education (Gold, 2014; Purdy, 2015; Stanley & Gwaltney, 2016). These actions have changed the state political environment from a collegial approach to higher education to one that is hostile to Chapel Hill. In an interview, one senior Chapel Hill administrator described the change, commenting:

> Well if you go back, before when it was pretty much controlled by the Democrats—which it had been for 200 years—we had great relationships. Almost all lawyers that graduated from here, and a lot of them had done their undergraduate work here. They had great affinity, and we got a lot of money. We pretty much got everything that we wanted. And, with the Republicans coming in and the control on costs—and a lot fewer attorneys—in that they’re coming from a lot more diverse backgrounds now. They may not have the affinity with Chapel Hill that the old ones used to. It became very strained. We were seen as being very arrogant.

The governor’s seat, although in 2017 returned to Democratic control, was under Republican control from 2013 to 2017. During this time, the governor, Pat McCrory took an active role in shaping the state in a conservative mold. The governor hired Art Pope, a major donor to Chapel Hill and a significant critic of government spending and of higher education (Gold, 2014). During his tenure, McCrory acted to freeze tuition, cap fee increases, and expressed deep criticism of higher education’s pursuit of teaching the liberal arts (Purdy, 2015; Seltzer, 2016).

In addition to McCrory’s actions to alter the political environment in the state, the Republican legislature appointed staunchly conservative individuals to the Board of Regents. These appointments have shifted the composition of the board from one that this study’s participants described as largely non-ideological to one that is driven by a conservative ideology.
that is critical of higher education. Noting the board's significant influence over education in North Carolina, one former UNC System administrator said,

A lot of the interface though is through the legislature comes via the board. They’re appointed by the legislature, and in the past have advocated to the legislature on behalf of the university. Or, they’re working through, because they’re appointees, they’re working with the people who have appointed them. It’s an interesting relationship ... But, a lot of [state involvement in higher education] is through board decision-making powers, in terms of a more routinized approach.

**Institutional autonomy.** The change in North Carolina’s party control also ushered in an era of increased state oversight regarding the UNC System and the Chapel Hill campus (Stancill, 2016). This study’s participants discussed a partisan atmosphere in which the legislature and the Board of Governors, which is appointed by the state legislature, increasingly began asking questions about institutional operations and objecting to a variety of activities that could be considered liberal. One senior UNC System administrator outlined the changing context:

From 10 years ago when times were good things and things were going well, I think the answer was leadership at that time was just keep doing what you're doing. We’re not going to interfere. I think with the Recession and demand to explain and demonstrate the return on investment and the slow response from the University, I don’t think we shifted quickly enough from the ‘we're good, don't mess with us,’ to the—sort of the view went from ‘you're good, just keep doing,’ to ‘what are you doing?’ The response, initially, was ‘keep your hands off, we're doing good.’ And ‘you don't need to talk about which classes we offer, that's not your domain.’ Well, that's not quite the viewpoint of the legislature—taxpayer funds, they're limited.

Possibly the most extreme example of board intervention occurred in 2015, when the board relieved the UNC System President Tom Ross of his duties without an explanation and without citing a cause for termination (Purdy, 2015). Ross was a Democrat, who was driven out of office by a Republican-controlled Board of Governors. Months after the board’s decision, the Charlotte News & Observer reported identifying emails between board members and conservative lawmakers who celebrated the removal for partisan reasons (Stancill, 2015). In interviews for this study, several UNC System and Chapel Hill campus administrators—as well
as multiple external observers with deep knowledge of the system—highlighted the board’s active involvement in system and campus operations. When discussing the North Carolina political context, one senior UNC System administrator said, “Again, we have a board that is eager to assert their priorities as well.”

Increased levels of political oversight and intervention continue. The state has restricted tuition prices, limited the amount of state funding campuses can spend on fundraising activities, closed an institute on the Chapel Hill campus affiliated with a former Democratic governor, and closed a campus center on poverty run by a liberal professor (Stancill, 2016; Purdy, 2015). In an interview for this study, one senior Chapel Hill administrator described the heightened legislative and board engagement, noting: “It gets worse every year. The more—raises, they put a law in that we have to get their approval at a certain level. Buildings, issuing debt. Every year, it seems a little more control.”

University of Washington. The University of Washington experienced significant state funding cuts in the wake of the Great Recession, but the institution responded proactively to secure additional sources of revenue. The university operates with a high degree of autonomy from the state and has sought positive relationships with state policymakers, despite the small percentage of funding it receives from the state.

Funding. In recent years, state funding for the UW has been volatile. In 2008, the UW received $8,876 per-FTE in state funding, a figure that declined to $4,614 in 2013 and rose to $5,220 per-FTE in 2015, according to data reported in IPEDS. The UW experienced large declines in state support at two points. From 2009 to 2010, state funding per-FTE declined by $1,813, and from 2011 to 2012 state support dropped again by $1,742. One UW administrator
described the state funding arrangement and noted how the state’s unique tax structure has contributed to the volatile funding situation. The administrator noted:

The Recession hit the state of Washington a bit later then on the east side of the country, and in 2009 we started to see the effect in Washington state, where sales tax was falling out, the real estate market was crashing, et cetera. And our state is a state that is very reliant on sales tax and real estate tax, because we don't have an income tax. We also have a business and income operations tax, which is just toward business earnings and not a general population income tax. The fact that we don't have that, and the fact that we were so reliant on sales tax—people buying things, and people buying real estate—was a huge issue for the state of Washington. So in 2010, we started to see the effect hit the university’s budget.

The UW has responded to declining state support by pursuing external sources of revenue. IPEDS data shows that the institution increased the proportion of revenue it received from tuition from 2008 to 2015 by 11 percentage points, representing an increase of $8,851 per-FTE. In-state tuition and fee prices for students living on campus increased by $7,896 from 2008 to 2015, and out-of-state tuition and fees increased by $13,783 in that same time frame. These tuition increases were part of a decades-long trend. From 1990 to 2014, the UW increased the revenue received from tuition by nearly $647 million in constant dollars.

The institution also has increased the amount of money it receives from private donors, breaking the record in 2016 for private fundraising among public universities (Cauce, 2016). Most recently, the UW raised nearly $563 million in private gifts in the 2017 fiscal year (Ma, 2017). In addition, the UW has developed successful partnerships with corporations, generating large gifts from corporations and foundations, including the Gates Foundation, Microsoft, Amazon, and Boeing. The Gates Foundation alone has awarded the UW more than $1.25 billion in funding for more than 250 projects (UW, 2017). As a significant contributor to medical and health research, The Gates Foundation has contributed $500 million to the UW’s emerging population health initiative, a priority of its current president (Balta, 2016; UW, 2017).
Several participants in this study attributed the UW’s ability to secure private funding to its location and to institutional efforts to raise revenue. In an interview, one senior UW administrator highlighted this context, commenting:

Seattle has been—in the last two decades—a growing hub of international trade, bioengineering biotechnology, technology. Boeing has always been a strong supporter of this region—just because of their longstanding—and Microsoft, of course. But it is, again, incumbent on us to build those relationships. I think it is a self-filling prophecy: if you are delivering great education and you work on promoting that message of investing in education and our students are coming out being leaders and community contributors and we have local leaders who are also speaking about that, is a self-fulfilling investment.

**Political context.** In addition to receiving strong private support, the UW enjoys a relatively high degree of support from the state’s residents and their elected political leaders. One senior administrator, echoing sentiments of nearly all of this study’s participants, described the state's political context, noting:

In the state of Washington and in the University of Washington, there's a real feeling of ownership that the citizens have over the agencies that they've supported and expanded over time … It's just a unique feature of living here. We feel really strongly as a university that we wouldn't be here if it weren't for citizens helping us pay for buildings and maintain those buildings and sending their children and their family members here to study. Yeah, I would say that it just a part of the richness, it's part of our tapestry here that we feel really strongly that we wouldn't be here without the citizens of the state of Washington and vice versa.

Several participants suggested that the UW’s high degree of state support stems from the institution’s status as a top-tier national institution in a state with few top national universities. Participants connected the UW’s lack of state-wide competition to a high degree of political power. With their power, the UW’s administrators have the ability to influence state policymakers and to continue advancing the positive political environment. One UW administrator commented on the UW’s political power and compared the university to UC Berkeley’s significant level of in-state competition, noting:
It’s easier in Washington, because we’re the 800-pound gorilla in the state—no one can touch us, which is not to say that WSU, Washington State University, has not tried … There’s some competition, but no one can hold a candle to us. I think that it is a little bit different in California. UC Berkeley can’t suck the air out of the room. UCLA is good, and some of the other—the second tier UCs are also quite good. It’s just a bigger state. It’s what it means to be the best university in a state of 40 million people, instead of a state of 8 to 9 million, or whatever Washington is now.

This theme of institutional power stemming from its status in the nation and state was an interesting notion that appeared to cut across the institutions that were studied in this dissertation. Because of the theme's relevance to the other two cases, I will explore it in more detail later in this chapter.

Despite the positive nature of participants’ responses, it is important to note that some issues related to higher education can be politically controversial in the state. Many participants noted contentious discussions related to the proportion of non-resident students enrolled at the UW, and some described rural representatives’ resentment of the UW’s stature in the state and nation. However, despite these issues of controversy, participants described a largely collegial relationship between state policymakers and the university.

**Institutional autonomy.** Based on participants’ responses to questions about the UW’s level of autonomy, it appears that the UW is operating with a high degree of autonomy—particularly when compared to the other two institutions in this study. When asked how they would view the university’s level of autonomy, nearly all participants said they would put the UW, “somewhere in the middle.” But, the participants did not describe significant state interference in institutional operations, like their counterparts did at Berkeley and UNC. In fact, for a brief period when facing difficult economic times, the state legislature relinquished control of tuition-setting authority to the campus. The UW’s administrators did not explicitly say that the campus enjoys a high degree of autonomy. However, through their responses to my
interview questions, I determined that the UW had the greatest degree of freedom from state interference of the three institutions in this study.

Evidence of Privatization

Throughout my analysis of the data collected through the documents and interviews, it was clear that all three institutions experienced state funding cuts. The institutions—when allowed by their states—responded to state funding cuts by securing additional revenue from external sources that are appropriate and relevant to each institution's context. Institutions raised tuition prices, enrolled non-resident students, increased fundraising, and expanded corporate partnerships. In 2016, Berkeley’s current chancellor—at the time, the campus’ interim executive vice chancellor and provost—described the changing sources of revenue that public research universities must pursue, writing:

We’re in the middle of what I think is a very challenging transition from a generously state-funded financial model that depended on multiple revenue streams with very distinct purposes. There wasn’t a lot of discretion demanded of the campus in terms of reapplication of these revenue streams—in fact, with a lot of them it wasn’t even allowed. And now we have to think about our finances in a much more holistic and integrated way, and encourage people who are financial managers—deans, vice chancellors, directors of units—to understand their revenue base as a whole, to seek to diversify revenue streams, all within the context of our public mission. We will be a pioneer in doing this. But it doesn’t mean that the transition isn’t painful. I think in the near term, things are going to be hard, as we meet these budget-reduction targets. But in the long term I’m very optimistic about our ability to do this, and our ability to be even stronger at the end of this (UC Berkeley, 2016b).

While pursuing new sources of revenue to compensate for state funding cuts, the three universities in this study also reduced institutional costs. In this portion of the results chapter, I will discuss findings related to the broad theme of privatization. This section will outline the subthemes of universities' cost-cutting efforts, their responses to state funding cuts, and the ways in which they generated new sources of revenue.
Containing Costs. Despite government oversight over many aspects of the three universities’ revenue streams, their administrators at each institution did describe having a significant degree of control over the institution’s operational or administrative costs. Throughout the data analysis process, it was clear that each institution sought to curtail administrative costs to generate savings in response to declining state support. Administrators at each of the universities noted that they preserved spending on academic functions and, instead, found savings in areas such as information technology and human resources, among other administrative functions.

In each of the interviews, this study’s participants discussed the importance their universities placed on maintaining high levels of academic quality and on directing cuts to administrative areas. One senior Berkeley administrator outlined the institution’s efforts and alluded to the challenges that can accompany budget cuts. This participant, whose response was emblematic for each of the cases, commented:

How are we preserving [quality]? I would say with spit and gum. [Laughter]. I would say that the Berkeley quality is the absolute last thing that anybody would want to see go down the drain in this situation. So, we when we deal with the reduced funding, we touch everything but that. We protect the faculty budgets, we protect the library, we protect the teaching mission. I think that if you talk to those divisions, they would feel that way. But that is just a basic, every budget situation that we’ve been in that is what we set as our priority. So, I think that it’s pretty well accepted throughout the campus and definitely in every leadership—and we’ve been through a few transitions now—but at every leadership transition that Berkeley has to stay at the top of its rankings, we have to continue to attract the best faculty, we have to continue to attract the best students, and if we don't do that then, you know, once that goes down there is not a Berkeley. So, we just have to protect it. It’s just a fundamental value.

One of the ways that Berkeley and Chapel Hill sought cost savings was through pursuing shared services arrangements, which are initiatives intended to consolidate administrative staff to reduce costs and increase efficiency. At the time the interviews were conducted for this study (the summer of 2017), Chapel Hill was at the early stages of launching
its shared services initiative. Although administrators expressed concern about the difficulty of securing support from faculty and staff in units across the campus, the study’s participants said they were optimistic about the positive financial outcomes of the arrangement. In one interview, a senior administrator discussed his perspectives on the program, commenting: “politically it’s very difficult—culturally Tom and Jane have sat outside of your office for 15 years, they’ve come to your kids’ birthday parties, and now you’re going to rip them out of here ... But, yeah, it’s going to save us—the low end is $30 million. I think it’s going to be even higher.”

Berkeley, which launched its program in 2012, opened an office off-campus to house finance, HR, IT, and research administration staff. The effort was intended to save $75 million each year, starting in the 2016 fiscal year (Azevedo, 2012). Since its launch, the shared services initiative has received criticism from Berkeley's faculty and staff (Barreia, 2014; Srivastav, 2016). In interviews during the summer of 2017, administrators said did not recognize transformative savings through its shared services arrangement. In fact, one senior administrator's analysis of the program was ambivalent. When asked about Berkeley's shared services program's effectiveness in creating cost savings, this participant said, “Shared services has been a mixed bag.”

In addition to reducing administrative costs, participants at each of the institutions in this study described how their universities pursued cost savings on facilities and grounds activities. Some of these cost saving efforts resulted from minor adjustments to facilities management operations. For instance, one senior administrator at Chapel Hill noted, “We don’t take out the garbage as much, we don’t paint the walls as much ... Even though you’ll see some annual flowers around this building, we went to all perennials everywhere else.” Other cost-cutting initiatives were more significant endeavors that will have longer-lasting consequences for
the campuses. At Berkeley, one senior administrator discussed how the challenge of funding cuts impacts the physical plant and the institution’s efficiency. This administrator said, “The concession that we made is in our grounds, in administration. You know we have a substantial deferred maintenance backlog. We're unable to use debt to take care of our maintenance. So, we are a decaying campus in many ways.”

At all three institutions, administrators noted that although the cost-cutting efforts saved universities money in the short term, administrative cuts may be harmful to the institutions over a longer period of time. By reducing spending on the administrative infrastructure, participants believed that the institutions lost an element of efficiency. One senior Chapel Hill administrator outlined the challenge, noting: “We cut back, somewhat in our accounting groups, our HR, IT—those kinds of things—which over the long run probably hurt more than it helped. You were able to get by for a little while, but as we had to do upgrades or putting in new systems that came along, we probably were behind on some of that stuff. So, we’re not as efficient as we could be.”

Another senior Chapel Hill administrator also noted that the administrative structure of the university is deeply connected to the institution’s academic mission. While Chapel Hill has directed the significant cuts to administrative functions, the participant argued that those cuts have influenced the institution’s effectiveness in its teaching and research missions. The administrator outlined the challenge that the institution faces, saying: “The problem is that the staff and the nonacademic parts of the university exist to support the classroom and research. So, if you cut them it’s only a matter of time until you start to feel it. For example, with buildings and grounds—you can’t teach in a building if it’s too dangerous to teach in. It’s a little bit of a false separation, but that’s one of the ways we’ve tried to do that.”
**Shifting the Burden of Payment to External Sources.** In addition to pursuing cost savings, each institution in this study sought to raise revenue from students and donors, increasing tuition prices, enrolling non-resident students, expanding fundraising efforts, and developing corporate partnerships. These actions mirrored the privatization literature and revealed a significant shift in the burden of paying for college education from states to students and external funding sources. One 2013 budget document from the UW spoke to this change in funding sources. The document noted, "The steep decline in state funding during the past few years have put more pressure on the tuition revenue and changed the funding model where the majority of core education budget was supported by state funds to increased reliance on tuition revenue to support the core education infrastructure" (UW, 2013).

As discussed earlier in the results chapter, all three institutions studied raised the tuition prices charged to students to account for state funding cuts. These tuition increases varied by state and were limited in North Carolina, due to the previously discussed legal limitations imposed on the state’s universities. But in interviews, participants at all three institutions linked the decision to raise tuition prices to their state’s funding cuts. As noted earlier in this chapter, from 2008 to 2015 Berkeley increased in-state tuition and fees by $5,775, Chapel Hill raised it by $3,279, and the UW raised in-state prices by $5,037. In a column for the student newspaper, Berkeley’s former chancellor described the connection between state funding and tuition prices. Former Chancellor Nicholas Dirks wrote: “None of us wish to raise tuition for our students, whether in-state or out-of-state students. But even when we are compelled to do so as a result of state disinvestment, we always set aside a significant part of new tuition dollars to provide greater financial aid. And compared to the tuition charged by our private peers, we still offer an extraordinary bargain” (Dirks, 2015).
The reasoning outlined by Dirks in this quote was echoed throughout the interviews I conducted for this study. Participants regretted tuition increases, celebrated their universities' commitments to financial aid, and noted the affordability of public research universities as compared to private peers. Chapel Hill’s communications efforts captured these findings. In a budget document, the campus stated:

While the University has had to increase tuition to help offset these reductions, the campus has stayed true to its tradition of access and affordability. Carolina is still a great bargain for the quality of the education students receive. Even when combined with fees, tuition falls in the bottom quartile when compared with Carolina’s top peers for both undergraduate and graduate students. For the 12th consecutive time, Kiplinger’s Personal Finance magazine ranked Carolina the best value in American public higher education (UNC, 2017).

Universities’ decisions to raise tuition rates were met with criticism from state policymakers. Each institution faced a rebuke from legislators, but the severity of the state response varied. The UC System and, by extension, the Berkeley campus faced what could be characterized as the sharpest public response. A longtime Berkeley administrator and current senior UC System administrator described Californian policymakers’ changing responses in the wake of the Great Recession. In an interview, this administrator outlined the fiscal and political challenges that Berkeley experienced related to state and tuition funding. The participant said:

There was a lot effort at the time, both through massive tuition increases, but also through state efforts to paper over, get through, try and out last—not really grasping how devastating and lasting the Great Recession would be. To sort of maintain the University and hold harmless as much as possible, and one way that they allowed us to do—not without controversy—but they allowed us to do that was by increasing nonresident enrollment and by increasing tuition on nonresidents and residents alike in a really significant way. Now, there is a backlash to that. What the state’s expectation is that University, in many ways, reinvent itself to continue to accommodate undergraduate access, affordability for undergraduate students, and a real focus on California residents.

In the interviews with Berkeley and UC administrators, it appeared that the expectations of California's policymakers changed with respect to the university's ability to raise tuition. It
appeared that this changing expectation was, in part, due to turnover in the state legislature—a theme that will be explored in more detail later in this chapter.

As the privatization literature would suggest, several of the institutions in this study (Berkeley and UW) also grew out-of-state enrollment and rose the tuition prices charged to non-resident students in response to declining state funding. Although Chapel Hill was legally restricted from expanding the proportion of non-resident students, as discussed earlier in this chapter, the university did increase the tuition prices charged to out-of-state undergraduates. At Berkeley, one senior Berkeley administrator noted that the revenue generated from non-resident students might be one of the institution's largest sources of funds, commenting: “Nonresident tuition is probably the biggest [funding lever]. Because if we can get 24% of our student body to be nonresidents, that’s a large dollar figure.” Administrators at the UW also emphasized the importance of this type of revenue, noting that the high prices that non-resident students pay often offset the costs of in-state students that go unfunded by the state of Washington. In an interview, one senior UW administrator outlined the situation, noting:

We’re attractive to students from other states, and we’re attractive to students from other countries. Those students pay three times the tuition and receive no financial aid … And, truth be told, over time as state funding diminished, of course we grew undergraduate enrollment so we actually have a record number of resident students … But part of the reason that we’re able to support that is because we’ve increased greatly the non-residents now …. The tuition revenue for the non-resident students—both US and international—exceeds that of resident students, even though 70% of our undergrads are residents.

In public communications and in interviews for this study, both Berkeley and UW clearly linked state divestment with the institutions’ decisions to secure revenue through non-resident enrollment. A faculty member at the UW who studies higher education described this notion in an interview, commenting: “The university made the point that the state is not paying for what it had formerly, and they had to take in more people from elsewhere in order to balance the books.”
Berkeley and the UC System approached the challenge similarly. An *Inside Higher Education* article from 2016 described the state context, noting:

Facing severe budget cuts from the state around 2010, University of California campuses started increasing their admission of out-of-state students, who pay much higher tuition rates than do California residents. UC officials never made a secret of the strategy, and some even spoke of hoping parents of high school students would start lobbying for larger state appropriations. That didn't happen (Jaschik, 2016).

In fact, in an interview for this study, one Berkeley administrator expressed frustration with the revenue challenges that state funding cuts created and the political challenges caused by the university’s increase in non-resident enrollment. The participant said:

A third of our budget has been reduced—our state general fund allocation—and the university has increased the number of nonresident students, both out-of-state and international. I think on the Berkeley campus, we are now at 24.6% of our students are non-residents, and it has changed—it has created a lot of hostility from Sacramento—the legislature definitely feels that we need to be prioritizing our California resident students. We feel that the state should be prioritizing funding the university, and that hasn’t been the case.

Despite the budget-relieving effect of the decisions to grow non-resident enrollment, greater numbers of out-of-state students attending flagship institutions has emerged as a politically contentious issue among citizens and state policymakers in California and Washington. In addition to considerable debate and criticism of the institutions, both states passed laws to regulate undergraduate enrollment. In California, lawmakers limited the number of non-resident students that can be enrolled in Berkeley to 24% of the student body. Interviews revealed that this was a politically negotiated solution, in which the state wanted a more limited percentage, and the university did not want a cap.

In Washington, after a slight decline in resident enrollment, lawmakers mandated that the UW must enroll 4,000 resident students in the first-year class. This mandate, also, was described
as a compromise between the state and the UW. One senior UW administrator outlined the context of this enrollment mandate, saying:

We just tried to explain to them that [non-resident enrollment] was another tool that we had to stabilize the funding for the university. If they were going to make this level of cuts—if you’re going to cut half of the state funding, then there have to be some implications for residents of the state of Washington, because it’s that state subsidy that pays for educating young people from your state. So, if you lose half of the money, there are some implications. Essentially, what we were able to do was negotiate a floor, so that we were required to enroll a minimum number of Washington residents each year. That number was negotiated back in 2011 at 4,000 per year. Now, since that time, things have stabilized, and this fall we will actually have 4,500. So it will actually be higher than what that floor was. But, at the time tuition was going up by the double digits and at the time we were recalibrating our admissions profile, we ended up in this 4,000 figure.

Although Chapel Hill did not experience the political controversy related to non-resident enrollment that its peers underwent, Chapel Hill was legally restricted from increasing the university’s proportion of out-of-state and international students. In fact, when Chapel Hill exceeded the state’s 18% cap on non-resident students, Chapel Hill was charged a fee by the state. In 2016, the school was charged $1 million for its error (Williams, 2016; Seltzer, 2016).

Fundraising. As readers of the privatization literature might expect, all three institutions responded to state funding cuts by increasing fundraising activities. One avenue the institutions took was increased development activities to grow giving from individual donors. The institutions launched fundraising campaigns, created matching programs to create scholarships, and pursued annual giving records. In the 2017 fiscal year, Chapel Hill raised $543.3 million from annual giving, and the UW raised $562.7 million (UNC, 2017a; Ma, 2017). Berkeley did not publicize its 2017 data, but in the 2016 fiscal year, Berkeley raised $479.1 million (UC Berkeley, 2016).

Despite each institution’s emphasis on increasing fundraising, interviews on the campuses revealed differing perspectives of giving. Because of its location and history, the UW
had integrated fundraising into every element of its administration. Administrators appeared to have significant confidence in both development operations and in the impact of the university’s fundraising. One senior administrator at the UW emphasized the relevance of fundraising in supplementing state funding, saying:

> Virtually everything that we do of anything of significance is a partnership between the public sector in the private sector area. So we try to use—you know, public money particularly for facilities is so tight that we don’t really even ask the state for full funding for buildings anymore. We ask them for some meaningful amount of participation, which we then try to use to leverage private contributions, either from businesses or from private foundations, nonprofits, those types of things.

A senior administrator at the UW highlighted the importance of fundraising to the university, commenting: “We wouldn't have the resources to expand and change lives the way we are without our campaign ... It's critical. It's just a part of the composition of the University rather than an operation that is on the side. It's so inextricably linked with program and budget planning.”

Interviews at Berkeley revealed that the institution saw fundraising as the lever over which they have the most control and the greatest ability to generate revenue. But, it appeared that Berkeley was growing its development operations and looked to the UW as a model for fundraising. Interviews at Chapel Hill revealed that the campus is developing its fundraising operations and has not fully integrated fundraising into its administration. While the other two institutions discussed fundraising’s significance to daily operations, Chapel Hill administrators viewed donor support as an additional benefit. One senior administrator noted, “Unfortunately with gifts, it’s almost always for something new. Very rarely is it ‘oh, the appropriations cut you back, and you can’t afford to teach English 101, so I’m going to give you money to teach English 101’... Development is really important ... It helps you programmatically, it helps you to expand.” Ultimately, interviews revealed that if the three institutions were placed on a
continuum, the UW would have the most sophisticated fundraising operation, Chapel Hill would have an emerging approach to fundraising, and Berkeley would be in between the other two institutions.

Interviews at all three institutions revealed that they faced several challenges related to private fundraising. One critical challenge administrators discussed was donors’ desires to contribute to new facilities and programs, a notion reflected most strongly at Chapel Hill. To address this challenge, the institutions—particularly the UW and Berkeley—have shifted to pursue fundraising to support core activities, including funding scholarships and establishing endowed professorships. It appeared that the UW is more advanced in this endeavor than Berkeley, and several Berkeley administrators highlighted their efforts to change donors’ mindsets. One senior Berkeley administrator discussed the difficulty of this work, saying:

“It’s really hard. It's really, really hard in a public institution. First of all, for us traditionally, we have raised money for the extras. So, for us it's a mindset to change here. This is really a culture change for us, and it is a culture change for our donors ... We have heard donors that will say, ‘well I don't want to replace what the state should be paying for.’ But, if the state is not paying for it, then we actually do need for them to help with scholarships for students, and we do need them to help with faculty salaries.”

One senior Berkeley administrator discussed a degree of success in this regard, commenting: “I think we're getting better at that. We’re trying to focus our donors towards budget relieving gifts rather than new initiatives. We are trying to package we do in a more appealing way to our donors.” Similar to the approach taken by the UW and by Berkeley, Chapel Hill is seeking to shift its development officers’ and donors’ perspectives to consider mission-related activities instead of focusing largely on facilities. One senior Chapel Hill administrator outlined these efforts and the institution’s successes, commenting:

The more financially oriented people at the university have been talking to the development people and trying to help them understand that we need to have so-called budget relieving philanthropy, in other words to pay for things we’re already doing. And, they are doing a
good job of doing that ... One good news story there is student scholarships, which is something that most donors are interested in supporting. Those are things that we are doing already, and we have a focused campaign on raising money for student scholarships. Faculty chairs would be another thing that falls into that category to some degree.

Another critical challenge that the universities’ administrators described facing was donors’ limited understanding of state divestment related to public higher education. Participants reported that alumni and donors did not recognize that state funding is a small—and shrinking—portion of the universities’ revenue. One senior Berkeley administrator outlined this challenge with a comment that was emblematic of the three institutions in this study. The administrator said:

It’s a culture shift, I think, for public universities … to get alumni to think about giving back. Because there is this interesting disconnect between public and private universities. I've certainly worked with donors in Texas and California, who say ‘well I don't give you a public institution because I pay taxes.’ Or, ‘I paid my child's tuition, but I give to private universities, because private universities have always relied on philanthropy as a revenue source.’ So there’s sometimes this perception that publics don’t need philanthropy. Maybe that was true a long time ago, but it's not true now.

It is challenging for the institutions to combat this viewpoint, because they are attempting to convey positive messages to donors and to maintain financial support from state policymakers. To address this issue, the institutions are seeking to educate donors on the importance of private fundraising to public institutions. However, the universities' messaging is complicated by their desire to appear grateful for existing state support. One senior UW administrator spoke to the challenging notion of educating donors without offending policymakers, saying:

It could not only be challenging, it can be scarier than heck. Legislators turn over a lot, so the deep relationships we have with many of our donors is not normally the case with legislators. The last thing we want to do is give them an excuse to draw back state support. So, we work with [government relations]. We have a really excellent program that supports [government relations'] efforts … [called] UW impact, which is the private entity that does legislative lobbying through the vestiges of our Alumni Association.
**Corporate Partnerships.** Another external source of revenue that the institutions pursued was through seeking partnerships with corporations to generate greater amounts of funding. Although these partnerships all are designed to produce revenue for the universities, the arrangements are diverse. Partnerships span from Chapel Hill’s agreement with Barnes and Noble to manage the campus bookstore, to athletic team and apparel sponsorships, to corporate donations. In the wake of state funding cuts, each of the institutions in this study expressed an increased willingness to pursue private partnerships with corporations as a way to generate revenue.

In interviews and documents, data from the three institutions in this study also demonstrated the tension between the public missions of universities and the for-profit missions of corporations. At each institution, participants said that administrators carefully pursued corporate partnerships in ways that would pose limited threats to the universities' public missions. For instance, in its 2011 academic plan, Chapel Hill discussed the possible threat that corporate funding could pose to Chapel Hill’s academic mission. The 2011 plan notes:

> A final challenge that Carolina faces in the early twenty-first century stems from the University’s evolving relationships with corporate entities and the private sector. To some, these relationships represent opportunities to form productive partnerships that have funded much-needed classroom buildings and research facilities, endowments that reward faculty teaching and research, and investments in the University’s most precious resources, the creativity of its faculty. To others, the same kinds of relationships challenge the University’s autonomy by inviting external measures and values to play an undue role in deciding what we should teach, what research is most rewarded, and what the purpose of a Carolina education should be ... When salaries derive from corporate and other external sources, the commitment to the needs of the University—students, colleagues, the University community—can be compromised (p. 4).

An interview with a senior Berkeley administrator revealed the campus’ awareness of the potential challenges posed by private businesses engaging in public higher education. The participant said:
Corporate philanthropy is, I’m not going to say it’s touchier, but I would say for instance if that had been Enron making that gift for that building, I'm not sure we would've put the corporate name on the building. We haven't. I’m not saying we won't. But I think it's going to be a really high threshold. But, we are doing more corporate partnerships around having Bank of the West be the chosen bank for Berkeley, and having a partnership, or new athletics agreement with Under Armor. It's a big transition that happened July 1, and it is revenue stream for the campus. It's a good fit that Under Armor would be with athletics at Berkeley. And it's also good fit for those kinds of corporate sponsorships … But you know the Econ Department—well they might not want a Bank of the West Chair in Economics. I think those kinds of discussions are more sensitive at universities that are public institutions.

Maintaining State Ties

Throughout the data analysis phase of this study, a broad theme emerged that revealed that the three institutions maintained deep ties to their states, despite declines in state funding. Subthemes within this notion emerged, revealing universities' continued reliance on and value of state funding; the importance of institutions' effective responses to changing state politics; institutions' increased government relations efforts; states' increased oversight into institutional operations; and institutions' continued emphasis on their public service missions. In this portion of the results chapter, I will explore my findings related to these subthemes in greater detail.

The Importance of State Funding. Within the broader theme of continued state ties, I found that university administrators in all three cases frequently said that their institutions continued to value state funding for operations. Despite the decline in state allocations, the participants in this study said they viewed state funding as a critical revenue source. For each of the three cases, state funding supported undergraduate instruction, providing the necessary resources to teach popular courses to large numbers of students. In an interview with a Berkeley senior administrator, the participant highlighted the relevance of state support to student success, commenting:
People often have a misconception that the reduction in state support means that it is not an important source of support for us. The instructional programs that we have—that is the undergraduate and graduate programs that we have—are largely supported by the state and by tuition dollars. So, even though state support is a smaller and smaller percentage, it still is a very important percentage of the center of our business, which is instructing undergraduates in a way that produces bachelor's degrees.

Chapel Hill also emphasized the importance of state funding to undergraduate instruction. In its 2017 budget literature, the campus explicitly stated how state funding supports student learning.

The budget document noted:

While state appropriations account for less than one-fifth of Carolina’s total funding, it is critically important revenue that is targeted to support instruction and key academic operations. The academic core depends heavily on these state dollars. Because of its extensive teaching responsibilities, the College of Arts and Sciences, for example, relies heavily on state budget allocations for its operating budget, not including contracts and grants. Most of the college’s permanent state budget goes for personnel, including faculty. The college is the University’s largest school, with more than 85 percent of all undergraduates and almost one-third of all graduate and professional students. Faculty in the college teach the majority of the University’s total undergraduate credit hours (UNC, 2017).

In addition to emphasizing the relevance of state funding to instruction, this study’s participants suggested that the unrestricted nature of much of the state support allowed the institutions to allocate funds to areas of greatest need. In fact, one senior UW administrator said unrestricted nature of state funding elevated its importance to the university. This administrator said increased fundraising efforts would not be able to replace state funding, because the vast majority of private gifts are designated to specific purposes.

**Importance of Effective Responses to State Changes.** Because of the relevance of state funding and the importance of positive state relationships, this study’s data analysis revealed that institutions must respond effectively to changes within the state political environment. If institutions are slow to respond to political changes or respond to criticism with
an adversarial tone, the relationship can be threatened and pose further challenges for the institution.

Through my data analysis, I identified that Chapel Hill was slow to respond to North Carolina’s political shift from Democratic to Republican control. After Republicans gained power, the institution continued its traditional approach to political messaging and failed to connect with Republicans’ interests and respond to their concerns. Chapel Hill’s slow response frustrated North Carolina’s policymakers and limited Chapel Hill’s effectiveness in lobbying for its priorities. After a period of time, Chapel Hill adapted to the political change and worked to become more responsive to policymakers’ preferences. One Chapel Hill senior administrator, whose interview comments were echoed throughout campus and system interviews, outlined the situation, saying:

Going back, when it first became Republican, we were very arrogant. We were always criticized for being overly liberal ... But, it’s been really since [the current chancellor] came here—and our Board of Trustees has turned over from being very liberal to very conservative—and our lobbyists before were very liberal. We just in the last three years have hired a conservative lobbyist. He’s done a great job of talking to us and letting us understand what is the language and how we can talk to them in ways that the legislature can understand. When we used to talk to them, it was very academic and high flying and great ideas and lofty and noble and all of that. And they really don’t care … They want to know: how are we keeping tuition low; how are we getting them out in four years; and how is our research impacting on economic development. So, [the Chancellor] just focuses on those things. She’s very articulate, and she does a very good job of staying on point. And she spends more time with them I think than the previous chancellor did. I think that’s helped a lot. It’s still strained. We’re still viewed as the bastion of liberalism in the state.

In addition to Chapel Hill’s delayed response, it was evident that, when negotiating on budgets or when questioned by state policymakers on operations, the UC System has recently responded with an adversarial tone. In response to state concerns over non-resident enrollment and the UC System President's use of funds, the UC System strongly refuted any allegations of wrongdoing. In the UC System's response, the university employed a combative tone.
Interviews revealed that this tone aggravated the state and worsened the relationship between policymakers and the University of California. One senior Berkeley administrator described the challenges, saying:

In the last few years, it’s been really challenging. The tone has been really bad. It started really when the new president came in and basically announced that for that year’s budget, either the state was going to provide adequate funding for the university or the university was going to raise tuition. That created kind of a combative relationship between the legislature and the University.

**Increasing Government Relations Activities.** In response to declining state financial support for higher education, participants in this study reported that their institutions increased government relations activities. By further engaging with state policymakers—and expanding the number of administrators who participate in government relations activities—the institutions sought to maintain current funding levels or encourage the state to increase its support for higher education. In interviews for this study, university administrators who worked outside of government relations offices, such as senior leaders in divisions of finance or alumni relations, reported increased communications with state government officials. Administrators at each of the three institutions noted the personal nature of government relations activities, and all three universities sought to enhance their relationships with their state policymakers.

As a part of their increased government relations efforts, the three institutions in this study also altered the messages that they communicated to policymakers. Administrators increasingly emphasized the importance of the institution to the state, largely in terms of economic development. To make this point, administrators highlighted examples of their institutions’ impacts on state legislators’ districts and showcased positive data related to the areas of policymakers’ priorities. Although each institution sought to emphasize its impact, administrators struggled with communicating the information in a manner that was relevant to
policymakers. One senior administrator at Berkeley explained the complicated nature of this challenge, saying:

It’s one we’ve struggled with for as long as I’ve been in California Hall, which is a long time now. It's something that we have tried in various ways to show the power of the investments. The data are extremely compelling, but as you know data don't really make a difference. So, people seem to get medical advances. They have a lot harder time understanding the value of certain kinds of other research, for example, in the arts or literature, or some of the social sciences, or even some of the more esoteric areas of mathematics or astrophysics. It becomes like, ‘why are you doing that?’ So there's that desire to see very pragmatic—so, starting a company, people start paying attention. But it's harder to convince people of the value of other kinds of scholarship, other kinds of invention, other kinds of research. I think it’s a very—it's a tricky problem.

**Increasing Levels of Oversight.** In this era of reduced state funding, institutions—particularly Chapel Hill and Berkeley—experienced increased state involvement and oversight related to their operations. State policymakers increasingly questioned institutions about the tuition prices charged to students, increasing non-resident enrollment numbers, institutional spending, and more. In North Carolina, the state enacted policies that regulated administrators’ starting salaries as well as staff and faculty raises, among other measures to strengthen oversight and reduce spending. A number of participants expressed concerns with state of North Carolina’s engagement in facilities projects, which was said to delay work and increase costs.

A senior administrator who is currently working for the UC System but who worked on the Berkeley campus for many years discussed the inverse relationship between state funding and oversight and the surprising nature of this finding. In an interview, the administrator said:

Yeah, it’s interesting, you’re saying that one would sort of expect that administrative overnight, as they become a lesser portion of our overall revenues, as they instituted deep cuts, and as the University continued to excel in these things that are very important—how quickly we move people through our system so that they can be replaced by some other brilliant qualified student. You would think that it would be that way, and I was thinking as you were talking—Oh, hell no! [Laughter]. It’s just gotten worse—in a big way—and a lot of that has to do with the accretion of the perception, and in some ways, the reality not just that the university is elite, for elite students and elite researchers, but
elitist and arrogant and ivory tower. And their response to this is, ‘oh well I can find a bunch of fat to cut there.’

In each interview with Chapel Hill and Berkeley campus officials, participants expressed frustration with their states’ increasing involvement and the ways in which state oversight constricted institutional operations. One senior Chapel Hill administrator said, “It gets worse every year. The more—raises, they put a law in that we have to get their approval at a certain level. Buildings, issuing debt. Every year, it seems a little more control on doing that.” Several senior administrators at Berkeley echoed the sentiment of growing levels of state oversight, with one senior administrator noting, “It's really weird. It’s almost like there’s an inverse relationship that the less funding we get, the more heavily they seem to be involved.” Another senior Berkeley administrator expressed frustration, commenting: “It's puzzling to me. You know, state funding represents 12% of our budget, and yet they are exercising a lot oversight, which is puzzling. You know, I understand that we are public agency and we do receive some state funding and you know we're on state land. So, puzzling is a polite way to say it—it’s annoying.”

Administrators said that the high degree of oversight increases costs within the institution, adds work to administrators’ portfolios, and alters some of the priorities and activities of the institution. In several cases, oversight limited institutions’ revenue generation efforts. One senior Berkeley administrator highlighted the ways state oversight restricted the institution’s ability to secure additional revenue in a time of state divestment. This official said:

At the same time that the state is cutting state funding, the legislature and the Regents have also said you can’t increase your [professional degree supplemental tuition fees] beyond 5% in a year, and in fact, the governor personally decided that we couldn't increase it at all. So, that was a lever, but it's not so much. Another lever that again we pushed as far as we could do is nonresident in enrollments, which we were doing—we were increasing anyway because it’s pedagogically the right thing to do—but it also brings in more revenue. It’s sort of like every avenue we went down, you know we were increasing our nonresidents and there was a big backlash in the state that you’re giving away seats to nonresidents and the California students. So now they’ve clamped down
on the percentage we can have. We wanted to increase our PDST, and then they have clamped down on how much we can do there.

Because much of the increased oversight is unfunded by the states, institutions and their state systems are trying to encourage state policymakers to reconsider some of the oversight measures. The universities are explaining the costs associated with state regulation, and they are encouraging rolling back the oversight mechanisms as a cost-cutting effort. At Chapel Hill, administrators are explaining regulatory costs to members of the state’s Board of Governors. Also, Chapel Hill’s administrators are asking the board members to lobby the state legislature to reduce the regulations. One senior Chapel Hill administrator discussed the institution’s approach to lobbying the legislature, which is similar to efforts undertaken by administrators at Berkeley. The Chapel Hill participant said, “We’re trying to thread the needle of talking their language and talking to them about the issues that they care about, and being more accountable and avoiding some of the regulatory nightmare. We try to talk to them about what they’re doing is regulation, and where they see in the rest of the world regulation is bad.”

A higher education management consultant, who was interviewed for this study, recognized increasing state oversight as a national trend that affected many of America’s public research universities. Speaking with the most senior leaders on public universities’ campuses, this participant heard widespread frustration with the time and costs associated with increased oversight. Verifying campus frustration with increased state involvement in operations, the consultant said that some elite public research universities—though he did not name those in this sample—would be willing to trade state funding for a reduction in state oversight. This participant characterized university leaders’ views on increased state oversight accompanied by declining state financial support, commenting from the administrators’ point of view: “It’s not worth it. It’s just not worth the oversight and the hurdles they put in our way. I’d much rather
just be independent and the sense of the public mission … The burdens are so high in for what is becoming a pittance. Once upon a time, it might have been 40, 50, 60%, but schools down in the five, 10, 15% range, you can replace that.”

Despite the strong influence of state oversight on the operations of Berkeley and Chapel Hill, interviews at Washington revealed a state government less interested in engaging in institutional behavior. Although the state’s policymakers expressed concern about maintaining a threshold of resident undergraduate enrollment, the political context of the state appeared less contentious. Particularly after the economic recovery following the Great Recession, state policymakers appeared willing to allow the UW to largely manage its internal operations. Participants described a relatively high degree of institutional autonomy and positive political relationships with state policymakers.

One participant, a long-serving faculty member, characterized the political and oversight context in a way that was emblematic of many participants at the UW. The participant suggested an implicit or explicit arrangement between the state and the UW, suggesting an arrangement of high autonomy met with low funding. The participant described the arrangement as, ‘OK, if you don’t bother us—if you’re not going to give us any money, at least don’t bother us.’ But, that’s sort of the deal, I think. I think there’s an acceptance that the out-of-state students and the foreign students, as long as there’s not a decline in state residents getting in.”

This characterization was further demonstrated by participants, who described structural arrangements that expanded institutional autonomy in light of state funding cuts. One senior UW administrator spoke to this arrangement, commenting:

But, in 2011, the legislature gave us control of resident undergraduate tuition for four years—with some limitations. It was basically an understanding that the state wasn't able to financially support the university, so they were going to give the university more control. At the same time, there were a number of pieces of legislation that all of the
schools rallied behind during this period, where they were asking the legislature for additional relief for either reporting requirements or procurement rules, or capital project bidding requirements that were in our collective judgment overly burdensome and difficult to manage from an organizational standpoint. And, a number of those passed. So those were ways that the state was able to grant the university some additional autonomy.

Despite the campuses’ aversion to state involvement, several participants noted that a degree of oversight improves institutions’ responsiveness to students and the public. Several participants said that oversight related to university spending improved the institutions’ financial management. One administrator who worked for the UNC System following the partisan shift and now works for the Chapel Hill campus, said that increased oversight related to spending improved Chapel Hill’s degree of efficiency. This participant outlined the challenges of responding to greater oversight but, ultimately, viewed the state engagement positively. The administrator said: “They’re all over our business … It’s brutal to be on the other end of the questions. It feels out of the blue … But, we’re better because of it.”

In addition, state oversight may improve institutions’ reactions to changing economic conditions. A higher education management consultant suggested in an interview for this study that state regulations helped public institutions adapt to changing financial conditions in ways that privates did not. Although this finding was not echoed in other elements of the data, the consultant approached higher education management from a different perspective than did the participants who worked at the campus level. This participant said:

The publics of been better about it than the privates. If you look at trends in revenue growth, and you look at trends in cost growth, the privates are still out of whack. Collectively, when you look across the group, the public research institutions pretty, pretty closely manage their costs to their revenue—which is encouraging. I think because of the state allocation and the state oversight, I think they’re much more compelled and probably have fewer resources to dip into.
One senior UC System administrator, who spent many years as an administrator on the Berkeley campus, suggested that oversight can be helpful when the topics are appropriate for the state to engage on. The participant said:

What they’ve done, much of it we brought on ourselves. Much of it has been helpful. Issues around—issues I lived through it when I was at Berkeley—but issues around student sexual assault, sexual violence, long overdue to have some focus and resources—not some—a lot of focus, resources, concerns, cultural shift, policy changes, state law changes—all of those things rained down like a storm in California and it was overdue. But I think probably in areas of finance and budgeting practices, admissions, curriculum, I just think it has been very much an overreach by the legislature, and when I talk with them, they will tell me ‘but you know [name], this is what we do. This is our job. This is what we're here to do, and we see this as being responsible stewards of the taxpayers’ dollars.’ And it feels a little bit more personal than that in some instances, and kind of unfair in others, and—quite frankly—it feels justified in some.

Commitment to the Public Mission. Despite states’ reductions in funding to institutions of higher education, the participants in this study reported that their institutions maintained deep commitments to their public missions. In the interviews, it became clear that the three institutions defined public missions similarly. The three universities pursued public missions that emphasized educating state residents, preserving affordability for undergraduate students, and providing access to higher education for underrepresented populations.

Berkeley’s public mission appeared to serve as a distinguishing feature of the institution. Administrators highlighted the university’s public purposes in discussions of how they persuaded donors to make gifts to the institution. In addition, participants described Berkeley’s public mission as a driving force in their decisions and behaviors as administrators of a public institution. One senior Berkeley administrator highlighted how faculty, staff, students, and alumni valued and emphasized the university’s public mission. The participant said, “I think we are very explicit about [the public aspect of their mission]. People, especially alumni, they know
that and they’re proud of that, and they know that differentiates us from that school down the road, I.E. Stanford … We wear that public mission banner quite loudly and quite promptly.”

Several of the Berkeley administrators noted that the faculty emphasize the public mission in conversations with senior administrators. But, these faculty members appear to define the public mission in a somewhat different manner than do administrators. One long-serving senior administrator described this tension, commenting:

It's part of even the internal strife of the faculty, the anger on the part of faculty about the disinvestment from the state that is sometimes directed at California Hall [the office for senior administrators] or at [the Office of the President] in Oakland is: ‘how could you have let’—they tie the public funding to the public mission. And what a lot of us have been working on is: ‘No. Our public mission is in our history, it's in our DNA, and we're going to maintain that despite the fact that the state seems to be losing its mind about us.’ And I think it's deeply, deeply felt.

At the UW, each participant discussed the university’s emphasis of its public mission, consistently using the phrase “it’s in our DNA.” Administrators at the UW suggested that the university pursued its public mission through its undergraduate education efforts. In particular, the UW participants emphasized maintaining resident enrollment levels and providing financial aid to resident students who demonstrate financial need. In fact, one senior administrator operationalized the institution’s pursuit of its mission, noting: “There's a very conscious sense here about what it means to be a state university. One of the Regents periodically asks, ‘why don't we offer more aid to out-of-state students?’ Well, that's not our job. Our job is to admit as many Washington students as possible, and to offer them the aid that we can.”

Participants at Chapel Hill lined the university’s public mission to the state of North Carolina’s long-standing commitment to public higher education and the state’s constitutional emphasis on affordable public education. In addition, administrators at Chapel Hill—though it is not North Carolina’s land-grant institution—emphasized public service to a greater degree than
their peers at Berkeley or the UW. In fact, a management consultant who worked with Chapel Hill to reduce costs noted that the university’s leaders demonstrated a deep commitment to the public service mission. This participant noted:

I think most [public] institutions are very committed to their public service missions. I know when we were at Chapel Hill doing our work, one of the things that we looked at was centers and institutes. The institution is using general funds to support or subsidize a number of centers and institutes. And as we thought about, ‘how do we stop doing that,’ the chancellor was really clear: ‘well, there a lot of centers and institutes that really are very much like an academic research center, and so they should be self-funded—that is the expectation for research faculty that their self-funding themselves. But, over here, we’ve got the planetarium, the botanical gardens—and this is where kids come on field trips, and this is just part of what we do for the state, and we're always going to have to subsidize it, and that's OK.’ That's actually the right thing to do. So, I think those examples out there are pretty good. I think they do feel pretty committed by in large.

Like Berkeley, administrators at Chapel Hill suggested that the public nature of the university was a distinguishing feature. They noted that Chapel Hill must make different decisions than its private peers because of the uniqueness of Chapel Hill’s public mission. One participant—a former senior leader of Chapel Hill—highlighted the differences between Chapel Hill as a public institution and its private peers. The participant said:

The University of North Carolina is an institution that is motivated first and foremost by where it is located … What makes North Carolina different from Columbia is where it is located is a huge driver. And I think [the chancellor] has that perspective of having been at a private university and then having gone to UNC. Because, in the world she came from and in the world I’m in now, we’re very focused on helping individuals achieve their dreams. And, public universities are interested in helping their location, which is their state, achieve its dream. And, that’s a different and in some ways very motivating concept.

**Importance of Context**

Through my analysis of the data obtained through interviews and documents, one broad theme emerged, revealing that the state and institutional contexts play a critical role in shaping state funding and political support as well as shaping institutional priorities and autonomy. In fact, three subthemes emerged that highlight the important influence of context in shaping higher
education funding and support. These subthemes, which will be explored in detail in this section of the results chapter, include: the influence of the state tax structure; the relevance of the state political and legal environment; and the surprising but critical role individual personalities play in shaping the state and institutional higher education context.

**Importance of the State Tax Structure.** The data analysis process for this study—particularly related to the cases in Washington and California—revealed that a state’s tax structure influences the degree of financial support a public university can and will receive from its state government. Tax laws determine the stability of state funding and the amount of state revenue that will be available for institutions of higher education. In addition, these laws shape policymakers’ perspectives of their roles as legislators as well as perspectives of higher education as a public entity.

The state of Washington has a limited pool of revenue with which to allocate to public universities because of its tax structure. Through analyzing the interviews and documents collected for this study, it became clear that because the state does not have an income tax and has limited business-income taxes. Without the state income tax and because of low business taxes, Washington relies on sales and real estate taxes (Fain, 2010). Therefore, funding for higher education is volatile in times of economic turmoil. In addition, the limited tax revenue contributes to greater competition among public entities for state resources. Because the state has a limited pool of revenue, it is less able to support higher education than other states. Many participants discussed how the tax structure limits the state’s ability to fund postsecondary education, and they also described how higher education in Washington suffers when the state and national economy struggles. A senior UW administrator described this challenge, commenting: “The fact that we don't have [income and business taxes], and the fact that we were
so reliant on sales tax—people buying things, and people buying real estate—was a huge issue for the state of Washington.”

One participant, a higher education faculty member at the UW, described the state’s financial arrangement, competition for public revenue, and how that context impacts the UW. The participant, whose response was emblematic of many participants’ comments, said:

It’s one of the few states where there is not an income tax. It’s got a very regressive tax structure. There’s a lot of resistance to spending more money on anything, and higher education is discretionary, as you know. There’s a lot of pressure to spend more money on K12 education, and we just had a big supreme court decision on that that has driven a lot more money to that. The state has been pretty generous on Medicaid and other types of things, and higher ed. kind of gets left out. There has been a sense that the university does pretty well on its own.

State financial support for Berkeley was also constricted because of the state of California’s challenging fiscal climate. Throughout my analysis of the data collected for this study, I identified the important role that California’s propositions play in constricting state revenues by allocating these funds to public purposes unrelated to higher education. These propositions tie up a large degree of tax revenue, limiting the amount of money available for the state to spend on the state’s public universities. In addition, the propositions limit the California legislature’s control over state spending. Several participants noted that the state government’s limited control over this public revenue is a source of frustration for state legislators, encouraging a more critical view of state higher education funding. One senior UC System administrator, who spent many years as a Berkeley administrator, outlined the context, saying:

It’s troubling—this relationship—because it’s been engendered over the many years a disdain, or maybe distain is too strong of a word, but a discomfort of many in the legislature because they resent our independence. It’s a little disempowering for them ... The voters—through direct democracy—have determined how much of the general fund budget is going to be spent and the discretionary amount that the legislature has open to it is just actually very small. And one of these areas is public higher education, one area they feel like they don’t have a lot of control over policy in the first place, so they try and take it out on the budget side.
In addition to a limited pool of revenue for postsecondary education, California’s income tax structure makes state revenue volatile to economic downturns. Although the structure of California's tax system is different from Washington's approach, legislation related to taxes in California also makes funding for higher education less stable over time. The state’s graduated income tax also promotes volatility in state funds. One former long-serving UC System and Berkeley campus administrator, who spent a career in California, outlined the state’s financial situation and its impact on public higher education. This participant said:

The structure of our state revenue, which is heavily income tax, is a very graduated income tax such that half of it is paid by the top 5% of earners. It’s a very volatile income, because the top income people can do many thanks to alter their income—choosing when to take capital gains income, what to and how to take stock offerings, and that kind of thing. So, the level of income for the budget jumps up and down to a greater degree than it does for other states. And the second thing we have that is unique to us is this other legacy from the progressives from 1910, which is the state initiative system … By the time you put all those things together it means that the legislature has control over about 10% of the budget. It does not have control over the other 90% because it is all locked up in these issues. So, there are two things that complicate life in here in California. The state really needs a more stable revenue streams.

**Importance of State Politics and Laws.** As scholars of higher education might presume, the analysis of the data collected for this study made it clear that each state’s political and legal environment shapes the degree of public support for higher education in California, North Carolina, and Washington as well as each state flagship’s behaviors and levels of autonomy. Within the broader finding of the importance state laws and politics, several subthemes emerged. These subthemes themes will be discussed in detail in this section of the results chapter, and they include: the relevance of political turnover; the influence of state politics; the role of individual policymakers; and the power of specific state entities.

Throughout the interviews, it became clear that political turnover in state legislatures reduces the amount of political support that public institutions are able to build and accrue from
their states. It appears that political turnover limited policymakers’ understandings of both the funding structure and the role of public higher education. Therefore, universities and their state systems had to expend considerable effort informing lawmakers and garnering their support. This finding was particularly relevant for Chapel Hill and Berkeley—the two cases in this study that faced high levels of political criticism.

Because of the complex nature of higher education, participants suggested that it takes time, particularly for public research universities, to inform legislators of the role these institutions play in their home states. One senior Berkeley administrator outlined this challenge, commenting: “We find that we’re more on the defensive. Term limits have really changed our relationship with the legislature. It takes time to help legislative members understand the importance and the value of the University of California in the state’s economy.”

In addition to an information gap on the role of public higher education, incoming policymakers may not understand the state’s funding history for colleges and universities. Specifically, in California, new lawmakers expressed frustration with high in-state tuition rates charged by the UC campuses without recognizing the dramatic state funding cuts that the campuses experienced. One long-serving administrator, who has held roles at Berkeley and is now working for the UC System, described the challenge of maintaining financial agreements with a changing legislature. The participant said:

Part of the issue in California—and I think probably other legislatures as well—we do have term limits. The state of California, we saw our general fund go from about $113 billion to $82 or $83 billion pretty much overnight. There was a lot effort at the time, both through massive tuition increases, but also through state efforts to paper over, get through, try and out last—not really grasping how devastating and lasting the Great Recession would be. To sort of maintain the University and hold harmless as much as possible, and one way that they allowed us to do—not without controversy—but they allowed us to do that was by increasing nonresident enrollment and by increasing tuition on nonresidents and residents alike in a really significant way. Now, there is a backlash to that. What the state’s expectation is that University, in many ways, reinvent itself to
continue to accommodate undergraduate access, affordability for undergraduate students, and a real focus on California residents … There has been a big shift in how we have to function, and—frankly, I’ll just be honest—our strategy is still just catching up to what the governor and the legislature’s new expectation is for the university. A lot of their expectation would undermine our research mission. It is threatened, frankly—it is under threat. So, it’s a new day, and it’s a pretty disturbing one.

In addition to the challenges of informing new state policymakers about the role of higher education and the state’s history of funding and supporting institutions, participants at all three campuses suggested that it takes time to develop political support among lawmakers. In fact, participants at Berkeley and in the UC System discussed how legislative turnover limits the degree of support that the campus and university system can engender among state legislators. In addition, when a state experienced broad partisan changes, it appeared that this challenge was magnified. As discussed earlier in the results chapter, North Carolina’s partisan change from Democratic to Republican control. Following the partisan change, the state’s legislature demonstrated a significantly reduced diminished political support for Chapel Hill. In addition to the important role of partisanship played in determining state support for North Carolina’s universities, this study’s participants said that changes in individual legislators diminished the legislature’s sense of goodwill toward Chapel Hill and its broader support for higher education.

One senior UNC System administrator outlined this challenge, commenting:

I would say that you build up leaders, and they leave. We experienced that. We had a very strong supporter in the senate, who was the champion for us—very closely attached to Western Carolina, from the western part of the state. He was the quote unquote backstop. When things that were bad happening, we would be able to go to him, and he would help us. Then he retired to become a lobbyist. It was one of those areas where you’re constantly cultivating the next batch of champions.

As one might imagine, a state’s political environment plays a crucial role in shaping state financial and political support for higher education. I found that in all three states, a legislature or a governor's political priorities—for this study, particularly the priority of maintaining or
increasing in-state enrollment—consistently shaped institutional actions. In addition, I determined that individual policy actors can influence the state political context, impacting broader state support for higher education. Analysis of the data obtained by this study’s interviews, in particular, revealed the importance of powerful individuals and entities at the state level in shaping support for higher education as well as in shaping institutional behavior. For instance, the Board of Governors in North Carolina and the governor in California have outsized roles in their states.

Throughout the interviews conducted for this study, participants consistently mentioned that the governor in California plays a large role in shaping the state’s public higher education systems. Participants said that when a governor supported higher education—particularly in positive economic times—state funding was generous and political fights were minimal. However, participants said, when a governor is skeptical of higher education, the UC System becomes a “punching bag” and a politicized topic that merits funding cuts. One Berkeley administrator outlined the governor’s role in California’s higher education environment, commenting:

The governor really sets the tone, and he really determines the course for funding, for budget decisions ... This governor absolutely has influence, sets the tone for higher education. He has been critical of the University for focusing too much on research. He has also tried to have the university move in the direction of more online education with the view that it will save money or reduce the university’s dependence on state support. He’s viewed that as a budget solution. He’s called the university unsustainable in terms of funding, so that’s been kind of the tone from the governor’s office, or from the governor.

Several participants discussed the evolution of California governors’ perceptions of the UC System and higher education in the state more broadly. These participants said that Ronald Reagan’s election shifted public views of higher education to be negative, and they noted that Reagan’s gubernatorial stance encouraged many politicians to view the UC System as an easy
target to gain political support. One participant, now retired but who served a long career as a senior administrator on the Berkeley campus and in the UC System, described the politicization of higher education in California, noting:

I would say that the amount of general support by the citizenry and therefore the state government for the university was very, very high and accepted from the years about 1910, which is when the progressives came into power in California—that was Hiram Johnson and others—starting with a very beneficial alliance with the progressives and proceeding all the way through the years of Earl Warren and Pat Brown as governors, so that would be until about 1966. The value was appreciated, and there was really not much lead or utility to any kind of campaign of trying to get the government to appreciate it. Big and magnificent things happened, including building all of those campuses in the 1960s. And, then as the budget tightened up, and we also had the firing of Clark Kerr at Ronald Reagan’s first regents meeting as governor back in 1967, things got tighter on the budget through the next several governors.

As I analyzed data from North Carolina, it was clear that, like California, one entity held a significant amount of political influence. Although North Carolina’s governor appeared to have less power than California’s chief executive, the Board of Governors of the UNC System possesses a considerable amount of power and uses it to influence institutions’ actions. In a variety of interviews, tellingly, participants brought up the board’s power while answering questions that did not ask about the board. Participants noted that the board exercises its power in ways that constrain institutional autonomy. In fact, one senior UNC System administrator commented on the power contained by the board, noting: “The Board of Governors has been entrusted through the governance structure with significant authority and significant power in North Carolina.”

Appointed by the legislature, the board has shifted in recent years to promote Republican partisan interests. This partisan shift has influenced institutions’ and the system’s behaviors, and it has shaped the state’s higher education policy environment. Several participants suggested that the board has become highly critical of higher education and is specifically critical of the
state’s flagship institution. These participants suggested that the board’s loyalty lied with the legislature, instead of the campuses. In an interview, one senior Chapel Hill administrator said, “Our Board of Governors is very conservative—the Board of Governors over the whole system. We have a Board of Trustees who are very conservative, but their affinity is with the university. They are appointed by the legislature and the Board of Governors, so they’re close to people on both.”

In addition to individual officials or entities’ influence, Republican party control in North Carolina appears to be associated with diminished state support for higher education. Throughout my data collection and analysis, it was clear that partisan changes in North Carolina reduced political support for Chapel Hill because North Carolina’s new policymakers entered office with a negative perception of the state's flagship institution. One senior Chapel Hill administrator described the challenge in combatting Republican lawmakers’ inherent skepticism of the campus. This participant said:

Well if you go back, before when it was pretty much controlled by the Democrats—which it had been for 200 years—we had great relationships. Almost all lawyers that graduated from here, and a lot of them had done their undergraduate work here. They had great affinity, and we got a lot of money. We pretty much got everything that we wanted. And, with the Republicans coming in and the control on costs—and a lot fewer attorneys—in that they’re coming from a lot more diverse backgrounds now. They may not have the affinity with Chapel Hill that the old ones used to. It became very strained. We were seen as being very arrogant.

To respond to Republican lawmakers’ critiques, participants reported that Chapel Hill and the UNC System have changed their behaviors. Primarily, these entities have altered their messaging to emphasize the economic impact of public higher education. In addition, the system has emphasized affordability and passed policies to limit tuition growth across the campuses as well as to reduce tuition at several campuses. Both the Chapel Hill campus and the state system have hired Republican lobbyists to lead government relations efforts. In fact, all of the
government relations officials interviewed for this study were hired for their roles after the Republicans’ election in 2010. Importantly, each of those participants said that they had prior experience working in Republican politics before they were hired by Chapel Hill or the UNC System. In addition, several participants who worked for the UNC System before 2010 have now left their roles and reported widespread turnover.

**Importance of Individuals’ Personalities.** Throughout the analysis of the interviews conducted for this study, one theme emerged that I had not expected after reading the literature and preparing for data collection. For each case in this study, it became clear that individuals’ personalities and specific leaders play a critical role in shaping the higher education context on each campus and within each state. On the campuses, it was clear that senior leaders—namely, the institution’s president or chancellor—was a driving force in generating (or losing) state political and financial support as well as in developing (or limiting) support among alumni. Within the states, it was clear that political appointees and leaders drove the conversations in the states and on the campuses on specific topics and influenced state support for higher education.

In this section, I will highlight examples in each state that helped me to understand this theme.

In North Carolina, individual political actors influenced the state and campus conversations on topics that were important to the individuals. For instance, one member of the state’s Board of Governors in North Carolina is deeply concerned about facilities projects. This individual’s level of interest has shaped the ways in which the UNC System and the Chapel Hill campus design buildings and pursue support for facilities. Although my interview protocol did not ask questions about this individual, nearly half of the participants from the Chapel Hill case noted one person or the board’s influence in construction projects.
In addition, Art Pope, a large Republican donor and political appointee by former
governor Pat McCrory, has influenced the UNC System and the Chapel Hill campus. Pope has
served as a major donor to Chapel Hill, a state policy actor who promotes conservative policies,
a significant critic of higher education, and a state-level appointee by McCrory (Gold, 2014).
Participants did not discuss Pope’s role in North Carolina’s higher education, possibly due to the
election of a Democratic governor before my interviews and possibly because my interview
protocol did not include questions about him. However, my document analysis revealed his
significant influence. One extensively reported article explored Pope’s influence on North
Carolina politics and higher education, writing:

There is no one in North Carolina, or likely in all of American politics, quite like Art
Pope. He is not just a wealthy donor seeking to influence politics from the outside, nor
just a government official shaping it from within. He is doing both at the same time – the
culmination of a quarter-century spent building a sphere of influence that has put him at
the epicenter of North Carolina government and moved his state closer to the conservative
vision he has long imagined … But some in Raleigh view Pope as the force behind many
of the governor’s decisions. “He drives the budgetary policy goals of the administration,”
said one Republican lobbyist in town who spoke on the condition of anonymity in order
not to anger either man. “The governor yields to Art. His real power, his influence in
state government, is really having that turf all to himself” (Gold, 2014).

Throughout my data analysis related to the case of Berkeley in California, it became clear
that the state’s current governor, Jerry Brown, and the UC System’s current president, Janet
Napolitano, have developed an adversarial relationship. Because of these two individuals’
negative working relationship, political support for higher education within the state has been
reduced. Documents analyzed for this study also characterized state criticism of the UC System
as a part of, “a long-running political dispute between Gov. Jerry Brown and Janet Napolitano”
(Hartocollis, 2016).

Signifying the influence of the governor, several participants discussed state audits that
have been critical of the UC System. These participants described audits critical of the UC
System’s non-resident enrollment and spending policies as political documents that represent the acrimony between the governor and the system president. System and campus participants consistently disputed the substance of the state audits and suggested that the state auditor produces political documents to satisfy California’s elected leaders. When I interviewed one former UC System administrator, the participant said of the audits: “Basically, I think that is Jerry Brown punishing Janet Napolitano.” However, it is important to note that the study’s participants were on the Berkeley campus or in the UC System office—not state policymakers. Despite this potential bias, participants’ responses were consistent in their discussion of the poor relationship between the governor and UC president, and their responses to interview questions did not seem defensive or rehearsed to emphasize a UC talking point.

In addition to the importance of individuals’ personalities at the state level, it also became clear that the personality of the Berkeley chancellor influences the level of alumni support that the institution receives. Several participants—both current and former Berkeley administrators—discussed or alluded to alumni and donor frustration with the past administration’s leadership. Participants suggested that this frustration was demonstrated through limited donor enthusiasm and lower than expected fundraising campaign goals. But, these participants noted that the current chancellor, Carol Christ, had a long history of positive influence on the Berkeley campus. Because of Christ’s personality, participants were optimistic that she could build stronger support among the campus’ stakeholders. A senior Berkeley administrator, outlining many participants’ suggestions, said: “I think our donors were disappointed with the performance of the prior chancellor. They’re very excited about Carol Christ, who is our incoming chancellor.” Because many of the responses were projecting
optimism but did not point to evidence, it is important to note that Christ formally had assumed her role one month before this study’s interviews were conducted.

During my study, it appeared that the UW did not face the political challenges that Berkeley and Chapel Hill were experiencing. However, it became clear that the personality of the university president shaped this political context in Washington. Many participants noted that the current president, Ana Mari Cauce, rose through the faculty ranks and remained a deeply connected member of the Seattle community. Cauce’s background was viewed positively by participants, who said that her understanding of the UW’s culture helped her to build strong relationships with state policymakers and generate strong support from the UW campus.

Before Cauce, the UW was led by several different presidents, and many participants said that presidents who came from other states had trouble in understanding the state and institutional culture and context. Participants said this disconnect limited the presidents’ effectiveness and influenced the state’s support for the university in negative ways. Emphasizing the role a leader’s personality plays in the leader’s success, one UW administrator noted: “So to speak frankly, the last president here didn’t fit in—in any number of ways—demeanor, philosophy of governance ... So, there is a question of cultural fit.” One long-serving UW faculty member discussed the importance of the president’s personality, commenting:

One thing that has been problematic is there has been a lot of turnover of presidents here. There’s one president who got in trouble and left for Rutgers University, and that was not a good thing. There was Emmert, who was successful in many ways and also somewhat controversial. He ended up going to become president of the NCAA. There were interim presidents, and the relationships with the state were not the best at those times. I think it’s good to have a president who is well known in the state capital, and well respected, and who is in place for a good while. I think there were periods in there where there was instability in the leadership, which caused trouble. And then there was President who departed after about three years, who is now the president of Texas A&M. So, there’s a lot of turnover. The current president is a person who has been here for 30 years on the campus, who has been provost and is sort of a creature of the faculty. There’s been a great deal of unhappiness about all of these high-powered presidents who have been
brought in and didn’t stay and had trouble grasping the culture here, specifically the difficulties dealing with the state. I think a lot of the strategies that worked for someone like Mark Emmert in another state did not work here.

Several participants noted that the presidential fit with the UW and the state’s climate influenced how effectively the president could build political and financial support for the UW. One higher education UW faculty member said of the importance of presidential fit: “It’s just that it’s not an easy state to get—these presidents who come in from other states, they think they’re going to do what they did in other states, and it doesn’t work here.” Throughout the document analysis phase of this dissertation, it was clear that former presidents approached government relations with a more adversarial tone than the current administration takes. In fact, when UW faced cuts in 2008 President Mark Emmert calling the cuts, “pennywise but pound foolish,” (Hansen, 2008). This negative tone in discussing state behavior was not found in my analysis of the documents produced by the UW’s current administration.

**Influence of the State Higher Education Landscape.** Data analysis also revealed that each state’s higher education landscape shaped the levels of support that the individual institutions in this study received. Through interviews and document analysis, it became clear that universities have more power and influence when advocating for their interests when they have fewer peer institutions and the lack of a strong state or institutional system. Meeting these conditions, the UW serves as an example of an institution with a large amount of power in its state. The UW is the only AAU institution in its state, and because of the university’s research prowess, donor support, and highly selective undergraduate admissions, the UW appears to have more power to achieve its objectives than Berkeley or UNC. Highlighting how peer institutions and state systems influence institutional autonomy, one senior Berkeley administrator said that the UW enjoys more autonomy than Berkeley. The participant said:
I think it is really different [from California]. If you look at Washington, there’s only two institutions that matter in Washington. University of Washington and Washington State. And then there is a handful of privates. But everybody in Washington who is anybody went to UW … There really is a flagship [in Washington or North Carolina]. That’s not true [in California]. Berkeley is the flagship, we like to think. But UCLA is as well. Yes, there is a pecking order in the UC System, but 5 of our 9 general campuses are in the AAU. It is a complicated political relationship. I think it is really different.

In addition to the relationship to peer institutions, university and state systems in California and North Carolina, respectively, constrict the degree of institutional autonomy that Berkeley and Chapel Hill enjoy. One senior Berkeley administrator outlined state policymakers’ views of the Berkeley campus and its role within the UC System. The participant said: “It’s tough. It's tough. Because we aren’t a campus—we are a campus in that we obviously you're sitting here you know that we exist as our own space. But Sacramento sees us as a system, and so the funding model is not for Berkeley. The advocacy conversation is not for Berkeley. It's for the system, which is different.” In contrast, Washington's coordinating board has very limited authority in overseeing public higher education in the state.

Sentiments related to system influence were echoed on the Chapel Hill campus. However, the Chapel Hill administrators who responded to interview questions seemed less constricted by the UNC System than did their peers in Berkeley, who spoke frequently about their perceptions of tight control by the UC System. Several Chapel Hill administrators discussed how government relations efforts run through the UNC System office, but they appeared to have more confidence in Chapel Hill’s ability to lobby the state government than did their peers in Berkeley. Unlike participants at Berkeley, participants at Chapel Hill appeared comfortable with discussing the institution-level efforts. In fact, one Chapel Hill administrator discussed how the campus operates within the context of a state system, saying: “Because we work in a system, you can't be seen as trying to outdo another school. There are certain projects
that each school tries to lobby for, but that's working closely with the system, keeping them in the loop as well.” Although this statement does not represent large amounts of autonomy, it shows a greater willingness among administrators at Chapel Hill to work with—but to a degree, outside of—the system to advocate for the institution's priorities.

**State Reinvestment.** Despite the overarching finding of state funding cuts, it is important to note that I identified a small degree of increased state funding for the three universities in this study, or state reinvestment in public higher education. However, much like the previously discussed negotiated agreements regarding non-resident enrollment, each institution in this study received a small increase in state funding in exchange for the universities’ pursuit of specific state objectives. One senior administrator at the UW captured this notion in an interview, stating: “Over time we've seen that the investments that have been made by the state of Washington in the University of Washington have been for very targeted things … for very specific pockets, rather than a general influx of funding for compensation or enrolment growth generally.”

Examples of states’ strategic reinvestments were evident. For instance, in Washington, the state provided $10.5 million to the 2018 and 2019 fiscal year budgets to support the UW’s efforts to grow resident enrollment by 250 students (UW, 2017a). The state mandated that the UW admit 70% of these new students for STEM programs. In addition, in 2015 Washington boosted state funding for the UW in exchange for a reduced undergraduate tuition rate (Teicher, 2015). In California, the state increased funding for higher education contingent upon an agreement related to resident and non-resident enrollment (Wexler, 2016). California allocated an additional $18 million to the UC System, which was required to enroll an additional 2,500 resident students and install campus-specific limits on out-of-state and international students.
The Berkeley campus was required to maintain its 2016 level of non-resident undergraduate students, 24%. In North Carolina, the state has made specific agreements to offer funding to the UNC System for programs that promote access. However, these programs have not been targeted at the Chapel Hill campus.

Summary

By considering the privatization of three public AAU institutions, Berkeley, Chapel Hill Chapel Hill, and Washington, this study identified that privatization is occurring within the three cases. States are cutting funding for public research universities, and the institutions are responding by generating revenue from external sources. Despite these changes in universities’ funding structures, this study found that the three institutions examined remain closely connected to their states. Institutions continue to rely on state financial support, and participants report that the universities remain committed to their public missions. As states have expanded oversight related to higher education, the institutions also have increased government relations activities. In addition, this study found that the state, institutional, and administrative context shapes the universities’ relationships with state policymakers and the institutions’ abilities to respond to changing financial contexts.

This study’s findings have important implications for the long-term effectiveness of the three institutions included in this study as well as for future of public higher education in the U.S. As public institutions take on more of the characteristics of their private peers, higher education scholars must examine the implications for students’ access to elite public higher education, how state funding schemes will adapt, the potential organizational change within public universities, and the subsequent political relationships between institutions and state policymakers. In the following chapter, I will connect my study's findings to the two theories
guiding this study—resource dependence theory and institutional theory—to further discuss the implications of this study. In addition, I will discuss a variety of avenues for future research that can continue to provide a greater understanding of the privatization of public higher education.
CHAPTER 6
DISCUSSION AND CONCLUSION

This study explored the privatization of public research universities by deeply examining the University of California Berkeley, the University of North Carolina at Chapel Hill, and the University of Washington. Through this research, I confirmed the study’s main assumption that public universities are privatizing. They are shifting from largely receiving state support to fund operations to largely receiving external support. The universities are securing new revenue by raising tuition prices and increasing the number of non-resident undergraduate students, where allowed by their states. The universities also are generating new revenue through private fundraising and corporate partnerships as well as by identifying ways to cut costs related to administration and grounds. From 1980 to 2014, IPEDS data show that state funding declined by $21,400 per-FTE in constant dollars at Berkeley, $5,040 at Chapel Hill, and $13,200 at the UW, and funding from tuition per-FTE increased by $19,500, $15,100, and $21,100 respectively.

Despite identifying widespread privatization, this study reveals that public universities remain closely connected to their states—valuing state funding for instruction, undergoing oversight, increasing government relations efforts, and emphasizing their public missions. This study also identified the importance of the institution’s context—including state laws and politics as well as individuals’ personalities—in shaping organizational behavior. These findings have important implications for theory, research, policy, and practice and raise questions about the future of public higher education. Therefore, this chapter will provide a summary of the findings.
and explore the study’s implications for research, theory, policy, and practice. As I summarize the content of the findings, this chapter also will demonstrate how the findings fit into the two theoretical frameworks guiding this study—resource dependence theory and institutional theory. The chapter will show how institutional theory explains the conditions that encourage resource dependencies to occur. Then, the chapter will explore the finding’s implications on theory and future research, providing suggestions for future studies to expand our understanding of privatization. Because the findings emphasize state and institutional relationships and contexts, this chapter also will outline the study’s implications for policy and practice and will suggest avenues for new research. Ultimately, this chapter aims to place my study within the broader theory and higher education literature and look to the future of privatization research.

Summary of the Study’s Findings

On the whole, this study shows how three leading public research universities have privatized in the decade following the Great Recession—a relevant notion that speaks to a broader national trend in public higher education. State spending on postsecondary education has increased slightly as the U.S. economy has recovered from the 2008 crash. However, it does not appear that state funding will be restored in the near future to its pre-Recession levels. In fact, participants suggested that in future economic downturns, states may further cut funding to postsecondary education—encouraging public institutions to continue to seek increased revenue from external sources. It appears as though the higher education community is looking to a future in which institutions largely are funded by external stakeholders, such as students, general research dollars, donors, foundations, and corporations.
Discussing the finding of the importance of state relations. Although the study observed that Berkeley, Chapel Hill, and the UW are engaging in privatization behaviors, this study also identified that the three institutions continue to be tied to their states. Each of the institutions said they valued state funding to fund undergraduate instruction. In addition, Berkeley and Chapel Hill described increased state oversight into institutional behaviors, and all three universities expanded government relations activities. Despite the decline in state financial support, each of the institutions reported emphasizing and pursuing their public missions—frequently defined as educating state residents of all income levels. This finding demonstrates the importance of building positive perceptions of higher education among policymakers and their constituents.

Because of public universities’ enduring and important relationships with their states, I found that strong political support was critical to the three public research universities examined by this study. It appears that high levels of political support may allow the institutions to maintain a higher degree of autonomy to pursue their goals. For instance, because of positive state relations, the UW was given a considerable degree of autonomy to operate. The UW acted with limited oversight, and in tough economic times, the state gave the UW control over its tuition-setting authority. This allowed the UW to adapt to the economic crisis presented by the Great Recession and subsequent state funding cuts.

However, I found that when state relations sour—as they appear to have somewhat in California and clearly in North Carolina—the state policymakers begin to engage more deeply in higher education. In this environment, policymakers also seek to control universities’ operations more closely. In fact, the North Carolina case showed that a lack of political trust can create a chaotic environment that may encourage privatization. Because Chapel Hill has been
historically well funded by its state, I selected the campus to serve as a case to provide variation for this study. I wanted to see if a better-funded institution would mirror its AAU peers and pursue privatization, or if it would be less privatized because of stronger state support. I found that Chapel Hill’s state funding cuts were relatively less than the other two universities in the study. However, Chapel Hill still did pursue privatization strategies. While this may be an example of isomorphism—a hypothesis that I considered when beginning this study—I now believe the campus sought external resources as a way to compensate for state mistrust. Administrators at Chapel Hill may have doubted that their institution could rely on its state for continued financial support. Instead, the campus sought external donors and corporate partners to provide resources that could guarantee Chapel Hill’s survival as a top public university in the U.S. The notion of the relevance of state political support could be explored in more detail in future studies.

**Discussing the finding of the importance of context.** This study also found that an institution’s privatization is shaped by the context of its state, campus, and administration. Each state’s laws and tax structures influenced the amount of state funding the institutions could receive. In addition, legislation related to tuition or admissions determined whether tuition was an important source of revenue for universities. For instance, North Carolina has a constitutional requirement for low tuition and a legal mandate that 85% of universities’ first-year classes consist of resident students. These rules constricted Chapel Hill’s ability to pursue revenue from undergraduate enrollment. In fact, participants in this study viewed tuition as a stable—but incidental—line of revenue that could not be turned to in times of state funding cuts.

While discovering the importance of state relations, this study revealed that state and institutional contexts impact state funding and political support and altered each institution's
privatization activities. Importantly, the state laws, taxes, and politics play a significant role in determining how much money the public universities will receive from their states. In addition, individual personalities are instrumental in determining whether public and political support for public universities will be positive or negative. Individuals also shape institutional priorities, donor relations, and the ways universities pursue various revenue streams.

**Connecting the findings to theory.** By leveraging institutional theory and resource dependence theory, I can place the findings from this study into the broader theoretical context. Taken together, the two theories help to explain how the UW, Berkeley, and Chapel Hill operate within their environments to pursue the resources that maintain both their daily operations as well as their statuses as highly-regarded American universities. It was clear that, as Tolbert (1985) wrote, institutional theory establishes the conditions for resource dependencies to occur. Therefore, this section will include a discussion of the study’s findings within the context of institutional theory and resource dependence theory. First, I will explore how the cultural model’s description of holistic organizations, cultural influences, and narratives demonstrate how the institutions saw themselves, set their values, and responded to privatization pressures. This section also will explore how institutional theory’s analysis of isomorphism may explain the universities’ similar revenue generation strategies. In the discussion of resource dependence theory, I will outline the usefulness of the theory’s description of environments, institutions’ abilities to diversify resources, and universities’ levels of dependence on their states.

**Connecting the findings to institutional theory.** Institutional theory, and the associated cultural model, describe the contexts in which universities pursue sources of revenue. As discussed in chapter 3, the cultural model provides a holistic view of institutions (Peterson & Spencer, 1990) and suggests that organizational change evolves slowly in response to the
environment (Kezar, 2012) and occurs within the context of organizational culture (Smerk, 2010). Because it helps to highlight change within an organization’s environment and shows why each institution is different, the cultural model provides useful guidance for this study.

Throughout my data analysis, it was clear that the universities were responding to—and actively working to shape—their environments to secure resources. In addition, the model’s discussion of the environment helps to show how the three cases in this study responded to state funding cuts and partisan changes. The slow evolution outlined by the cultural model was evident in universities’ piecemeal responses to state funding declines. As cuts occurred, it appeared that each university explored available revenue streams, turning to tuition, enrolling non-resident students, and pursuing increased private financial support. However, because each environment was somewhat different, the universities’ abilities to acquire resources differed. For instance, the UW and Berkeley could raise tuition prices more sharply or enroll larger numbers of non-resident students, but Chapel Hill was legally restricted and only raised tuition prices marginally.

Along with showing how these institutions could pursue resources, the cultural model demonstrated why the universities emphasized specific values, histories, traditions, beliefs, myths, and rituals (Kezar, 2012; Neumann, 2012; Peterson & Spencer, 1990; Senge, 2013). It also showed how the culture of each institution shaped its perception of its status as a public institution. For instance, the UW strongly emphasized the value of service to its state. This value was discussed in every interview, and the UW prioritized its passion for the state of Washington in decisions, such as the expressed policy to provide need-based aid only to state residents—a position opposed by several of the university’s Regents.

Because of Berkeley’s history and culture, the university strongly emphasized and valued its place as a leader in U.S. higher education, both in terms of national rankings and as a beacon
for excellence and access. Participants emphasized the importance of enrolling and graduating underrepresented and low-income students. They believed that attending Berkeley would change the life of a student—as well as the life of the student’s family. Administrators believed that Berkeley offered a path to economic security by providing students with an unparalleled education. When faced with public criticism, it appeared that Berkeley’s leaders were somewhat personally offended, because they strongly believed that they were working in pursuit of a worthwhile mission that served the state of California. At Chapel Hill, the institution’s history as one of the first public universities in America and its ability to operate as an outstanding and accessible institution colored administrators’ perceptions of the institution’s value to the state of North Carolina. Like Berkeley, participants were proud of the quality of the undergraduate education they provided, and these participants also cited need-based aid programs as critical to Chapel Hill’s identity as a public institution.

The culture of each institution further shaped its responses to privatization pressures. For instance, over the past several decades the UW has positioned itself as an international research institution with deep relationships with corporations and foundations. When state funding cuts occurred, the UW leveraged this history to expand private fundraising and to obtain greater support from corporations headquartered nearby, such as Boeing and Microsoft. Berkeley, which has operated as a top public university, leveraged its tradition of academic excellence to recruit outstanding—and high-paying—students from other states and countries to study at America’s number one public university. This allowed Berkeley to offset state funding cuts with greater tuition revenue. In past decades, Chapel Hill has long enjoyed a tradition of high state funding and political support. This longstanding positive relationship with North Carolina’s
state policymakers may explain why Chapel Hill was slow to respond to aggressive questioning about the university’s value to the state and its effectiveness as a public organization.

A final component of the cultural model—the notion of organizational saga—explained how the institutions in this study perceived their decisions and behaviors related to privatization and state relations. Because organizational saga can unify institutions and operate as a resource to promote the university (Clark, 1972), it was interesting to see how the campuses in this study tried to leverage their sagas to build support. The UW might be the best example of how an institution can effectively leverage its saga to secure external resources and political backing. Turnover at the UW’s presidential level had limited the institution’s effectiveness in gaining support from political officials and donors. However, when the current president assumed office, she encouraged a marketing campaign that emphasized the UW’s story as a deeply public institution that acted to improve Washington. She took that message to external stakeholders and emphasized the UW’s history and status in the state and nation. Her efforts were effective, and the UW currently enjoys record levels of private fundraising, and it is operating with strong political support and much less state oversight than the other two universities examined in this study.

The broader tenets of institutional theory also helped to explain the ways in which universities pursue resources. The theory suggests that organizations—like the ones in this study are pressured to conform to their field’s norms to be seen as legitimate and to endure over time (DiMaggio & Powell, 1983). All three universities in this study followed the norms set for elite public research universities. Further, the theory suggests that many norms shape institutions’ operations, preventing innovation and promoting isomorphism—the pressure institutions feel to resemble similar organizations (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Toma,
2012). In this study, it was clear that each of the institutions was shaped by the norms followed by public AAU institutions. Also, when the three universities faced state funding cuts, each of the institutions took similar steps to secure additional strands of revenue, including administrative cost-cutting, private fundraising, and increasing tuition revenue.

In this behavior—and in participants’ responses—isomorphism was evident. For example, administrators at Berkeley cited the UW as a model for private fundraising. Berkeley’s fundraising leaders spoke with their counterparts in Washington and tried to learn from the UW’s fundraising structure and marketing initiatives, among other efforts. In addition to signs of mimetic isomorphism, I was surprised to find that the three universities in this study did not employ particularly creative strategies as they sought to generate increased external revenue. Participants did cite donor matching programs to endow scholarships and professorships as well as specific corporate partnerships and sponsorships as unusual strategies. But, I did not find unique fundraising approaches practiced by any of the three universities. Possibly, the institutions’ conformity to their field’s norms confined their ability to seek and secure different types of resources. As the chapter will discuss later, it would be interesting for future research to explore why the universities did not value more creative revenue generation strategies.

Institutional theory states that when administrators lead strategic change, they often seek to influence their environments and focus on bolstering the institution’s image (Gioia & Thomas, 1996; Harris, 2013; Rowan & Miskel, 1999). In addition to isomorphism, that tenet rang true in my study as well. As state funding declined, the leaders of all three universities acted to change their circumstances. They invested in marketing services to spread a positive message to external audiences, and administrators increasingly engaged in government relations activities to engender political support. These efforts projected messages of institutional success and
relevance to external stakeholders. When the environment was not favorable for a university, I found that the institution acted to alter the conditions of its environment. For instance, when North Carolina’s newly-elected Republican politicians entered office as sharp critics of Chapel Hill and the UNC System, both entities hired lobbyists with Republican backgrounds. These conservative-leaning government relations officials were tasked with better connecting with elected officials and their staffs to improve relationships and bolster political support. In addition to personnel changes, Chapel Hill and its state system changed their messaging strategies to appear more favorably before the legislature and governor. The campus and its system emphasized job training efforts and economic development contributions to relate to Republican politicians and to build greater political support.

One central argument of institutional theory is that administrators and faculty members will make the pursuit of prestige a key internal priority, viewing prestige as a valuable resource that ensures the institution’s survival (Rowan & Miskel, 1999; Toma, 2012). While this notion seems plausible for the three institutions examined in this study, participants did not make explicit statements regarding increasing prestige. Each institution was well aware of its prestigious status as a public AAU institution and a leader in the U.S. News & World Report rankings. But, participants did not say that the institutions were working to expand their prestigious statuses.

However, implicitly, the institutions in this study may have emphasized prestige in their decisions to cut administrative costs. Institutional theory suggests that in a time of limited resources, institutions will reduce or eliminate costs in administrative areas so that institutional elements that contribute to a university’s prestige are not harmed (Toma, 2012). At each of the institutions in my study, this behavior consistently occurred. The three universities confined
cost-cutting efforts to the administration and to university facilities and grounds. Participants said they avoided reducing costs related to academic areas, because of their emphasis on the academic mission and the regulations of tenure. However, prestige may have factored into the universities’ decisions to confine cost-cutting to administrative areas. As I will discuss later in this chapter, future research could further examine the intersection of prestige and privatization.

Connecting the findings to resource dependence theory. Resource dependence theory also proved useful in its explanation for why the universities in this study pursued funding and for how they engaged with their environments. This theoretical framework argues that the primary goal for organizations is to acquire the resources that ensure survival (Aldrich & Pfeffer, 1976; Kezar, 2012; Pfeffer & Salancik, 1978). Through my study, it was clear that the universities did desire increased levels of resources, but their pursuit of funding was constricted by state regulations and—to an extent—institutional values. Importantly, states limited the amount of money that institutions could generate from tuition revenue. In addition, participants described employing caution as they sought private donations and corporate partnerships, citing the potential conflict between corporations’ activities and public universities’ values.

Participants at each of the universities said their institutions did not want to accept donations that would threaten the public mission or would diminish their images as entities that serve the public. However, despite these concerns, the three universities sought increased tuition revenue and grew the amount of money that they received from corporations.

Resource dependence theory’s description of how an organization operates within its environment also was useful to explain the findings of this study in the larger context (Aldrich & Pfeffer, 1976; Kezar, 2012; Pfeffer & Salancik, 1978). It was clear that the three universities employed influence and power to increase both political and financial support from their states.
Each institution engaged in behavior to garner support—increasing government relations activities, identifying messages that would connect with policymakers and donors, and emphasizing marketing. Administrators played critical roles in navigating state relations and gaining alumni and donor support. It was interesting to see that the universities shaped their environments in negative ways as well as the more collaborative or positive ways that were just discussed. For instance, it was clear that the actions of the UC System’s leaders contributed to a contentious political environment in California. By pursuing an adversarial tone in state budget negotiations and by criticizing the state’s governor, the president of the UC System engaged with the environment and created political challenges for the system and its campuses. Fallout from the president’s approach included heated negotiations, political criticism, and state investigations into university operations—reducing the UC’s autonomy and limiting public support for the UC and its campuses.

As the theory suggests, administrators in this study had to make choices to respond and possibly conform to the environment to secure revenue (Neumann, 2012; Titus, 2006). The universities also clearly made internal changes to secure external resources. They altered their administrative makeups, hiring additional marketing professionals to shape the public narrative. The universities also added government relations responsibilities to the portfolios of senior leaders, whose prior job descriptions did not include this type of work. For instance, vice presidents at all of the institutions described increasing work in communicating with government officials in the administrators’ current capacities as leaders of divisions seemingly unrelated to politics, such as finance, development, or admissions. One interesting example of an institution’s response to its environment occurred when Chapel Hill and the UNC System hired Republican Party operatives to reflect the partisan makeup of the state's legislature. These
entities altered government relations’ personnel to more effectively communicate as a part of the campus’ and state’s lobbying activities. While the finding was discussed earlier and was relevant to institutional theory, it also pertains to resource dependence theory. This activity demonstrates significant internal changes that were made in hopes of shaping external entities to secure more money. Although the theory suggests that internal actions to seek resources will shift power distributions within the institutions (Slaughter & Leslie, 1997; Salancik & Pfeffer, 1974; Titus, 2006), this study did not identify clear changes in institutional power. However, future studies would be useful to explicitly examine this notion.

Resource dependence theory also outlines how highly resourced institutions, with increased levels of quality and prestige, can diversify and expand their revenue sources (Harris, 2013; Powell & Rey, 2015; Volkwein & Malik, 1997). In this study, I identified strong evidence for this particular suggestion. When state funding was constricted, the institutions in this study—all leading American public universities—expanded the amount of revenue they received from external sources. Both Berkeley and the UW recruited and enrolled students who would pay higher tuition prices. All three of the institutions established corporate partnerships and cultivated new donors. Importantly, Kezar’s (2012) suggestion that external actors can influence institutions’ resource acquisition rang true. As discussed, in each of the cases, state policymakers, government agencies, donors, corporations, and foundations influenced the universities’ resource acquisition and institutional change.

Resource dependence theory’s description of an organization’s degree of dependence on its funders provided an interesting and useful explanation for one of my study’s more surprising findings. In my analysis, I recognized that the three universities remained closely tied to their states—even after public funding was cut significantly. However, resource dependence theory
suggests that the level of an organization’s dependence on a funding source varies because of the importance of the resource, the institution’s level of autonomy, the concentration of the resource, and the availability of other resources (Pfeffer & Salancik, 1978; Slaughter & Leslie, 1997). Because state funding supports the core business of public research universities—undergraduate instruction—and is provided without specific spending requirements, the dollars provided by the states are important resources to the universities. Since private donations typically are given to universities with specific spending restrictions, state funding may be one of the most significant sources of funding for public institutions. In addition, this study found that institutional autonomy—particularly at Berkeley and Chapel Hill—has been restricted in recent decades. These additional regulations may serve to further bind the institutions to their states. Therefore, with reduced autonomy, the universities may depend on their states to a greater extent than in years past, despite state funding cuts. Ultimately, resource dependence theory provides a useful explanation for the three institutions’ enduring proximity to their states.

**Leveraging the two theories to understand the findings.** By employing a combination of institutional theory and resource dependence theory, I obtained stronger theoretical explanations for my findings. One theory alone would not have been able to capture the partisan influences, institutional elements, and personal characteristics that shaped the three universities’ resource acquisition efforts. Institutional theory’s holistic view of organizations offered a more complete understanding of the universities’ contexts—showing how the three institutions could pursue revenue. Then, by applying resource dependence theory’s explanation of the importance of revenue and environments, I could see why institutions would pursue funding. Resource dependence theory illuminated the value that the universities placed on navigating their
environments to gain financial support. Ultimately, the two theories enhanced my examination of privatization in the three public research universities included in this study.

**Implications of the Study’s Findings**

**Implications for theory.** As was noted earlier in this chapter, the privatization of public research universities has important implications for the future of public higher education. Expanding the use of resource dependence theory and institutional theory as well as employing additional theoretical frameworks could enhance the higher education literature on privatization. Future studies could employ institutional theory to more deeply examine the influence of prestige on institutional decision-making. For instance, a researcher could interview senior university administrators to understand why the institutions are containing cuts to administrative units. This research could explore how structural elements of public institutions—such as tenure—shape cost-cutting decisions. This study could further explore how elements that are less clearly defined, such as a public university's mission or its desire for prestige, factor into decisions about cutting institutional costs. In addition, other studies using institutional theory could explore the influence of prestigious public universities within their states, building on my finding of the importance of state higher education contexts. These studies could compare a state flagship to other public colleges and universities within the state to gauge the flagship’s power and influence and see how institutional prestige influences state politics.

The literature on privatization also would benefit from the use of additional theoretical frameworks, such as academic capitalism, in future studies. As discussed in chapter two, research employing academic capitalism offers unique insights on the research enterprises of various institutions that are facing privatization pressures. Future scholarship that employs an
academic capitalism lens could build upon this study to examine public institutions' privatization postures related to research, internal spending, and internal power struggles, among other topics.

**Implications for research.** Future research also is merited to provide the higher education literature with a deeper understanding of how privatization shifts institutions’ missions, their relationships with state policymakers, and the public’s perception of these institutions. One key way to enrich the literature would be to expand upon this study and conduct a broader multi-site qualitative case study that includes all public AAU institutions. This broader sample would allow a researcher to distinguish between institutions that are operating without a structured state postsecondary system and those that are acting within a strong university or state system. A larger qualitative study of all public AAU institutions would help researchers to better identify evidence of isomorphism as well as the cultural aspects that shape privatization.

Another way to expand the literature would be to conduct a study that seeks to identify state officials’ perceptions of privatization in public higher education. This study could examine whether policymakers are pleased that public research universities are privatizing—thus, easing the burden on states to pay for higher education. Or, the study could identify whether privatization is a strategy that upsets state policymakers and erodes their trust in public colleges and universities. If the latter is true, researchers could explore whether privatization encourages negative perceptions of higher education among policymakers and citizens, creating a cyclical relationship between state funding cuts, privatization, and distrust in public higher education. Clearly, researchers should explore ideological divides, differences in states with powerful state legislatures or chief executives, and how states’ budget processes and laws influence policymakers’ perspectives of privatization. A vast number of studies could be conducted on
this topic, but, ultimately, the higher education community would benefit from a deeper understanding of policymakers’ views on the privatization of public higher education.

Along with understanding policymakers’ perspectives, I believe it would be deeply useful to the literature and to university administrators to conduct research that tries to understand the public’s perception of higher education. Studies could consider how regional location, citizens’ ideologies, and other factors contribute to positive or negative views of public colleges and universities. Some polling organizations, like Gallup, have begun to ask whether political ideology shapes individuals’ perspectives of higher education. Empirical studies would build on these early findings and add to the overall understanding of Americans’ views. It also would be useful for researchers to consider how effectively public institutions are sharing their sagas and positive messages with citizens. My study found that each institution clearly had a saga that was important to internal stakeholders and shaped the campus. But, the story did not appear to inspire policymakers and citizens to expand their support for the university. Therefore, studies related to institutional messaging may help administrators to understand the ways that they can effectively convey their institution’s value to the public and build support for increased public funding.

Another thread of research on privatization could examine the behaviors of less prestigious public colleges and universities, which are less effectively positioned to privatize. These studies could consider how less elite and lower-resourced institutions are responding to state funding cuts, and how those responses shape students’ experiences and policymakers’ perceptions. Research could identify whether the lower-resourced institutions are able to generate external funding to compensate for the state cuts or whether academic quality suffers as a result of the decreased revenue. Because these types of institutions often serve students who
come to college with less preparation than their peers at elite institutions, studies of changing funding sources at lower-resourced institutions could have important findings that enrich our understanding of the effects of state divestment on students and equity.

Other ways to expand upon this study future would be to consider whether public institutions view their privatization efforts to be a part of long-range institutional planning. Throughout my study, it appeared that administrators were reacting to declining state funding by pursuing singular privatization activities. These types of institutional actions did not appear to be connected to a broader strategy to innovate or to secure stable lines of revenue. Future studies should investigate institutions’ responses. This line of research could determine whether administrators are acting in a reactionary manner, or whether they believe they are strategically pursuing new revenue in a systematic way.

In addition, future research could examine if specific universities understand the consequences of privatization for the institutions’ futures as public entities. These types of studies could explore what it means to be a privatized public institution. How do universities’ values change, and how do the corresponding behaviors adjust? Researchers could examine how the saga of institutions and the national narrative related to public higher education will change as external funding becomes a larger proportion of public institutions' revenue. Ultimately, as privatization persists, researchers, administrators, policymakers, and citizens must contend with the question: what does privatization mean for the future of U.S. public higher education?

**Implications for policy and practice.** This study’s finding that state funding cuts and tax regulations are reducing revenue in ways that encourage privatization among elite public universities presents critical implications to state policymakers and university administrators. If legislators or governors would like to increase state financial support to colleges and universities,
they can develop legislation to grow tax revenue and allocate greater funding to postsecondary education. University leaders could employ these findings to act in strategic ways to build positive relationships with state policymakers, lobby for legislation that is favorable for higher education, leverage institutional sagas to build enthusiasm for their universities, and act to promote a more positive climate for higher education within their states.

However, if policymakers do not increase state investment in higher education, several participants suggested that widespread organizational change may be necessary to secure additional resources. These changes would encourage public universities to more closely resemble private peers and would allow universities to be more nimble in pursuing funding. Capturing this idea of possible organizational change, one senior Berkeley administrator said:

One of the biggest challenges is that we have been historically a state-funded institution with all of the policies and practices and protocols and structures and governance to go with that. And to change to a more self-sufficient revenue generating organization, it means we have to change our mindset, we have to change our policies, we have to change how information flows, we have to change how we govern ourselves. It’s fascinating organizationally to think about what it means to become more revenue producing. It’s not just about finding those streams and putting something in place. It’s also going to be changing our mindset and then changing policies—looking at our risk tolerance ... It's changing everything we do.

Across the cases included in this study, participants suggested regulatory changes as well as internal organizational changes that may alter public institutions’ values. For instance, several participants said that their institutions could reconsider legacy admissions policies. Although the universities do not currently employ legacy practices, participants thought the institutions may,
in the future, change to favor applicants who are related alumni because of the increased importance of private fundraising. A shift toward legacy admissions may increase revenue from private donations, but it would also challenge public universities’ histories of broad accessibility to the public. Favoring legacy applicants would present critical questions about whether public universities are, in fact, serving their public missions. Importantly, actions such as this would blur the lines between the purposes of elite public research universities and private institutions.

Discussions of organizational changes related to state regulations and institutional policies raise important questions related to both the feasibility and the ethics of the changes. Although the institutions in this study clearly desire regulatory changes, their home states—particularly California and North Carolina—do not appear to support increasing institutional autonomy or reducing state regulations. Although these administrators view organizational changes as logical institutional responses to changing revenue sources, they raise important questions about institutions’ values and missions. If public universities mirror their private peers, what will be the defining purposes of public higher education? In addition, if public institutions operate similar to private entities, what will motivate states to continue to financially support public higher education?

Because the public universities remain deeply tied to their states, institutions must identify effective ways to positively connect with policymakers. In that effort, administrators also should recognize that some efforts to secure private resources engender greater public—and political—reactions than other behaviors. For instance, while private fundraising was largely accepted within the institutions and among citizens and policymakers, increasing tuition prices and non-resident enrollment numbers was strongly opposed by external constituencies. In fact, issues related to undergraduate enrollment and tuition were possibly the most contentious issues
facing the universities in this study. Because of the controversy—coupled with the importance of positive state relations—this study may help to guide administrators’ decisions related to specific revenue streams as trends of privatization continue.

**Conclusion**

On the whole, this multi-site case study of privatization in public higher education identified the importance of state and institutional contexts in universities’ pursuits of the resources that guarantee their survival. It also showed the importance of state relationships to public universities. Because this study identifies the trends of state divestment and university privatization, its findings have important implications for the future of public higher education. As public universities increasingly pursue privatization, higher education scholars and practitioners—along with state policymakers and citizens—should consider the ramifications of privatization on universities’ missions and activities as well as on public support for these institutions. Ultimately, the notion of privatization in public higher education presents interesting opportunities challenges for the institutions and for the states they serve, and it provides compelling opportunities for future research.
Appendices

Appendix A: Case Selection Criteria

<table>
<thead>
<tr>
<th></th>
<th>Berkeley</th>
<th>Chapel Hill</th>
<th>UW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAU Membership</td>
<td>Joined in 1900</td>
<td>Joined in 1922</td>
<td>Joined in 1950</td>
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<tr>
<td>Change in state funding</td>
<td>-$316M</td>
<td>+$25.5M</td>
<td>-$175M</td>
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<td>Change in state funding per FTE</td>
<td>-$21,400</td>
<td>-$5,040</td>
<td>-$13,200</td>
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<td>Change in proportion of revenue received from the state</td>
<td>-26 percentage-points</td>
<td>-14 percentage points</td>
<td>-18 percentage-points</td>
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<td>Change in tuition funding</td>
<td>+$528M</td>
<td>+$277M</td>
<td>$647M</td>
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<td>Change in tuition funding per FTE</td>
<td>+$19,500</td>
<td>+$15,100</td>
<td>+$21,100</td>
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<tr>
<td>Change in proportion of revenue received from tuition</td>
<td>+30 percentage-points</td>
<td>+11 percentage-points</td>
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<tr>
<td>Percent change in state population, 1990-2010</td>
<td>+ 25%</td>
<td>+44%</td>
<td>+38%</td>
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Notes: All dollar amounts are recorded in constant 2014 dollars. Changes in state funding occurred between 1990 and 2014.
Appendix B: Codebook

Codes Used for Document Analysis
1. Tuition and Fees
   a. Changes to the Prices Charged: capture whether tuition and fees were raised or lowered.
   b. Differentiation: capture whether students in different majors or in different types of programs paid different tuition amounts.
   c. Political Implications: capture whether the price of college was debated with policymakers. Identify if institutions received press coverage related to prices.
2. Enrollment
   a. Changes: capture whether the number of students (undergraduate or graduate) increased or declined.
   b. Out-of-State/International: capture whether the number of out-of-state or international undergraduate students increased or declined.
   c. Competition for Top Students: capture whether universities describe efforts to recruit and enroll outstanding undergraduates.
   d. Access for State Residents: capture any discussion about in-state enrollment and the ability of resident students to get admitted, afford, or enroll in the university.
      i. Financial aid: capture any discussion about institutional efforts to provide financial aid to encourage in-state access.
   e. Equity and diversity issues: capture any discussion of institutional efforts to promote equity and increase diversity among the undergraduate population.
3. Relationships with the State
   a. State Funding for Higher Education: capture any discussions related to state financial support for higher education.
   b. Institutional Actions Related to Increasing Autonomy: identify any institutional efforts to gain autonomy from the state to pursue external streams of revenue.
   c. Politics Related to Institutional Operations: capture any discussions of politics regarding operations (for example, political disputes over non-resident enrollment).
   d. Relationships with Other State Institutions: capture any discussions of institutional relationships with other state institutions (for example, joint negotiations; competition for students or funding; and more).
   e. Policymakers’ Perceptions of the Institution: capture any discussions of what participants view as state policymakers' perceptions of the institutions in this study.
4. Fundraising
   a. For Specific Mission-Related Elements (aid; faculty): capture any discussions of fundraising efforts directed toward teaching and research missions.
   b. To Offset State funding cuts: capture any discussions of fundraising efforts aimed to generate revenue that would compensate for state funding cuts.
c. Investment Required to Increase Fundraising Efforts: capture any discussions of the cost to the university for increasing fundraising efforts.
d. Fundraising for global prominence: capture discussions of institutional efforts to generate revenue to improve the university in national or global rankings or to improve the university's perceived prestige.

5. Expanding the Research Enterprise
   a. Restructuring to facilitate research: capture whether universities were investing in institutes/centers; shifting resources to encourage research; investing in star faculty; or other examples of organizational change related to research
   b. Federal grants and contracts: capture discussions of pursuing federal grants and contracts.
   c. State grants and contracts: capture discussions of pursuing state grants and contracts.
   d. Mission-based reasons for expanding research: capture discussions that emphasize an institution's research mission as the inspiration for expanding research.

6. Other Efforts for Revenue Generation
   a. Partnerships with Corporations: identify if respondents noted that the institution was securing corporate partnerships, corporate funding, corporate sponsorships, or any additional corporate relations activities.
   b. Partnerships with Other Institutions: identify if respondents noted that the institution was securing partnerships with other universities (for example, joint degree programs, shared spaces or services arrangements).
   c. Partnerships with intermediaries: capture discussions of partnerships with influential intermediary organizations.

**Codes Used for First Cycle of Interview Data Analysis**

1. Tuition and Fees
   a. Changes to the Prices Charged: capture whether tuition and fees were raised or lowered.
   b. Differentiation: capture whether students in different majors or in different types of programs paid different tuition amounts.
   c. Political Implications: capture whether the price of college was debated with policymakers. Identify if institutions received press coverage related to prices.

2. Enrollment
   a. Changes: capture whether the number of students (undergraduate or graduate) increased or declined.
   b. Out-of-State/International: capture whether the number of out-of-state or international undergraduate students increased or declined.
   c. Competition for Top Students: capture whether universities describe efforts to recruit and enroll outstanding undergraduates.
   d. Access for State Residents: capture any discussion about in-state enrollment and the ability of resident students to get admitted, afford, or enroll in the university.
      i. Financial aid: capture any discussion about institutional efforts to provide financial aid to encourage in-state access.
   e. Equity and diversity issues: capture any discussion of institutional efforts to promote equity and increase diversity among the undergraduate population.
3. Relationships with the State
   a. State Funding for Higher Education: capture any discussions related to state financial support for higher education.
   b. Institutional Actions Related to Increasing Autonomy: identify any institutional efforts to gain autonomy from the state to pursue external streams of revenue.
   c. Politics Related to Institutional Operations: capture any discussions of politics regarding operations (for example, political disputes over non-resident enrollment).
   d. Relationships with Other State Institutions: capture any discussions of institutional relationships with other state institutions (for example, joint negotiations; competition for students or funding; and more).
   e. Policymakers’ Perceptions of the Institution: capture any discussions of what participants view as state policymakers' perceptions of the institutions in this study.

4. Fundraising
   a. For Specific Mission-Related Elements (aid; faculty): capture any discussions of fundraising efforts directed toward teaching and research missions.
   b. To Offset State funding cuts: capture any discussions of fundraising efforts aimed to generate revenue that would compensate for state funding cuts.
   c. Investment Required to Increase Fundraising Efforts: capture any discussions of the cost to the university for increasing fundraising efforts.

5. Expanding the Research Enterprise
   a. Restructuring to facilitate research: capture whether universities were investing in institutes/centers; shifting resources to encourage research; investing in star faculty; or other examples of organizational change related to research
   b. Federal grants and contracts: capture discussions of pursuing federal grants and contracts.
   c. State grants and contracts: capture discussions of pursuing state grants and contracts.

6. Other Efforts for Revenue Generation
   a. Partnerships with Corporations: identify if respondents noted that the institution was securing corporate partnerships, corporate funding, corporate sponsorships, or any additional corporate relations activities.
   b. Partnerships with Other Institutions: identify if respondents noted that the institution was securing partnerships with other universities (for example, joint degree programs, shared spaces or services arrangements).

Codes Used for Second Cycle of Interview Data Analysis
1. Tuition and Fees
   a. Changes to the Prices Charged: capture whether tuition and fees were raised or lowered.
   b. Differentiation: capture whether students in different majors or in different types of programs paid different tuition amounts.
   c. Political Implications: capture whether the price of college was debated with policymakers. Identify if institutions received press coverage related to prices.
d. Tuition-Setting Authority: capture discussions of the entity that has control over setting tuition prices.

2. Enrollment
   a. Changes: capture whether the number of students (undergraduate or graduate) increased or declined.
   b. Out-of-State/International: capture whether the number of out-of-state or international undergraduate students increased or declined.
   c. Competition for Top Students: capture whether universities describe efforts to recruit and enroll outstanding undergraduates.
   d. Access for State Residents: capture any discussion about in-state enrollment and the ability of resident students to get admitted, afford, or enroll in the university.
      i. Financial aid: capture any discussion about institutional efforts to provide financial aid to encourage in-state access.
   e. Equity and diversity issues: capture any discussion of institutional efforts to promote equity and increase diversity among the undergraduate population.

3. Relationships with the State
   a. State Funding for Higher Education: capture any discussions related to state financial support for higher education.
   b. Autonomy and State Oversight: capture discussions related to institutional autonomy in decision-making as well as state efforts to oversee institutions’ behaviors.
   c. Politics Related to Institutional Operations: capture any discussions of politics regarding operations (for example, political disputes over non-resident enrollment).
   d. Relationships with Other State Institutions: capture any discussions of institutional relationships with other state institutions (for example, joint negotiations; competition for students or funding; and more).
   e. Policymakers’ Perceptions of the Institution: capture any discussions of what participants view as state policymakers' perceptions of the institutions in this study.
   f. Governance: capture discussions of state and university systems’ role in decision-making, and capture discussions of boards of trustees, governors, or regents.
   g. Messaging and Communication: capture discussions of institutional efforts to alter messaging and communication to state policymakers, internal audiences, and external stakeholders.

4. Fundraising
   a. For Specific Mission-Related Elements (aid; faculty): capture any discussions of fundraising efforts directed toward teaching and research missions.
   b. To Offset State funding cuts: capture any discussions of fundraising efforts aimed to generate revenue that would compensate for state funding cuts.
   c. Investment Required to Increase Fundraising Efforts: capture any discussions of the cost to the university for increasing fundraising efforts.

5. Expanding the Research Enterprise
   a. Restructuring to facilitate research: capture whether universities were investing in institutes/centers; shifting resources to encourage research; investing in star faculty; or other examples of organizational change related to research
b. Federal grants and contracts: capture discussions of pursuing federal grants and contracts.
c. State grants and contracts: capture discussions of pursuing state grants and contracts.
d. Politics of Research: capture discussions related to policymakers’ perspectives of university research.

6. Facilities
   a. Politics: capture discussions of policymakers’ perspectives of university facilities.

7. Context
   a. State Culture and Context: capture conversations about the unique nature of the state culture, laws, politics, or context.
   b. Institutional Culture and Context: capture conversations about the unique nature of the university, its regulations, culture, and more.
   c. Personalities and Personnel: capture conversations about the unique nature of the university’s administrators, staff, faculty, board members, students, and more.
   d. Public-ness: capture conversations about the unique nature of a university existing as a public entity.
   e. Comparisons Between Institutions: capture conversations about the institution’s perceptions of other institutions, relationships with other administrations, and political negotiations with state policymakers regarding other institutions.

8. Other Efforts for Revenue Generation
   a. Cost-Cutting Efforts: capture discussions of university cost-cutting efforts.
      i. Administration: capture discussions of university cost-cutting efforts related to administrative staff, information technology efforts, human resources initiatives, and more.
      ii. Facilities: capture discussions of university cost-cutting efforts related to building and maintaining facilities.
      iii. Academic Mission: capture discussions of university cost-cutting efforts related to teaching, research, and student services.
   b. Partnerships with Corporations: identify if respondents noted that the institution was securing corporate partnerships, corporate funding, corporate sponsorships, or any additional corporate relations activities.
   c. Partnerships with Other Institutions: identify if respondents noted that the institution was securing partnerships with other universities (for example, joint degree programs, shared spaces or services arrangements).
## Appendix C: List of Documents Analyzed for the Berkeley Case

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Year</th>
<th>Document Type</th>
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<tr>
<td>In-state admissions offers up at UC</td>
<td>2016</td>
<td>Inside Higher Ed Article</td>
</tr>
<tr>
<td>The New Normal at Berkeley</td>
<td>2015</td>
<td>Inside Higher Ed Article</td>
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<td>Campus-level trends in rev/exp</td>
<td>2015</td>
<td>UC Document</td>
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<td>Campus Financial Schedules</td>
<td>2016</td>
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<td>Flagships Must Create New Models to Preserve the Public Good</td>
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<td>Chancellor’s Editorial</td>
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<td>Leading a Global Transformation by the American University</td>
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<td>Chancellor’s Editorial</td>
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<td>Traditions of Excellence Worth Maintaining</td>
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<td>Chancellor’s Editorial</td>
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<td>A brighter outlook for higher education in California</td>
<td>2013</td>
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<td>Reducing Our Deficit</td>
<td>2017</td>
<td>Berkeley Website</td>
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<tr>
<td>Growing Deficit Forces Berkeley Campus to Look for Cuts and New Revenue</td>
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<td>News Article</td>
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<td>Institutional budgets balanced on the back of adjuncts and out-of-state students</td>
<td>2017</td>
<td>Inside Higher Ed Article</td>
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<td>UC seeks cap on out-of-state students</td>
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<td>Could Trump cut Berkeley’s Funds</td>
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<td>UC Berkeley Invests in Consultants to Boost Chancellor's Image</td>
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<td>Budget for Current Operations</td>
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<td>Budget for Current Operations</td>
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<td>UC Berkeley’s chancellor will resign</td>
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<td>UC accused of favoring non-Californians</td>
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<td>UC report strongly disputes assertions in state audit, demonstrates how it puts California students first</td>
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<td>Task Forces and Working Groups</td>
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<td>Auditor Says UC Kept Millions in Secret Fund</td>
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<td>San Francisco Chronicle</td>
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<td>UC Secret Fund Sparks Bill</td>
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<td>UC regents approve first limit on out-of-state and international student enrollment</td>
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<td>Los Angeles Times</td>
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<td>The University of California Office of the President: It Failed to Disclose Tens of Millions in Surplus Funds, and Its Budget Practices Are Misleading</td>
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<td>State of California Document</td>
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<td>ESTABLISHMENT OF POLICY ON NONRESIDENT STUDENT ENROLLMENT</td>
<td>2017</td>
<td>UC Document</td>
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<td>Subversives: The FBI's War on Student Radicals, and Reagan's Rise to Power</td>
<td>2013</td>
<td>Book</td>
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<td>Regents Expected to Limit Nonresident Enrollment</td>
<td>2017</td>
<td>San Francisco Chronicle</td>
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<td>The New Normal at Berkeley</td>
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<td>In-state admissions offers up at UC</td>
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### Appendix D: List of Documents Analyzed for the Chapel Hill Case

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<td>Never Forget Where You Came From</td>
<td>2017</td>
<td>Chancellor’s Remarks</td>
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<td>Folt lays out bold vision for Carolina’s future</td>
<td>2017</td>
<td>Chancellor’s Remarks</td>
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<tr>
<td>Give for Good: UNC-Chapel Hill accepts $20 million match challenge</td>
<td>2016</td>
<td>Chancellor’s Remarks</td>
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<td>UNC-Chapel Hill celebrates second consecutive record fundraising</td>
<td>2016</td>
<td>Chancellor’s Remarks</td>
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<td>Costs of UNC Athletics Scandal Nears $18M</td>
<td>2017</td>
<td>Inside Higher Ed Article</td>
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<td>When Lawmakers Set Up a Policy Research Center</td>
<td>2016</td>
<td>Inside Higher Ed Article</td>
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<td>Comprehensive Annual Financial Report</td>
<td>2016</td>
<td>UNC Document</td>
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<tr>
<td>Comprehensive Annual Financial Report</td>
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<tr>
<td>Comprehensive Annual Financial Report</td>
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<td>UNC Document</td>
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<tr>
<td>Carolina Development Annual Report</td>
<td>2016</td>
<td>UNC Document</td>
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<tr>
<td>Carolina Development Annual Report</td>
<td>2015</td>
<td>UNC Document</td>
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<tr>
<td>State Budget Cuts UNC Funding, Freezes Tuition</td>
<td>2016</td>
<td>Daily Tarheel Article</td>
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<td>UNC Budget Cut Under State Plan</td>
<td>2015</td>
<td>News &amp; Observer Article</td>
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<tr>
<td>UNC approves major plan to improve higher education in NC</td>
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<td>News &amp; Observer Article</td>
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<td>UNC leader looks back on her tenure at the one-year mark</td>
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<td>News &amp; Observer Article</td>
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<td>Emails show how UNC board struggled with explanation of Tom Ross ouster</td>
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<td>News &amp; Observer Article</td>
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<td>Art Pope sits at heart of NC government he helped transform</td>
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<td>Budget FAQs</td>
<td>2017</td>
<td>UNC Document</td>
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<tr>
<td>International students to be able to enroll directly at UNC</td>
<td>2013</td>
<td>Daily Tarheel Article</td>
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<td>2011 Academic Plan</td>
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<td>UNC Document</td>
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<td>UNC-Chapel Hill continues ascent as a global research powerhouse with total expenditures reaching nearly $1 billion</td>
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<td>Spellings: $500 tuition a ‘game changer’</td>
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<td>UNC-Chapel Hill Fined For Exceeding Out-of-State Student Cap</td>
<td>2016</td>
<td>WAFE Charlotte</td>
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<tr>
<td>University of North Carolina: We Cannot Operate Without Federal Funds</td>
<td>2016</td>
<td>NBC News</td>
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<td>AYN RAND COMES TO U.N.C.</td>
<td>2015</td>
<td>The New Yorker</td>
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<td>Carolina Counts</td>
<td>2017</td>
<td>UNC Website</td>
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<td>Universities turn to consultants to trim budgets</td>
<td>2009</td>
<td>New York Times</td>
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<td>New legislative study touts Carolina Counts as efficiency model</td>
<td>2014</td>
<td>University Gazette</td>
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Appendix E: List of Documents Analyzed for the Washington Case

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<td>UW Document</td>
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Appendix F: Interview Protocols

Berkeley Interview Protocol – Campus Interviews
1. How is the campus preserving the Berkeley's legacy of quality in an era of state funding cuts and a time of deficit reduction?
2. How has Berkeley pursued cost savings in this era of state funding cuts and campus deficit reduction?
3. How has Berkeley found new ways to pursue revenue?
4. How have tuition increases been used to offset state cuts?
5. How has the recruitment of nonresident students helped Berkeley to generate tuition revenue?
6. How has the role of donors changed in recent years?
7. How have the campus’ relationships with state policymakers changed as state funding has declined and the challenges of deficits have increased?
8. How have government relations activities changed in recent years?
9. How is the campus communicating its commitment to the public mission?
10. How is the university communicating the need for state support to Californians?
11. What are your perceptions on the system and your campus’ ability to maintain autonomy from the legislature/governor in this time of change?
12. Is there anyone else who you might recommend that I speak with about this project?

Berkeley Interview Protocol – System Interviews
1. How has the UC System’s approach to state government relations changed in the years since the Great Recession, as state funding has declined overall?
2. In these tighter economic times, how are you making the case for the state to support the UC system?
3. How do you share your public mission with policymakers?
4. Have state policymakers’ perceptions of higher education changed in the last decade?
5. Have policymakers’ approaches to oversight changed in the recent years?
   a. When I began this project, I estimated that as state funding declined, that state oversight would, too. Has that been the case for you?
   b. I’m interested in comparing my three cases and the institutions’ levels of autonomy from the state. How would you describe UC’s level of autonomy from California?
6. I’ve read some of the state’s documents about higher education in California, and it appeared to me that the state has taken an adversarial tone in their writings. Is that something that you’ve experienced in your position?
7. How do you navigate those challenges?
8. Is there anything else related to state funding or government relations that you might like to discuss?

Berkeley Interview Protocol – Most Senior Leaders
1. How are you preserving Berkeley's legacy of quality in an era of state funding cuts and a time of deficit reduction?
2. How do you see philanthropy supporting Berkeley as you seek to offset state cuts?
3. As sources of funding shift from away from state support, how does Berkeley maintain its public mission?
4. As the sources of funding shift, does the institution’s level of autonomy from the legislature and the governor change?
5. How do you continue to make the case to the legislature and the governor for Berkeley’s need for state support?
6. In higher education, we’ve seen increasing criticism of universities. How do you go about sharing Berkeley’s contributions and value with key stakeholders?
7. One final question that is a little broader. It seems like we are in a time of change. How do you think public research universities will operate in terms of funding in 25 years? Do you think their missions will change?

UNC Interview Protocol – Campus Interviews
1. How is the campus preserving the UNC-Chapel Hill’s legacy of quality in an era of state funding cuts?
2. How is the campus communicating its commitment to your public mission to North Carolinians?
3. How is the campus communicating the need for state support to North Carolinians?
4. How has Carolina found new ways to pursue revenue to account for state funding cuts?
   a. What are some of the most innovative strategies?
5. How have tuition increases been used to offset state cuts?
6. How does the state’s cap on the percentage of nonresident undergraduates shape the ways in which you pursue revenue through enrollment?
7. How effective has the Carolina Counts program been in saving money?
8. How has the role of donors changed in recent years?
9. How have UNC-Chapel Hill's relationships with state policymakers changed as state funding has declined?
10. How effectively is UNC-Chapel Hill pursuing its public mission in the wake of state cuts?
11. How have government relations activities changed in recent years?
12. What are your perceptions on the system and your campus’ ability to maintain autonomy from the legislature/governor in this time of change?
13. Is there anyone else who you might recommend that I speak with about this project?

Washington Interview Protocol
1. How has the University preserved academic quality in an era of state funding cuts?
2. How has the University found new ways to pursue cost savings to account for state funding cuts?
3. How has the University found new ways to pursue revenue to account for state funding cuts?
4. How have tuition increases been used to offset state cuts?
5. Has the University increased nonresident enrollment to generate more tuition revenue?
6. How has the role of donors changed in recent years?
7. How have the campus' relationships with state policymakers changed as state funding has declined?
8. How has the change in the state’s coordinating board altered the University’s behavior in recent years? Has this been in response to declining state funding?
9. How is the university communicating the need for state support to Washingtonians?
10. How effectively is the UW pursuing its public mission in the wake of state cuts?
11. How have government relations activities changed in recent years?
12. What are your perceptions on the system and your campus’ ability to maintain autonomy from the legislature/governor in this time of change?
13. Is there anyone else who you might recommend that I speak with about this project?
Appendix G: Grids of Privatization

1990-2014 Privatization of Public AAU Institutions
Comparing median decline in proportion of state funding (25%) and median proportion of state funding in 2014 (12.6%)

<table>
<thead>
<tr>
<th>Florida</th>
<th>Arizona (border), Berkeley, Colorado, Illinois, Iowa, Michigan State, Missouri, N. Carolina, Ohio State, Oregon, Texas, UC Davis, UC Irvine, UCLA, UC Santa Barbara, Washington</th>
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</thead>
<tbody>
<tr>
<td>Large Proportion of State Funding</td>
<td>Small decline in proportion of state funding</td>
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<table>
<thead>
<tr>
<th>Kansas, Maryland, Minnesota, Rutgers, Stony Brook, Texas A&amp;M</th>
<th>Georgia Tech, Michigan, Purdue, Virginia, Wisconsin</th>
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</thead>
<tbody>
<tr>
<td>Small decline in proportion of state funding</td>
<td>Small Proportion of State Funding</td>
</tr>
</tbody>
</table>

1990-2014 Privatization of Public AAU Institutions
Comparing median increase in proportion of tuition funding (22%) and median proportion of tuition funding in 2014 (35%)

<table>
<thead>
<tr>
<th>Minnesota (border)</th>
<th>Arizona, Berkeley, Buffalo, Illinois, Michigan State, Purdue, UC Santa Barbara, Washington</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low proportion tuition funding</td>
<td>Small increase in proportion of tuition funding</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Florida, Georgia Tech, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, N. Carolina, Ohio State, Rutgers, Stony Brook, Texas, Texas A&amp;M, UC Davis, UC Irvine, UCLA, Virginia, Washington</th>
<th>Colorado</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small increase in proportion of tuition funding</td>
<td>High proportion tuition funding</td>
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</table>
### 1990-2014 Privatization of Public AAU Institutions

Comparing median decline in proportion of state funding (25%) and median proportion of state funding in 2014 (12.6%)

<table>
<thead>
<tr>
<th>Large decline in proportion of state funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
</tr>
<tr>
<td>High proportion state funding</td>
</tr>
<tr>
<td>Arizona (border), Berkeley, Colorado, Illinois, Iowa, Michigan State, Missouri, N. Carolina, Ohio State, Oregon, Texas, UC Davis, UC Irvine, UCLA, UC Santa Barbara, Washington</td>
</tr>
<tr>
<td>Kansas, Maryland, Minnesota, Rutgers, Stony Brook, Texas A&amp;M</td>
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<tr>
<td>Small decline in proportion of state funding</td>
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</table>

### 1990-2014 Privatization of Public AAU Institutions

Comparing median increase in proportion of tuition funding (22%) and median proportion of tuition funding in 2014 (35%)

<table>
<thead>
<tr>
<th>Large increase in proportion of tuition funding</th>
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<tr>
<td>Minnesota (border)</td>
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<tr>
<td>Low proportion tuition funding</td>
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<tr>
<td>Arizona, Berkeley, Buffalo, Illinois, Michigan State, Purdue, UC Santa Barbara, Washington</td>
</tr>
<tr>
<td>Florida, Georgia Tech, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, N. Carolina, Ohio State, Rutgers, Stony Brook, Texas, Texas A&amp;M, UC Davis, UC Irvine, UCLA, Virginia, Washington</td>
</tr>
<tr>
<td>Colorado</td>
</tr>
<tr>
<td>High proportion tuition funding</td>
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<td>Small increase in proportion of tuition funding</td>
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### 1990-2014 Privatization of Public AAU Institutions

Comparing median increase in proportion of endowment funding (2.55%) and median proportion of endowment funding in 2014 (2.91%)

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<td>Berkeley, Wisconsin (border)</td>
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<table>
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<th>Small increase in proportion of endowment funding</th>
</tr>
</thead>
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<tr>
<td>Buffalo, Colorado, Georgia Tech, Illinois, Kansas, Maryland, Stony Brook, Texas, Texas A&amp;M, UC Davis, UC Irvine, UCLA, UC Santa Barbara</td>
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### 1990-2014 Privatization of Public AAU Institutions

Comparing median increase in proportion of federal grant funding (5.3%) and median proportion of federal grant funding in 2014 (18%)

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<table>
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<th>Small increase in proportion of federal funding</th>
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<td>Indiana, Iowa, Michigan, Missouri, Ohio State, Oregon, Stony Brook, UC Davis, UC Irvine, UCLA, Virginia</td>
</tr>
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<table>
<thead>
<tr>
<th>High proportion federal funding</th>
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<tbody>
<tr>
<td>Berkeley, Colorado, Purdue, Texas, UC Santa Barbara, Washington</td>
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</table>
**1990-2014 Privatization of Public AAU Institutions**

Comparing median proportion of non-tenure-track faculty* (31%) and median percentage of out-of-state students (29%)

<table>
<thead>
<tr>
<th>Large proportion of out-of-state students</th>
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<th>High proportion of non-tenure</th>
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<td>Colorado, Iowa State, Arizona, Indiana, Purdue, Minnesota, Georgia Tech</td>
<td>Texas, Florida, North Carolina, Berkeley, Michigan State, Maryland, UCSB, Illinois</td>
<td>Pitt, Penn State, Iowa, Virginia, Michigan, Oregon, Missouri, Wisconsin, Kansas</td>
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<tr>
<td>Low proportion of non-tenure</td>
<td></td>
<td>Washington, UCSD, UC Irvine, Texas A&amp;M, Ohio State, UCLA, UC Davis</td>
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</table>

*The proportion of non-tenure-track faculty is composed of the data provided to IPEDS on an institution’s number of lecturers, instructors, and faculty with no academic rank. This grid does not capture faculty listed as assistant professors who are not on the tenure track.*
Appendix H: IRB Letter

NOT HUMAN RESEARCH DETERMINATION

March 6, 2017

James Hearn
706-542-8729
Fax: (706) 542-9454
jhearn@uga.edu

Dear James Hearn:

The University of Georgia Human Subjects Office reviewed the following protocol on 3/6/2017:

<table>
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<th>Type of Review:</th>
<th>Initial Study</th>
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<tr>
<td>Title of Study:</td>
<td>Examining How Public Research Universities Respond to Changing State Policy Environments</td>
</tr>
<tr>
<td>Principal Investigator:</td>
<td>James Hearn</td>
</tr>
<tr>
<td>Student Co-Investigator:</td>
<td>KRISTEN Linthicum</td>
</tr>
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<td>IRB ID:</td>
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We have determined that the proposed activity is not research involving human subjects as defined by DHHS and FDA regulations. The focus of the project is on the institution and its practice, not the individual respondent.

University of Georgia (UGA) IRB review and approval is not required. This determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made and there are questions about whether these activities are research involving human subjects, please submit a new request to the IRB for a determination.

Sincerely,

Dr. Gerald E. Crites, MD, MEd
University of Georgia
Institutional Review Board Chairperson

310 East Campus Rd, Tucker Hall Room 212 • Athens, Georgia 30602
An Equal Opportunity/Affirmative Action Institution
### Appendix I: Document Analysis Key Code Counts

**University of Washington: Key Codes (n>17) Captured in Document Analysis**

<table>
<thead>
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**University of California Berkeley: Key Codes (n>30) Captured in Document Analysis**

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**University of North Carolina at Chapel Hill: Key Codes (n>20) Captured in Document Analysis**

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### Appendix J: Interview Analysis Key Code Counts

**University of Washington: Key Codes (n>9) Captured in Interview Data Analysis (1)**

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**University of Washington: Key Codes (n>11) Captured in Interview Data Analysis (2)**

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**University of California Berkeley: Key Codes (n>12) Captured in Interview Data Analysis (1)**

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**University of California Berkeley: Key Codes (n>15) Captured in Interview Data Analysis (2)**

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**University of North Carolina Chapel Hill: Key Codes (n>) Captured in Interview Data Analysis (1)**

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**University of North Carolina Chapel Hill: Key Codes (n>) Captured in Interview Data Analysis (2)**

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