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From Policy Design to Campus: Implementation of a Tuition Decentralization Policy

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Abstract

This study analyzes the implementation of a tuition decentralization policy in North Carolina. Concepts of organizational culture served as a guiding framework for an interpretive analysis. Qualitative case study data for the research was collected from interviews with key policy makers within the University of North Carolina as well as an extensive collection of documents. The findings demonstrate the importance of shared norms and beliefs in achieving successful policy implementation through a case study where incongruence of stakeholder values, beliefs, and goals created institutional conflict.

Keywords: higher education; policy analysis; qualitative research.

De los diseños de políticas al campus: La implementación de una política de descentralización de matrículas

Resumen

Este estudio analiza la implementación de una política de descentralización de matrícula en Carolina del Norte. Conceptos de cultura organizacional sirvieron como marco orientador y guía de una análisis interpretativo. Este trabajo es un estudio de caso cualitativo, que utilizando datos obtenidos en entrevistas con tomadores de decisiones políticas, así como de la revisión y análisis de documentos



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relevantes. Los resultados demuestran la importancia de compartir normas y creencias para una implementación exitosa, mientras que la incongruencia de valores, creencia y objetivos entre los actores crea conflicto institucional. Palabras clave: educación superior, análisis de políticas, investigación cualitativa.

Introduction

The transition from a well-regulated system of higher education to one of greater market orientation is dramatically changing the landscape for colleges and universities (Newman, Couturier, & Scurry, 2004; Zemsky, 2003). The budget crisis and increased competition between all sectors of higher education intensified in the 1990s and exploded in the 2000s. The economic pressures of the recession of the 1990s and early 2000s “forced an examination of the process and productivity of higher education” (Harris, 2006, p. 188). Furthermore, the recession solidified the critical role of tuition in supporting institutional budgets (Hauptman, 2001). Decentralization is often one of the first areas that policy makers examine when looking to increase the autonomy of institutions (Newman, Couturier, & Scurry, 2004), yet it has received little attention in the literature (McLendon, 2003a). Understanding the implementation of tuition decentralization policies is critical. These policies provide institutions with substantial autonomy yet force them to compete in a marketplace which can severely compromise the historical public mission and values of colleges and universities.

Since their beginnings in the late eighteenth and early nineteenth centuries, public universities have served an important purpose within American society—fostering public debate, enabling broader access to higher education, and serving as vehicles for public service. Public research universities play a critical role in fostering the pursuit of knowledge for broader state purposes and not solely private benefit. The transition and focus on the private advantages of higher education has led to a number of problematic responses for the public sector, including decreasing state appropriations, a capitalistic focus on research with strong funding sources, and increasing tuition levels. This movement toward the private benefit leads to a domination of the market which can substantially compromise the historical public purposes of higher education (Bok, 2003; Kirp, 2003). The continual balancing act between the public and private often played out as centralization versus autonomy is a central question facing higher education over the last ten years. Indeed, a central theme within the statewide higher education policy literature from as early as the 1950s is the idea of centralization versus institutional autonomy (Glenny, 1959; Millett, 1984). This question is a complicated issue where “the balance sought is delicate, and equilibrium may exist only in theory” (Halstead, 1974, p. 11). Serban and Burke (1998) found that through the early 1990s, institutions primarily relied on short-term revenue generation and cost cutting measures in reaction to budget cuts. While the short-term policies had a negative impact on access and quality, such policies did not lead to substantive long-term changes. However, decentralization of governance, increased efforts to raise revenue, and the transition from the burden of college costs from the state to students and their parents profoundly impacted higher education’s long term prospects (Phillips, Morell, & Chronister, 1996; Serban & Burke, 1998). What the industry has not faced is the prospect of long-term cuts in state allocations, which create the need for drastic measures on the part of some public universities. If university leaders view the current situation as a fundamental shift in funding priorities, then significant change is required (Lissner & Taylor, 1996). Of particular interest in the debate over decentralization is the role of research universities. Cutbacks in state funds have

particularly impacted public flagship research institutions (Phillips et al., 1996). As a result, these institutions often lead the discussion and vigorously push for decentralization as a vehicle to gain autonomy to increase their competitive position (Phillips et al., 1996).

The literature is replete with calls for in-depth study of how decreases in state allocations influence colleges and universities (Griswold & Marine, 1996; Phillips et al., 1996; Serban & Burke, 1998). Frost, Hearn, and Marine (1997) contend that a need exists for researchers and practitioners to understand how “conflicts over institutional purposes arise and are addressed in postsecondary systems” (p. 387). Policy activity at the state level can disrupt the institutional functions and culture, calling into question fundamental values and beliefs of stakeholders. Frost, Hearn, and Marine examined the tuition policy regarding out-of-state students at the University of North Carolina during the early 1990s and found evidence of an environment where political and bureaucratic decisions influence institutional behavior. Mills (1998) argues that “a complete view of policy incorporates the institutional processes engaged as policy is joined with institutional values and culture” (p. 675). Although there is a long history of studying the role of policy implementation within the political science and public administration community (Matland, 1995; Schofield, 2001), there is a dearth of literature that examines the role of implementation in postsecondary policy (McLendon, 2003b). This article focuses on the implementation of the campus based tuition increase policy in North Carolina in order to understand how policy implementation is influenced by values and culture. When one considers institutional culture, the significance of the North Carolina case becomes more than a traditionally low-tuition state moving to increase tuition. This case shows the peril of moving toward a decentralized and market influenced environment without taking necessary steps to account for and protect institutional culture and values. Policies that decentralize university systems or increase institutional autonomy push institutions into the position of acting and responding within the marketplace. The study explores how such a move can negatively influence the mission and behavior of the institution.

The Study of Policy Implementation

Since the publication of Pressman and Wildavsky’s (1973) seminal work over thirty years ago, the study of policy implementation has to a large degree focused on two linear approaches for exploring implementation without considering the cultural components inherent in complex organizations (O’Toole, 2000; Saetren, 2005). The growth of the literature, interestingly, has not been steady and continual. Rather, it has come in fits and starts, appearing to become “subsumed” by related fields of inquiry only to emerge again as a central topic to increase our understanding of policy (deLeon & deLeon, 2002, p. 467). The literature on policy implementation historically can largely be divided into two perspectives, using either a top-down or a bottom-up approach (Garn, 1999; Matland, 1995; McLaughlin, 1987; Schofield, 2004). A third tradition has emerged that considers a sociocultural approach to policy implementation or appropriation (Sutton & Levinson, 2001). The sociocultural view concentrates on the negotiated values and relationships to culture at the micro-level to better analyze policies. I will first discuss the two historical divisions in the literature before turning to a discussion of the latter approach, which I employ as a means to frame my analysis.

The early work on implementation focuses on top-down approaches that center on implementation as an act of carrying out the intentions of policy makers (Mazmanian & Sabatier, 1981; Van Meter & Van Horn, 1975). Predicated on a bureaucratic or hierarchical structure, top-down models rely on a policy decision made by a formal authority and minimize the adaptation of policy at the level of implementation. Additionally, proponents of this approach argue for clear and

consistent goals and implementation that can be generalized to many policy situations. A significant critique of top-down strategies is the preeminence given to policy designers in determining policy goals. As a result, the views and beliefs of street-level bureaucrats and stakeholders are not given a voice within the policy process, which gives rise to the alternate view of policy implementation.

A second perspective is the bottom-up model where participants directly involved with implementation influence the goals and strategies to carry out the policy (Berman, 1980; Hjern, 1982; Hjern & Hull, 1982). Bottom-up approaches stress the importance of local environments and the need to provide implementers with the flexibility to shape the policy for their particular situation (Palumbo, Maynard-Moody, & Wright, 1984). Fundamentally, this approach focuses on the evaluation made at the micro-level of policy enactment as well as the local factors that hinder intended policy outcomes (Matland, 1995). The criticisms of this approach often center on the overemphasis of local decision making by arguing that centralized policy makers are able to set broad policy borders and guidelines that provide a needed structure to policy formulation and implementation.

The most significant difference between the two approaches is the ability to change the original policy decision. Top-down implementation makes the assumption that the decision, as initially rendered, is correct and not open to change. However, if implementers are operating under a bottom-up implementation, the original goal may be adapted following evaluation. It would almost be “expected to mutate at the level of the local implementing unit” (Berman, 1980, p. 212). Although both approaches to policy implementation have some merit, each fails to take into account the broader social context within which policies are implemented at both the macro and micro levels. Higher education policy influences and is influenced by the cultures within the institution. The sociocultural approach to studying policy implementation provides a context for analysis particularly important for examining policy in organizations that are heavily influenced by culture such as colleges and universities.

Sociocultural Analysis of Policy Implementation

Studies of policy implementation “have been slow to fully integrate conceptual tools like the social construction of reality, interpretive analysis, and cultural analyses of organizations into the study of social processes surrounding policy implementation” (Mills, 1998, pp. 675–676; also see O’Toole, 2004). Using such an approach provides insight into how the multiple meanings of policy goals as interpreted by institutional stakeholders can influence policy implementation (Sutton & Levinson, 2001). Interpretive analysis in this study was based on the underlying premise that a focus on the relationship between policy implementation and the realities as constructed by participants in the implementation process is critical to understanding how policy implementation plays out in any given situation. Additionally, this focus elucidates the role of symbols and communication in structuring the social relationships and interactions between community members that participate in policy implementation. The higher education literature identifies the significant role that culture plays in colleges and universities as well as the importance of considering this culture when studying these institutions (Kezar & Eckel, 2002; Kuh & Whitt, 1988; Tierney, 1988). This type of work is prominent within the business literature where the use of culture in organizational studies has a long history (Deal & Kennedy, 1982; Kotter & Heskett, 1992; Ouchi & Wilkins, 1985; Schein, 1985). The research emphasizes culture as an expression of shared norms and values within an organization. A cultural view of policy implementation requires a study of how participants make sense of the policy and its intended outcomes as well as how they “reconcile them with the culture of their organizations” (Mills, 1998, p. 676).

Methods

The goal of this study was to understand the sociocultural influences of policy implementation. I first discuss the data collection procedures, then describe the techniques used to analyze the data and establish credibility of my findings. This study used an interpretive perspective, focusing on how stakeholders at the University of North Carolina understood the campus-initiated tuition policy and the implications on the culture, values, and traditions of the institution. Although similar debates occurred at many universities throughout the UNC system, this study focuses on the flagship research university in Chapel Hill. The rationale for the selection of UNC-Chapel Hill is twofold. First, as previously noted, public research universities in particular have faced negative hardships related to the financial crisis in higher education. UNC-Chapel Hill also has a long history of low tuition. Such an approach is considered to be an essential element of the institutional culture and allowed the institution to remain committed to its role as “the people’s university.” This orientation provides for a more significant institutional analysis related to the implementation of a potentially divisive policy. The qualitative focus of this research enables me to examine the policy environment within the state and institution in depth. The depth and richness of qualitative data is a necessary approach to study the potential influence of sociocultural factors and the relationship between various policy actors.

Two primary research questions guide the examination of the cultural influence on policy enactment in the case of North Carolina and the lessons that can be learned from the state. The first is how stakeholders understand the tuition policy and its implementation in their institution. The second is how the norms and beliefs of stakeholders influence the policy’s implementation, whether there are tensions between groups, and how they are resolved.

Data Collection

This research uses case-study qualitative methods. This design is appropriate due to the nature of the research questions, which focus on decision-making and lend themselves well to qualitative methods (Merriam, 1998). Additionally, as Duemer and Mendez-Morse (2002) note, the power of qualitative research to understand the role of individuals in policy implementation is a critical and understudied component of policy studies. To answer these questions, I conducted interviews with seventeen senior administrators, faculty, and student leaders at UNC-Chapel Hill, and four administrators with the UNC system involved in the decision making process. The administrator participants were at both senior and middle levels from four primary functional areas within the university: academic affairs, enrollment management, finance, and government relations, using a snowball technique to find additional people who could provide pertinent information for this study. As suggested by Bogdan and Bilken (1992), near the conclusion of each interview I asked the interviewee if there was anyone else I should speak with to gain additional insight. In addition, I examined approximately 1,000 pages of documents gathered from publicly available web sites, the system office, and campus officials, including internal memoranda, meeting agendas and minutes, mainstream and student media accounts, and public statements. .

All interviews were conducted in person in North Carolina during three site visits. With each interviewee’s permission, the interview was tape recorded and transcribed. In addition to this recording, I took notes by hand and made notes of observations after the conclusion of the interview. Each interview was guided by a series of questions in an open-ended interviewing

approach. The interview protocol was designed to elicit responses from participants. Some question wording varied depending on whether the interviewee was from a campus or the system office.

Data Analysis

Simultaneous with data collection (Merriam, 1998), analysis focused on a search for patterns, comparing results with patterns predicted from the literature; and building explanations by identifying the causal links or plausible or rival explanations (Yin, 1994). The data collected from interviews and document analysis were entered into the qualitative software package Atlas.ti. Data were then sorted into categories and broad themes to facilitate the discussion of findings, followed by coding to identify broad concepts and themes that emerged to paint a broad picture for my audience. Coding into categories assisted in identifying the important categories and themes uncovered in the interviews and archival documents.

Trustworthiness

For a case study to be considered transferable, it must contain enough detail for an external reviewer to understand the situational details and their relevance to other situations. Lincoln and Guba (1985) suggest that the only way to establish transferability is to create a detailed description of the case study's context so that others in a different situation can assess the similarities and differences to their own situation. The data analysis described above was followed by member checking, as key participants were contacted to confirm that the results were consistent with their understanding of events. No major changes arose from these consultations. This triangulation ensures the dependability of the data in this study.

Evolving Debate over Tuition, Mission, and Values

The Cultural Context of UNC-Chapel Hill

Perhaps more than any public university, UNC-Chapel Hill was protected from the competitive pressures of the market prior to the change of the tuition policy in 1998. Commonly described as the nation's first public university, the institution proudly embraced its public tradition, less focused than other universities on increasing their competitive ranking relative to peers. The institution was also bound by a state constitutional mandate requiring low tuition. North Carolina has a long history of providing high quality education at low tuition costs. UNC institutions, particularly the flagship UNC-Chapel Hill, attract high quality out-of-state students and routinely cost significantly less than their peer institutions in other states. With substantial state appropriations and a strong cultural foundation, the university was able to maintain its status as one of the top three or four public universities in the country without a major focus on revenue and rankings. However, when this status began to slip in the 1990s while rankings such as the *U.S. News and World Report* continued their domination over the higher education landscape, prestige very quickly became the value embraced by legislators, administrators, faculty, and students. The increasing preoccupation with the individual benefits of higher education (primarily valued by the national rankings) led to a push to increase the selectivity and quality of UNC-Chapel Hill. However, this push also compromised the argument that higher education is a public good, an argument that served as a

major justification for sizable state appropriations. The need for ever-increasing sums to fund the functions necessary to succeed in the marketplace forced the university to increase tuition. As detailed by the report of the Board of Governors Task Force on Tuition (1998), a major tactic for achieving the necessary revenue streams was the increase of student fees.

The escalating costs of both tuition and fees led the state legislature to direct the Board of Governors to conduct a study on “establishing policies with respect to tuition differentials that are educationally and fiscally sound for graduate and professional programs” (Board of Governors, 1998). Expanding on this directive, the Board created a Tuition Task Force charged with studying the overall tuition and fee policy of the University. The General Assembly’s directive to study graduate and professional school tuition was spurred in part from a tuition increase proposal that went directly to the legislature from the School of Business at UNC-Chapel Hill.

The new tuition policy offered a provision to grant individual campuses the authority to initiate tuition increases for their respective institutions. Previously, the Board of Governors had set system-wide tuition with only moderate variation by institution type. Behind this new tuition policy philosophy was the belief that different campuses possess different needs. With different obligations and needs, the ability to raise tuition would be an efficient answer to some of the system’s financial problems (Kaplun, 2001). According to the task force, campus-initiated increases were to be used only in the event of an “extraordinary situation” on a campus (Report of the Task Force on Tuition, 1998). However, no definition of an extraordinary situation was included in the report.

While the Task Force’s report details a policy of campus-initiated increases for both undergraduate and graduate tuition, at the time the Board believed it was a response to the UNC-Chapel Hill Business School proposal. As one senior UNC System official explained, “I think it’s safe to say, originally, the thoughts of the Board in adopting the campus-initiated tuition increase policy was that there was a need for [tuition increases in] graduate programs to provide that margin of excellence in the program.” However, since the adoption of the Task Force’s report, all sixteen institutions submitted proposals for increases in *undergraduate* tuition and many campuses submitted multiple requests. Almost all of them have been accepted. Campus-initiated increases played a dominant role in tuition setting within the university both at the graduate and undergraduate level. No one in 1998 thought the campus-initiated policy would become so widespread. “I don’t believe so,” said one financial administrator who worked closely with the Board of Governors. “I think the Board really believed it was a professional school increase. I don’t think anyone foresaw it playing such a large role, but the campuses are submitting [proposals], so it’s the responsibility of the Board to review them.”

Since the implementation of the new tuition strategy, tuition rates have multiplied; by 2001, the rates were increasing by double-digit percentages across the system as each campus implemented a campus-initiated tuition increase at least once. This increase raises the question of how a policy that everyone believed would simply be a vehicle for “providing a margin of excellence” to graduate and professional schools became the most overriding and prevailing influence on tuition pricing decisions in North Carolina over the last several years. The expansion of the tuition policy beyond graduate education to include undergraduate programs dramatically escalated the tuition debate. The sociocultural perspective of policy implementation brings to the forefront the cultural beliefs and values of participants. Opponents of the increase saw the policy as a direct assault on the historical mission of providing a public good to the state of North Carolina. Movement toward significant tuition increases as a result of the policy created an environment where actors at the institutional level were forced to confront the cultural and philosophical differences between them.

Competing ideologies over the meaning of the state constitution

An understanding of the higher education policy environment in North Carolina must begin with the role of the state constitution in the tuition debate. Within the university, no thirty-six words hold more importance than those espoused in Article IX, Section 9 of the North Carolina Constitution.

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.

The constitution is a critical artifact for members of the university community. The document served as a rallying point for opponents of tuition increases and text which must be rationalized by those in favor of higher tuition. Regardless of an individual's stance of tuition, there is a value based on the core concepts embodied by the state constitution. "I think it's mammoth," said one senior officer with the UNC General Administration. The interpretation of the constitutional mandate is something that affects everyone from the Governor and General Assembly to the academic affairs administrator at UNC-Chapel Hill, who commented:

Tuition has only recently begun to fit greatly in because there is a long-standing historical commitment to keeping tuition even as free as --or as cost-free as possible, or as practicable, is what Article Nine, Section Nine says. And so, there was never much a question about what we would do with in-state tuition, that it would always stay low. What the question would be was, "What's the interpretation of 'as free as practicable?'" And then, only recently have the trustees and others begun to think through, "To what extent did our low-tuition philosophy should've--to what extent should our low-tuition philosophy extend to out-of-state students where we had no constitutional obligation to do that?"

Both the Board of Governors and the individual campus Boards of Trustees struggled to interpret the *practicable* clause in the context of shrinking budgets and escalating costs in terms of both in-state and out-of-state students. Given the constitution's dominant influence within the community, the conflict over the historical mission of public good (viewed in part as low tuition) and a move toward a market orientation (viewed as higher tuition) centered around the constitutional interpretation.

Former State Senator Henry Lee, who served as co-chairman of the Subcommittee on Higher Education Appropriations, stressed his interpretation of the Constitution that many in the General Assembly and greater public subscribed. "The Constitution, as I read it, says as low as practicable," Senator Lee told the Chronicle of Higher Education. "*Practicable* to me is that people making \$200,000 or \$300,000 a year should not be paying only \$3,000 a year to send their kids to school" (Selingo, 2000, p. A33). The policy proposed by the Tuition Task Force and adopted by the Board of Governors called for campus-initiated increases in extraordinary circumstances. While a definition of extraordinary was never agreed upon by the multiple stakeholders, a higher standard of proof for "extraordinary need" was required for campuses wishing to increase tuition. The General Assembly felt that the high standard was not necessary and eliminated it when the policy was formally adopted. When asked about this change, a senior administrator within the UNC General Administration said that while he did not think the change caught the General Administration or Board of Governors by surprise, it was "within the Board's authority to change the policy if we had deemed it necessary." The decision to drop the extraordinary clause from the policy by leaders within the system is further evidence of the competing ideologies within the state. The conflict over the tuition policy philosophically is a manifestation of the cultural elements within the institution.

Debate over these issues called into question the values of stakeholders and the historical public good mission of the institution. As a result, the debate became about more than financial revenue, but rather focused on the future direction of the university.

Campus trustees and administrators also did not view these issues similarly. A senior campus finance administrator familiar with the thoughts of the Board of Trustees at UNC-Chapel Hill described the situation this way:

There's been so much made that we're gouging in-state students because we charge them a 10 percent increase and it's \$300, and we've been charging out-of-state students only 5 percent, not 10 percent. Yeah, but that 5 percent is \$800 or \$1,000. This is not being gouged, you know? There's a social contract with the in-state students that's very different from the social contract with out-of-state students. I'm not very persuaded by that, but I have to tell you, there's [sic] a lot of trustees who are.

According to this administrator, the trustees were looking “to [demonstrate] to the state that they intend to meet the spirit of our Constitution since we clearly can't meet the letter of the Constitution.” Strong feelings about where tuition should be set clearly exist for all the stakeholders involved in this case study. Such conflict leads to two questions related to institutional culture and the implementation of the policy. Does this constitutional provision profoundly influence the debate to a greater extent than the universal social contract any public institution has with its state? Would the idea of low tuition be a factor without Article IX, Section 9? An enrollment management administrator responded resoundingly:

No, I don't [believe so]. I think [the Board of Trustees] would move in-state tuition up. They would be asking the question based upon the in-state tuition of other public universities, “Where should we be?” But because we have a constitution that outlines that, I think they have to struggle with that. Obviously, sometimes, we get concerned that we're, to use a crass expression, leaving money on the table when we subsidize individuals who clearly can afford far more--can afford to go to school anywhere, in large numbers. And we could easily, then, aid others and go to a high-tuition, high-aid, in-state model, but I think the constitution sets forth that philosophy; and therefore, that discussion doesn't take place with the exception of, what would be our ceiling?

The stakeholders at UNC-Chapel Hill faced tremendous pressure from two sources, from the state legislature to increase revenue from the legacy cultural interpretation of the state Constitution to provide low tuition as the foundation of the accessibility to the state's higher education system. Competing ideologies over tuition moved the debate beyond traditional discussion of college costs to more fundamental questions of the public purposes of higher education in a university proud of its long history of access.

Debate over faculty salaries

Public research universities face intense competition for their best faculty. Premier faculty are essential ingredients to successful competition in the marketplace because of the prestige and research grants they are able to bring to the university. These institutions fear losing these faculty to other major public universities, but especially private universities that are able to create substantial packages to lure away star faculty. A major problem at UNC-Chapel Hill is faculty salaries, particularly related to retention of outstanding faculty. As a senior professor explained, “If truth be

known, what worries me most is having sufficient funds for faculty retention and improvement.” He continued:

Chapel Hill has a certain mandate by virtue of the way the state supports us, by virtue of the impact of the state over two hundred years long, by virtue of the bond referendum, the citizens, the way they support this university, the expectation we will have an impact on economic development through the whole state, the delivery of health care services, the advice and guidance we give to municipalities and their officials; it goes on, and on, and on. We have those expectations on us. We have to meet those expectations. How do we meet those expectations? Answer: we have to have the very best faculty. In order to do that, we have to have the resources to support them. Salaries for faculty here are abysmal, abysmal.

This sentiment was echoed repeatedly by faculty, administrators, and students alike. An academic affairs administrator describes the seriousness of the situation:

Yeah, it’s a big problem right now. I’ll give you an example. Only a year ago, or two years ago. . . we were able to counter about 60 percent of offers successfully from other institutions that wished to raid our faculty. This year, we’re countering only about 30 percent successfully. So, we are losing faculty because we have relied on low tuition and state support, we did not have the resources to turn into, and there’s only so much you can ask a faculty to do before they realize that, you know? I mean, we’re combating offers that are sometimes \$40,000 more than what we’re paying. But, people like it here. We’re very fortunate to have a close-knit educational community. People recognize this as a community and a place where people want to be. But we have some faculty members believing that, you know, it’s a bit of unrequited love. And they’re being wooed by others.

These examples continued to come up and often went beyond the simple measure of faculty salary to other perks that universities can offer that Chapel Hill is unable to match. One administrator explained, “We’re losing a phenomenal woman out of [humanities department]. In this case it wasn’t salary. They’re saying, ‘You come here and we will give you a permanent \$50,000 research account. You can hire students, you can go travel in the summer, whatever you want to do.’ They have resources available—we don’t.” Public institutions play a critical role in American higher education in providing an accessible and affordable research university experience. Given the current financial circumstances, public universities will likely be constrained in resources and unable to compete with the private university perks. The diminishing of public research universities that would occur if they are unable to compete with private institutions would severely limit the accessibility to a range of institutional choices to students. Additionally, public universities as part of their public service mission can focus on the societal problems of their states. This public service mission is one of the reasons faculty chose to work in public universities foregoing the advantages of private universities. Losing this central mission of the public university would cause many faculty to question their continued desire to remain in the public sector with persistent deficiencies in pay and facilities.

The question is if public higher education can even be competitive given the decrease in state appropriations. As another academic administrator stated, “We also have faculty saying, ‘Look, the only way I can get a raise is to get an offer from somewhere else. Is that what I have to do?’ So we’ve got to get back to a situation where we can actually have our faculty keep pace.” Campus trustees and administrators viewed the crisis in faculty salaries as justification to pursue tuition increases. In an effort to respond convincingly to the faculty salary issue, the Chapel Hill Board of Trustees passed a campus-initiated proposal that included a substantial increase in out-of-state

tuition. In a letter to the UNC System president and the Board of Governors, who had oversight of approving the campus-initiated proposal, the UNC-Chapel Hill Faculty Chair crystallizes the idea that different stakeholders make sense of problems and policies through their own cultural lens:

Although the Board of Trustees justified the proposed increase in terms of efforts to aid faculty retention, it did so in the face of the Faculty Council resolution calling for a more moderate and balanced approach that would pace increases more fairly and spread burdens more broadly rather than targeting nonresidents to bear the brunt of such a steep and substantial tuition increase. We believe that faculty views about issues of faculty welfare deserve significant weight. All of us agree that we face a grave threat of losing many of our best faculty, as well as our capacity to recruit talented successors . . . While additional funds are needed to address these concerns; we have also insisted that money is not a panacea . . . In the wake of recent actions by the Board of Trustees and the Chancellor, an increasing number of faculty members have expressed great sorrow and unease that the University's core values, the high standards to which they have given their professional lives, and the central educational mission are being put at risk. Securing additional funds should not be achieved at such a price, since for many the University's integrity and mission as one of the last truly outstanding public universities is a crucial part of why they came and wish to stay in Chapel Hill.

The explanation of these two reactions to the problem of faculty salaries lies in the interpretation of the values and goals of the campus-initiated tuition policy and the institution. The faculty chairperson, expressing the views of her colleagues, sees the problem in a frame of faculty morale, negatively influenced by an institutional obsession over resources, degrading physical plant, loss of values, and salaries. From this perspective, salaries and money are not a panacea. This approach is distinctly different from how the trustees understand the issues and make sense of the possible solutions to the policy problem. "We can certainly continue to charge lower tuition, but if we don't have our superior faculty, what's going to happen to the value proposition there?" one administrator asked. The Board of Trustees is operating with the problem of faculty salaries framed within the context of increasing institutional quality. The university's chancellor has staked out a strong position that Chapel Hill should be the leading public university in the nation. Engaging in a competition to achieve the goal of the top public university drives the interpretation of the administration and trustees. As a result, their beliefs regarding the implementation of the tuition decentralization is driven by their interpretation of the values, traditions, and goals of the institution.

Cultural Disconnect during Policy Enactment

Ultimately, the Report of the Tuition Task Force set forth both the policy decision outlining the new tuition policy and how it was to be enacted. The policy had specific guidelines governing implementation to protect the values espoused by the task force and structure the new process. The enactment of the campus-initiated tuition policy subsequent to the adoption of the Task Force's recommendations, however, has been anything but structured. First, the requirement of extraordinary circumstances on a campus as the basis for the tuition increase was removed by the legislature. A recommendation for maintaining equal tuition among similar types of institutions and only moderate variation between institutional types has not been adhered to by the Board of Governors. At the campus level, the philosophy of trustees has changed drastically over the course

of the policy. Trustees oscillate between supporting equal percentage increases among in-state and out-of-state students and placing a disproportionate burden of new tuition increases on out-of-state students. At the state and campus level, there are inconsistencies in the stated need for increases, the impact of increases, and who should pay them.

This conflict is crystallized in the debate that took place in the spring of 2004 at UNC-Chapel Hill. As mandated by the original Task Force report, the campus tuition committee met and agreed unanimously to a \$300 increase per year for three years for all students. Even the student representatives on the committee supported the increases. “We were for it . . . we understood the need,” one student member said. The committee, co-chaired by the Provost and Student Body President, forwarded its recommendation to the Board of Trustees for approval again per the Tuition Task Force’s policy. With the backing and at times urging of the Chancellor, the trustees adopted the \$300 increase for in-state students, but in a surprise move the trustees also adopted a \$1500 increase for out-of-state students. Students and faculty alike were angry the Board would so blatantly ignore the tuition committee’s recommendation.

This decision is not consistent with the policy outlined by the Board of Governors and its Tuition Task Force in two major respects. The first is making a decision without significant information regarding the burden the increases would have on current students—a key value and concern of the task force. Secondly, and more substantially, is the lack of student input on the dramatic \$1500 out-of-state increase. A system administrator stated that while the intent of the Board of Governors was that the campus-initiated tuition increases be used to improve quality, “In reality, you have budget reductions and enrollment increases. Some of the [tuition increases] have been used to offset the budget reductions. . . which I still think is pretty important.” The system office, trustees, campus administrators, faculty, and students each interpreted the tuition policy and how it should be implemented based on how they understand the contextual environment informed by their group’s values and traditions.

Conclusion

University administrators in North Carolina are increasingly recognizing the market in which they operate. “Market ideas have only come recently into the mix,” an enrollment management official at Chapel Hill stated, “and frankly, not in a very mature way yet.” This sentiment is symbolic of many of the new issues that arose in the implementation of the campus-initiated tuition increase policy in North Carolina. Several constituencies within the system office and on the UNC-Chapel Hill campus held very different views regarding tuition and the values of the institution. While public colleges and universities in many states have faced financial crises many times over their histories, the case of UNC-Chapel Hill is noteworthy because the tuition increases were viewed as more than simply a vehicle for revenue enhancement. For many stakeholders, the increases symbolized a rejection of the historical tradition of the institution that fundamentally altered and compromised key aspects of the university’s mission and values. Within the debates and dialogue among the various stakeholders in North Carolina, there was an almost preoccupation with the market. The problem for the policy actors in the state and university was their inexperience and inability to fully grasp and grapple with the implications of market forces on the university.

The legislature and coordinating board made the decision to decentralize aspects of the tuition policy that served to deregulate public higher education, turning it over to the influences of the marketplace. However, markets cannot operate without an appropriate market culture. Given its history and mission, UNC-Chapel Hill was unable to establish a market culture to enable them to operate in the marketplace they quickly found themselves emerged. Simply put, the institution and

its leaders lacked the underlying beliefs, assumptions, and values to successfully navigate the market. Until the tuition policy change, the university largely did not worry about competing in the marketplace and lacked experience in how to effectively do so. Administrators and faculty in particular did not reach agreement regarding the public mission of the university which was necessary to operate in the market environment without compromising the values and beliefs of various stakeholders.

Although the traditional approaches of top-down and bottom-up analysis of policy implementation have offered important contributions to the topic, an expansion of the sociocultural perspective is necessary to improving policy studies. As Mills (1998) concludes, an interpretive approach “suggests that local construction of the policy meaning and impact is a fundamental social process and that implementer adaptation is an unavoidable part of the policy implementation process” (p. 695). A study of implementation along these lines provides a more complete picture of the process. Exploring the cultural aspects of the policy environment and the process of enactment is useful particularly in socially constructed organizations such as colleges and universities. The expansion of implementation studies to include the sociocultural values and beliefs of policy actors and how these values influence policy at various levels adds a needed dimension to policy work. Such dimension has not been provided by the traditional theoretical approaches. The depth of qualitative data on institutional culture better enables researchers to examine the significant influence of culture on policy.

The case of North Carolina provides two significant lessons for policy makers and researchers. The findings of this study demonstrate the power of sociocultural factors to influence policy implementation. Much of the debate surrounding the policy and the details of the enactment were influenced by the culture, values, and beliefs of participants in the university community. The various cultures on campus and in the state influenced in fundamental ways how participants viewed the policy. Each group had its own perception of what the university was and should be. As a consequence, understanding the case enables researchers a window into the underlying values of constituents. The major cultural influence in the outcome of events in North Carolina also makes the story more significant than they would otherwise appear on the surface. It is precisely this deeper meaning to events that a sociocultural analysis adds to our understanding of policy implementation.

The second lesson for policy actors in North Carolina and other states facing similar market pressures is the need for mission agreement between internal and external actors. Each public university should have a unique role and mission within the state system of higher education to serve the public purposes and provide for the public good. A discussion between the university and state legislators can clarify messages which are often confusing for higher education. University leaders and the state can explicitly negotiate for the necessarily levels of autonomy and accountability to both succeed in the competitive market, yet protect the historical missions of the public university. This balance also can improve public understanding of the role of higher education amid concerns of ever escalating costs and diminishing value. Campus constituencies must also come to a clear and consistent definition on the institution’s mission to build relationships and support for the collective goals. By establishing a consensus between the academic, economic, and political pressures facing higher education, campus leaders are better able to make market sensitive decisions that do not violate core beliefs and values that compromise the effectiveness of the institution.

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