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Pepperdine University
Graduate School of Education and Psychology

AN ANALYSIS OF CALIFORNIA COMMUNITY COLLEGE BUDGET POLICY
KEY COMPONENTS IN MULTICOLLEGE DISTRICTS

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

by

Kindred Murillo

December, 2010

Laura Hyatt, Ed.D. – Dissertation Chairperson

This dissertation, written by

Kindred Murillo

under the guidance of a Faculty Committee and approved by its members, has been submitted to and accepted by the Graduate Faculty in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

Doctoral Committee:

L. Hyatt, Ed.D. Chairperson

Farzin Madjidi, Ed.D.

June Schmieder-Ramirez, Ph.D.

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DEDICATION

This dissertation is dedicated to my husband Michael, my daughter Michelle, my son Vance, and my parents George and Nellie Jo Powers. While my name is the name on this dissertation, it is through the support, interactions, and dedication of my family that I arrived at this place in my life.

Michael has been there by my side for the five years of my doctoral program, proofing papers, giving me feedback, and supporting my efforts. Michael, you have been relentless in your support. My children have always inspired me to be a better person and taught me things that only our children can, so thank you Vance and Michelle. Michelle, I wish you were here to thank, although I know you know.

I was one of the lucky people in this world whose parents dedicated their time and efforts to raising my brothers, sister, and me. My parents imparted the importance of education and becoming the best person you can be, in all of us, and I will be forever grateful for my parents and their values. Thank you Dad and Mom, I know you know your impact on my life. And I must not forget our two Akitas, Yuki and Oso, they have given support as only dogs can, with their unwavering love and devotion while I missed so many walks.

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It is with gratitude that I acknowledge Dr. Helen Benjamin, chancellor of Contra Costa Community College District, who has pushed me to levels that I never thought possible and who has taught me about the community college system. You have impacted me in ways that I believe have made me more resilient and a better leader.

I also wish to express my gratitude to Dr. James Kossler, past president of Pasadena City College and a former Pepperdine graduate who has not only inspired and taught me, but was also my second rater for this project. Quiet and authentic leaders like you, Jim, don't come along often enough.

I also think it is important to acknowledge the knowledgeable and caring professors I have had throughout my higher educational experience, starting with Barstow Community College through my Master's degree and Doctorate at Pepperdine. I am in education because I believe dedicated faculty and staff in education truly transform the lives of others. In addition, the support of my colleagues in my cohort was invaluable to helping me stay focused and motivated. Each of you challenged me to learn and understand. You are an incredible group of people.

VITA

EDUCATION

Pepperdine University, Doctorate, Organizational Leadership, 2005-Present
 Pepperdine University, Masters of Science, Organization Development, 1996
 Redlands University Bachelors of Science, Business Administration, 1990
 Barstow Community College, Associate of Arts, Liberal Arts, 1983

PROFESSIONAL EXPERIENCE

Vice Chancellor, Districtwide Administrative Services, Contra Costa Community College District,	August 2008-present
Vice President of Administrative Services, Pasadena Area Community College District,	June 2007-July 2008
Special Assistant to the Chancellor, Finance and Facilities, Contra Costa Community College District,	November 2006-May 2007
Vice President of Finance and Administrative Services, Copper Mountain Community College District,	July 2000-November 2006

COMMUNITY SERVICE AND RECOGNITIONS

- 31TH Senate District, 1991 Woman of the Year.
- San Bernardino Sun's 1992 Up & Coming Business Leaders.
- Executive Board Member, Contra Costa County Schools Insurance Group, current
- Treasurer, Bay Area Community College Joint Powers Authority, current
- Member, Contra Costa Council—Economic Development Task Force, current
- Member, Community College Strategic Planning Steering Committee, 2005–2006.
- Member, Technology and Telecommunications Applications Committee, 2004–2005.
- Cochair, Summit on Practical Alternative Energy (SOPAE 2006 and 2007), 2005–2007
- Board member, Copper Mountain College Foundation, 2003–2006.
- Member, Basinwide Foundation, 1996–2008

ABSTRACT

This study explored the key components of budgetary policy for multicollege community college districts in California. Twenty policies from multicollege community college districts were analyzed against a structured matrix of 6 “additional criteria” (Community College League of California, 2007, p. 37) as recommended by the Community College League of California (CCLC). Further, a content analysis utilizing the framework as prescribed by Miles and Huberman (1994) was completed and 8 major themes emerged as key components of budgetary policy.

The findings of the study were analyzed against the literature review, which validated the findings of 8 key components of budgetary policy. Eight key components of budgetary policy were identified in this study to include (a) regulatory and legal compliance, (b) planning related, (c) allocation description, (d) participation process, (e) values-priority clarity, (f) process definition, (g) specific measurements, and (h) inclusion of the CCLC recommended language.

Of the districts, 90% included some or all of the CCLC 6 “additional criteria.” The review of the literature supports the 8 identified key components as identified in the content analysis. This study found that 85% of the multicollege districts included in their policies some reference to regulatory and legal requirements, and 80% included some specific measurements.

Implications for the field, community college leadership, policy makers, and future policy include the inclusion of key components of budgetary policy that may provide clear budgetary policy with specific measurements. Future research stemming from this study could compare the identified components of budgetary policy to the fiscal

stability of community college districts, as well as comparing how the inclusion of specific measurements may compare to long-term fiscal performance.

Chapter I: Introduction

“In the twenty-first century, the global economy and the knowledge information era will increasingly depend upon effective postsecondary educational practice to provide knowledge and expertise.” —Janet Donald (Donald, 1997, p. 1)

Increased pressure to build the knowledge and skill sets of the American worker, the impact of globalization, and the recent economic downturn are significant issues impacting the American community college system. The impact of globalization on the economic future of the United States is still unfolding, and during this time of increased global change, there are leaders who posit that a nation’s economic future will depend on the “knowledge and skills” (Brown, Green, & Lauder, 2001, p. 1) of its workforce. Noah Brown, president of the Association of Community College Trustees, recently noted, “Community colleges serve as economic engines, strengthening the fabric that binds our communities together—jobs” (as cited in Association of Community College Trustees, 2008, p. 1).

As the need for skilled workers increases to match the growth and development in technological work, pressure is exerted on the community college system to provide workforce training (Levin, 2001). In a recent report issued by the College Board on the role of community colleges, it is noted, “As the United States confronts the challenges of globalization, two-year institutions are indispensable to the American future” (The National Commission on Community Colleges, 2008, p. 5). Successful budgeting practices and allocation models become increasingly important to the success of community colleges, as community colleges grapple with an influx of students and continued reductions in state funding.

This study focuses on the budgetary policies of 20 multicollege districts in the

State of California's Community College System (CCCS). The CCCS is composed of 112 community colleges and 72 districts of which 22 are multicollege districts.

Structure of the Chapter

Chapter I covers the background and statement of the problem, and the purpose of the study. Next, research questions are explored in concert with the design of this study, limitations of the study, operational definitions, and a summary of the chapter.

Background

Many national, state, and local leaders consider one of the methods of prospering in a changing global environment is to focus on education and skill development of the national workforce. As Stuart and Dahm (1999) observe in the report *21st Century Skills for 21st Century Jobs*, America has a choice to compete in the global economy with low-wage jobs or to step up and invest in creating job-related skills to create high-paying jobs.

A report produced by The National Commission on Community Colleges (2008) details four megatrends that are "reshaping the United States" (p. 6):

- The growing economic vulnerability of the United States.
- Challenges to the stability of the middle class and social mobility.
- Dramatic changes in the nation's demographics and population.
- The imperative to rebuild the capacity and vigor of our nation's schools and communities. (p. 6)

As new jobs are created, they will require a greater focus on education and training to meet the increased expectations of employers focusing on higher skill sets and the ability to be accountable (Stuart & Dahm, 1999).

Kirsch, Braun, and Yamamoto (2007) wrote a report discussing the convergence

of three forces they predict create the perfect storm for the nation: (a) divergent skill distribution, (b) the changing economy, and (c) demographic trends. The authors note the disparity in skills in adults in the United States and the lack of skills to function in the emerging competitive global work environments. Changes in the nation's labor market to include "industrial and corporate restructuring, declines in unionization, technological change, and globalization" (p. 6) have had significant impact on the economy. The issue of demographic trends is documented in the population increase projection of 60 million people in the United States by 2030, and most of that increase is anticipated to be minority populations.

Boggs (2007) writes about a nationwide skills shortage and how the nation's leaders are looking to community colleges to solve the problem. The author notes that the skills gap is widening and that our nation's competitiveness is at stake.

While the nation is looking to the community college to create a competitive advantage in the increasingly global economy and recent economic downturn, community colleges are facing their own challenges. The community college system is grappling with increasingly complex and changing student needs, budget reductions, increasing accountability, and competition from for-profit colleges (Blumenstyk, Sander, Schmidt, & Wasley, 2008). A recent challenge affecting community colleges nationwide has been the reduction in state funding and the increase in student enrollment (Selingo, 2008). Selingo notes that community colleges suffered a 5.2% drop in state appropriations and 28 states were unable to fund fully the appropriations formulas. Jack Scott, chancellor of the CCCS, noted that the CCCS is currently up 9.8%, as the state is anticipating budget reductions (J. Scott, personal communication, February 4, 2009).

Lewis (2001) notes that the origination of much of the change and pressure to public education is from for-profit education.

Statement of the Problem

Community colleges nationwide are seeing reductions in budgets and increased student enrollment as a result of higher unemployment, while simultaneously, four-year colleges and universities are cutting enrollments. The community college system is struggling to provide access while maintaining fiscal stability.

In an effort to address the changing shift in the workforce from manufacturing to the knowledge-intellectual worker, the CCCS has developed the CCCS Strategic Plan (Chancellor's Office, California Community Colleges [COCCC], 2006). Through this strategic plan, priorities have been identified for funding proposals to the State of California budget process. Each year, the budget process at the state level begins with budget change proposals put forward by the community college system to the department of finance.

By January of each year, the governor's budget is issued to the legislature, based on requests from all state-funded agencies and recommendations from the department of finance and the legislative analyst's office. This usually begins the political lobbying that goes until the department of finance's analysis is complete and recommendations have been made to the governor's budget, which is required by May 14 and is called the May revise. California's constitution requires that the legislature adopt a budget by June 15 of each year. When agreement is finally reached, the funding for state agencies is adopted through the State Budget Act (State of California; Department of Finance, 2009).

Between 1986 and 2007, the budget has only been enacted six times in June of the

fiscal year. In the last 10 years, the budget has been enacted three times in July, three times in August, and two times in September, violating the state constitution (State of California, Department of Finance, 2010).

This delayed process continues to create challenges for all state agencies. Most educational institutions' budgets are mainly personnel budgets and the timing of the state budget allows little reliable fiscal planning to occur. As the state has continued to deal with the deficits, midyear budget reductions have become more widely used, creating further planning issues when trying to manage a budget that is mostly expended when reductions are issued seven months into the fiscal year.

Multicollege districts in the community college system create a unique challenge, as funding models among the colleges in a district are often considered unfair by one or more colleges, are sometimes not reflective of the models used to fund the district, and can be overly complicated and difficult to understand. These multicollege districts encompass 53 of the 112 community colleges and range in size from college districts that have two colleges to 1 nine-college district. The average community college district has two colleges.

Accreditation recommendations from the Accrediting Commission for Junior and Community Colleges (ACJCC) have provided feedback to several multicollege districts to review allocations of resources to ensure equity. The issue is addressed in Standard 4.C as a required standard for community colleges as noted: "The district/system provides fair distribution of resources that are adequate to support the effective operations of the colleges" (Accrediting Commission for Junior and Community Colleges [ACJCC], 2010b, p. 27).

The challenge is to understand the key components of budget policies that assist community colleges in effectively allocating scarce and declining resources to ensure that the priorities of the institution are reflected in the budget plan. This analysis has not been done in the CCCS and, therefore, is not reflected in the literature. Because there are 72 districts in California operating under locally elected governing boards, board policies vary from district to district, which does not provide for uniformity and sometimes spurs competition between districts for declining state resources. Effective budgeting practices become critical to the success of the community college system, as the unfolding economic uncertainty moves forward and increases.

Purpose of the Study

The purpose of this study is to identify key components of budgetary policies for California community colleges in multicollege districts. Publicly available policies from 20 California multicommunity college districts will serve as the sample for this study. Understanding the key components of budgetary policy can be useful in updating and creating new policies for implementation, particularly during these times of major budget crisis in California and a continued national crisis of higher education funding.

Research Questions

As noted by Creswell (2003), research questions are used in qualitative studies, rather than hypotheses, through the format of a central question and other questions to elicit rich and deep information. The intent of the central question is to be general and not to “limit the inquiry” (p. 105). The central research question for this study is listed first, followed by additional research questions:

1. What are the key components of budgetary policies used by California

community colleges in multicollege districts?

2. Which components of budgetary policies used by California community colleges in multicollege districts appear most frequently?
3. Which components of budgetary policies used by California community colleges in multicollege districts appear least often?
4. Which components of budgetary policy used by California community colleges in multicollege districts denote goals connected to specific measurements?
5. To what extent do budgetary policies and procedures by California community multicollege districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California?

Design of the Study

The purpose of this study is to identify key components of budgetary policies for California community colleges in multicollege districts. The research explores, compiles, and generates additional knowledge in the area of budgeting policies. There is scant research specific to this study. Therefore, this exploratory study applies qualitative methods with a focus on contributing to “fundamental knowledge and theory” (Patton, 2002, p. 213). Publicly available policies from 20 California multicommunity college districts will serve as the sample for the study. Content analysis will be used to review budgetary policies to discover key components.

Significance of the Study

Creswell (2003) notes that the inclusion of a section on the significance of the

study helps create a “rationale for conducting the study” (p. 149) and a “statement why the results will be important” (p. 149). Also noted is expending limited resources on an area of importance that will add in some way to “theory, knowledge, or practice” (McMillan & Schumacher, 2006, p. 67). McMillan and Schumacher write there are several reasons that justify an inquiry:

...whether the study provides knowledge about an enduring practice, tests a theory, is generalizable, extends understanding of a broader phenomenon, advances methodology, is related to a current issue, evaluates a specific practice at a given site, or is an exploratory study. (p. 67)

The identification of key components of budget policies contributes to the sparse literature on community college budget policies and practices in the areas of building knowledge of enduring practices and extensions of understanding (McMillan & Schumacher, 2006). As noted by the Community College League of California, “The budget itself is a policy document. It translates short-range and long-range planning decision into financial allocations” (as cited in Smith, 2010, p. 135). Budgets establish the “priorities of an institution” (p. 140) and, therefore, lay out the plan for an institution. By understanding the key components in effective budget policies, knowledge may be added to the existing literature to provide guidance and proven strategies to current and future community college leaders.

In an era when financial institutions are failing, integrity within institutional finances is in doubt, state resources are disappearing, and the emphasis is increasing for the importance of accountability, this study could provide direction for community colleges to build future budget policy to link with federal, state, and accrediting

requirements. Also, as accreditation standards and the politicians stress the importance of educational outcomes, this study could provide some valuable insights into accountability for budget practices through understanding linkages between policy and outcome measurements.

Limitations of the Study

This study focuses on policy analysis through qualitative methods. Creswell (2003) writes that limitations are important to understanding the nature of a study. Some limitations are anticipated for this study.

The first and most overarching limitation of this study is that it is not generalizable because of the small sample size of 20 multicollege districts. The sample is drawn from one state. Therefore, this study may not be considered applicable to other community college multicollege districts in other states. California represents both large, diverse urban districts as well as rural areas. Other states are likely to have different population demographics.

The study is also more prone to bias because of the researcher's role in the review. Patton (2002) suggests there several reasons for researcher bias, of which "personal bias and politics" (p. 306) are most relevant.

Another limitation of this study is the possible lack or change in documentation processes since the research is exploratory in nature. Kirk and Miller (1986) note the importance of the researcher documenting the process throughout the research.

Operational Definitions

This study is specific to higher education and, in particular, community colleges. Several definitions have been provided to assist in creating an understanding of what has

been written.

- *The 50% Law* “requires that 50% of district expenditures in certain categories are spent for classroom instruction. The intent of the statute is to limit class size and contain the relative growth of administrative and non-instructional costs” (CCLC, 2007, p. 64).
- *The 75/25 Ratio* is the “goal established by AB 1725 for the ratio of classes taught by full-time faculty to those taught by part-time faculty. Districts not at the 75% level have an obligation to make progress toward the goal—a full time faculty obligation” (CCLC, 2007, p. 67).
- *AB 1725* is a comprehensive reform of community colleges. The legislation established program-based funding and a program improvement fund, while prescribing a goal of 75% of all credit hours taught by full-time faculty, diversity goals, and additional faculty minimum qualifications. AB 1725 set forth guidelines for allowing participatory governance (COCCC, 1999) in college decision-making processes. AB 1725 “requires a governing board to ‘consult collegially’ with the academic senate on academic and professional matters” (Smith, 2010, p. 117).
- *Accrediting Commission for Community and Junior Colleges* is the accrediting oversight agency for community and junior colleges (ACJCC, 2010a).
- *Advance apportionment* is the calculation of funding from July to January for K-12 and community colleges based on prior-year enrollments (State of California: Legislative Analysts Office, 2009b).

- *Apportionment* is the payments made to K-12 education and community colleges. The allocations are distributed on a set schedule with lower payments coming in the months when property taxes are received by the institutions (State of California, Legislative Analysts Office, 2009b).
- *Base allocation* “is a component of SB 361. The allocation is based on the number of colleges and centers in the district. This grant recognizes the fixed costs incurred regardless of institution size” (Smith, 2010, p. 149).
- *Base revenue* “is a district’s total prior-year revenue from state general apportionments, local property tax revenue, and student enrollment fees, adjusted when applicable of projected deficits” (COCCC, 1999, p. 47).
- *Board of governors* “is the statewide governing board of the community colleges” (COCCC, 1999, p. 47). The governor appoints the members. “The board hires the chancellor of the California community colleges and makes policy decisions that affect all districts. The board may be directed by the legislature to regulate certain matters and it may choose to regulate others” (COCCC, 1999, p. 47).
- *Budget* is a “plan of financial operation for a given period for a specified purpose consisting of an estimate of revenue and expenditures” (COCCC, 1999, p. 47).
- *Budget act* is “the legislative vehicle for the state’s budget appropriations. The Constitution requires that it be passed by a two-thirds vote of each house and sent to the governor by June 15 each year. The Governor may reduce or delete, but not increase individual items” (COCCC, 1999, p. 47).

- *Community College League of California (CCLC)* is a nonprofit public benefit corporation the voluntary membership, which consists of the 72 local community college districts in California. The CCLC promotes student access and success by strengthening colleges through leadership development, advocacy, policy development, and district services (CCLC, 2009).
- *Categorical funds* “are funds received by a district for a certain purpose, which can only be spent for that purpose” (COCCC, 1999, p. 48). Examples are Disabled Students Programs and Services and Extended Opportunities Programs and Services (COCCC, 1999).
- *Community college* is a “regionally accredited institution of higher education that offers the associate degree as its highest degree” (Vaughn, 2006, p. 1).
- *CCFS 311* is the annual financial and budget report due each October for each community college district (CCLC, 2007).
- *CCFS 311Q* is the quarterly financial report for each community college district (CCLC, 2007).
- *CCFS 320* is the attendance accounting report on which Full-time Equivalent Students (FTES) funding for community colleges is based (CCLC, 2007).
- *Comprehensive community college* refers to the idea of the community college providing both occupational and academic programs (Brossman & Roberts, 1973).
- *Cost of living adjustment* is “an increase in funding for revenue limits or categorical programs. Current law ties cost of living adjustments to indices of inflation, although different amounts are appropriated in some years” (Smith,

2010, p. 150).

- *Culture* is (Schein, 1992):
 - ... a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (p. 12)
- *Current expense of education* is (CCLC, 2007)
 - a term used to refer to the unrestricted general fund expenditures of a community college district in Objects of expenditure 1000 through 5000, and 6400 for activity codes 0100 through 6700. Excluded from the current expense of education are the expenditures for student transportation, food services, community services, lease agreements for plant and equipment, and other costs specified in law and regulations. Amounts expended from state lottery proceeds are also excluded. (p. 63)
- *Deficit* is “the excess of liabilities over assets or the excess of expenditures or expenses over revenues during an accounting period” (CCLC, 2007, p. 63).
- *Designated income* is “income received for a specified purpose” (CCLC, 2007, p. 63).
- *Education code* is “the body of law that regulates education in California” (CCLC, 2007, p. 63).
- *Employee benefits* are (CCLC, 2007)
 - the amounts paid by the employer on behalf of the employees. Examples are group health or insurance premiums, contributions to employee retirement, district share of O.A.S.D.I. (Social Security) taxes, and worker’s compensation payments. These amounts are over and above the gross salary” (p. 63).
- *Ending balance* is “the sum of money available in the district’s account at year-end after subtracting accounts payable from accounts receivable or the difference between assets and liabilities at the end of the year” (CCLC, 2007,

p. 63).

- *Enterprise funds* are (CCLC, 2007)

used to account for operations when the total cost of providing goods and services on a continuing basis is financed or recovered primarily through user charges, or that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Bookstores and cafeterias are good examples of enterprise funds. (p. 63)
- *First principle apportionment* is the midyear calculation for community college apportionment allocations based on January enrollment reports (COCCC, 1999).
- *Fiscal year* is (CCLC, 2007)

12 calendar months; for governmental agencies in California, it begins on July 1 and ends on June 30. The federal government's fiscal year is October 1 to September 30, which means that some special projects and grants have the October to September fiscal year. (p. 64)
- *Full-time equivalent employees* is “the ratio of hours worked based upon the standard work hours of one full-time employee” (CCLC, 2007, p. 64).
- *Full time equivalent students* (FTES) is

the unit of measure equal to a student attending 15 hours of instruction per week for 35 weeks (two 17.5-week semesters), which provides 525 hours of instruction. FTES is the primary driver of the CCCS funding under a new law in 2006 created through Senate Bill 361 (CCLC, 2007).
- *Full-time faculty obligation* is a statute, in Education Code Section 87482.6 and Title 5 Section 51025 requiring community colleges to maintain a minimum full-time faculty staffing number based on growth of the college. There are financial consequences to not complying with the Full-time faculty obligation (COCCC, 1999).

- *Fund* is “an independent fiscal and accounting entity with a self-balanced set of accounts for recording and other financial resources” (CCLC, 2007, p. 65).
- *Fund balance* is “the difference between assets and liabilities in a fund” (CCLC, 2007, p. 65).
- *Funding formula* is a “mathematical representation of the amount of resources or expenditures for an institution as a whole or for a program at the institution” (Mullin & Honeymoon, 2008, p. 514).
- *Growth cap* refers to the amount of funding that each community college is allowed on an annual basis and is based upon adult population growth, the number of high school graduates, the size of “underserved populations” (Murphy, 2004, p. 37) and the capacity of facilities.
- *Headcount* is “the unduplicated count of students enrolled in at least one-credit course” (CCLC, 2007, p. 65).
- *Legislative Analyst’s Office* is the state office that provides nonpartisan fiscal and policy advice to the state legislature (State of California, Legislative Analysts Office, 2009a).
- *Political culture* is “the product of cultural events, migration, and settlement patterns, and the presence of various social groups. It refers to the shared beliefs, values, customs, and symbols of society that affect how the society governs itself” (Lawrence, 2003, p. 22).
- *Political subcultures* “are the subcultures of a political culture that reflect why states have developed differently. These subcultures are the moralistic subculture, the traditionalistic subculture, and the individualistic subculture”

(Lawrence, 2003, p. 22).

- *Proposition 98* is a 1988 voter enacted proposition, which spells out a formula for an annual minimum funding level for kindergarten through community colleges. The calculation depends on three Tests and can only be suspended by a two-thirds vote of the legislature. The intent of the proposition is to grow K-14 funding along with enrollment and the economy (State of California, Legislatives Analysts Office, 2009c).
- *Recalculation* is the opportunity in October for community colleges to correct any mistakes on their enrollment reporting that affect funding through submitting a CCFS 317 (FTES Adjustment Application). The enrollment corrections are reflected on the first principle apportionment allocations in February of the following year. (Chancellors Office, California Community Colleges [COCCC], 2001).
- *Restoration* is the funding mechanism that allows community colleges to grow back to their base funding level without financial penalties (COCCC, 1999).
- *Stabilization* is a funding mechanism that provides one year of funding stability at a district's prior-year base FTES funding to allow the district to grow back to its based FTES or reduce expenditures to meet the reduced FTES generation (COCCC, 1999; CCLC, 2007).
- *Second principle apportionment* is the June calculation of community college apportionment based on April enrollment numbers as reported by the 72 college districts (COCCC, 1999).

Summary

Chapter I addressed the subject of globalization, the recent economic downturn, and the impact both have on the national workforce and community colleges. Opening comments were presented on the challenges created by the increased demand for higher education in the midst of a national fiscal crisis and, in particular, the California budget crisis. Chapter I sets the stage for discussing how strong fiscal policies can help colleges provide better fiscal stability during times of budget reductions. The chapter also discussed the background leading up to the statement of the problem, purpose, and research questions. Next the chapter covered sections describing the research questions and design of the research. The chapter concludes with a description of the limitations of the study, operational definitions, and the summary.

Subsequent chapters include a review of the literature, study methodology and procedures, results and findings, and conclude with a summary, discussion, and recommendations.

Chapter II: Review of the Literature

“Respecting the historical autonomy of past events, treating their unique contingent identity on their own terms, so to speak, is an obligation that must always be borne in mind” —Christopher Lucas (Lucas, 1994, p. 299).

This study intends to offer new insight to the literature by providing a fresh interpretation and additional knowledge to the understanding of budget practices and policies in community colleges in California. This study will add to the literature by exploring an area where little research has been done.

Structure of the Chapter

The literature review includes studies and pertinent scholarly articles regarding: (a) The history of American and California higher education, (b) The history of American and California community colleges, (c) public policy, and (d) budget and budget policies. The chapter will conclude with a summary.

History of Higher Education

The history of higher education is well noted in the literature, with some dispute over interpretations, dates, and other significant historic events. Thelin (2004) observed, “Higher education is constantly subject to new estimates and reconsideration” (p. xv). Medieval European higher education influenced how American higher education developed, and this review of the literature will begin with a discussion on major highlights of the evolution of European higher education.

The development of higher education in Europe. Early European higher education has its foundation in the theological and philosophical disciplines. Universities were established more than 800 years ago in medieval Europe to train doctors and lawyers (Ford, 2007) and for purposes of theological and philosophical training (Veblen,

2005). Indications of higher learning have been traced back to Mesopotamia in the third millennium B.C. through textual documents (Lucas, 1994; Pedersen, 1997). As Lucas (1994) noted, Athens, by the 5th century B.C., had “teachers of wisdom” (p. 8), and these teachers were paid to provide instruction, giving a basis for “organized education” (p. 8). The schools associated with Plato and Socrates became the foundations of philosophic schools in Athens (Lucas, 1994; Pedersen, 1997). During the Hellenistic period, rhetorical and research studies were added to the philosophical learning schools (Lucas, 1994). The period saw a decline in learning as a result of wars and the decline of the Roman Empire after the 5th century until the 11th century when the early medieval period began. During this period, several monasteries in Britain, Italy, and Spain provided refuge for the collection and conservation of knowledge (Palmer, 2006).

Beginning in the 12th century, the underpinnings of what we understand as colleges and universities were formed. Pedersen (1997) observes that tracing the origins of what we know as higher education is difficult to follow, although it can be traced to the 12th century. Universities in Europe flourished between the 13th and 15th centuries (Lucas, 1994). The universities in Paris and Bologna were considered the models for European universities (Altbach, Gumport, & Johnstone, 2001). Kerr, Gade, and Kawaoka (1994) write that the University of Bologna provided education for professions in the areas of law, teaching, and medicine as early as 1200 A.D. Ford (2007) notes that the great universities of this period were dominated by Christian theology. Oxford University is considered to be one of the oldest universities in Europe by having some level of teaching activity as early as 1096 (Funnekotter, 2005). Cambridge was founded by a group of scientists from Oxford in around 1226. The Renaissance period, which took

place between 1450 and 1600, saw the inclusion of the arts, culture, and new ideas (Lucas, 1994; Palmer, 2006). Demand for education not driven by theology grew during this period (Palmer, 2006). After the 1600s, higher education in Europe went through a stagnation period (Lucas, 1994).

Three major models of the Western European university had a major influence on American university development. Garrido (2002) writes about three major models of universities in Europe that developed in Britain, France, and Germany during the 1800s having a major impact on American higher education. The first of the three was the Oxbridge model or what is known as the “Oxford-Cambridge ideal” (Thelin, 2004, p. 7). This model of the “collegiate way” (p. 7) incorporates learning and living together to create a unique college culture that still exists in modern colleges and universities. The second came from Napoleon Bonaparte revolutionizing the university education in France with the standard teaching body and the inclusion of vocational learning into the university (Garrido, 2002). Finally, while English universities were focused on the collegiate model of university life, the Humboldt model that focused on scientific research as an underpinning was developed at the University of Berlin. Oxford and Cambridge were both highly influential in the development of the early American higher education because most of the educated settlers in the colonies were educated at Oxford and Cambridge (Rudolph, 1990; Thelin, 2004; Thwing, 1906).

As stated earlier, literature establishes the medieval university as a foundation of the modern university. Although it contributes to the overall movement from student groupings and informal faculty followings to a more structured concept of higher learning, there are several major differences in modern higher education: (a) the concept

of the campus that includes physical aspects of learning (i.e., architectural structures); (b) curriculum; and (c) the training of selected professionals (Lucas, 1994).

The American college and university. While medieval colleges and universities had a significant impact on the development of higher education in America, the forces of the early settlements were also instrumental in what we know as colleges and universities. Brubacher and Rudy (1997) propose that the interaction of two historical forces molded the American higher education system. The authors explain two forces of traditions from Western Europe and native conditions that Americans endured, coupled with the growth of democracy, helped shape the American higher education system. Kerr et al. (1994) write that the American higher education system is based on two primary areas, “preserving civilized ways of thought in the wilderness and of training ministers” (p. 57).

Higher education also developed from the idea of scholarly inquiry and creation of knowledge. Veblen (2005) writes that the advancement and conservation of higher education involves both “(a) scientific and scholarly inquiry, and (b) the instruction of students” (p. 12). The author notes that a distinguishing characteristic of learning in the university is “pursuit of knowledge” (p. 12).

American higher education has undergone several phases of development since its beginnings. Though several authors categorize the phases differently, this paper uses four historical waves of higher education in America to frame the discussion: (a) The Era of the Colonial College when small private institutions were created; (b) The Era of the Public Institution when the land-grant state institutions were born and federal financial incentives spurred the growth of public colleges and universities; (c) Becoming World

Class, the era when colleges and universities focused on quality; and (d) The Era of Expanding Education and Access with the proliferation of the megauniversity and the growth of community colleges (Garrido, 2002). This section will conclude with a discussion on the status of higher education in the new millennium.

Era of the colonial college. Small private institutions began in the United States within two decades of the pilgrims landing until about 1865 (Castagnera, 2003). This era provided a major influence on higher education as it developed (Thelin, 2004). Higher education in America has its roots well into the 1600s, when the Colony of Massachusetts Bay established what we know as the oldest university in the U.S., Harvard University (Altbach et al., 2001; Rudolph, 1990; Thwing, 1906). The founders of Harvard were trained at Cambridge and Oxford (Rudolph, 1990) and provided the funding to launch the university (Thwing, 1906). The college began with nine students in 1636 and followed the basic English academic model (President and Fellows of Harvard College, 2007). The traditions, art, and architecture of the University of Cambridge had much influence on the development of Harvard University (Brubacher & Rudy, 1997).

Following Harvard were the College of William and Mary in 1642 and Yale University (Thwing, 1906). Before the 1770s, eight colleges had been established in the colonies (Rudolph, 1990).

Western European universities and colleges continued to influence the development of American higher education. Altbach et al. (2001) observe that the American higher education system has been adaptable, while having European influences. Thelin (2004) noted that early colleges were patterned after English universities in that they adopted the “collegiate system” (p. 8), which consisted of a

learning- and living-together model of education. Rudolph (1990) notes this concept of creating a “home away from home” (p. 26) was considered a successful model in early colonial America and has become embedded in the American college and university culture. Thelin (2004) also noted that the collegiate system became a distinctive characteristic of the evolving American higher education system. Colonial colleges also picked up some of the Scottish characteristics of higher education through the inclusion of an external board combined with a “strong college president” (p. 12). Thelin writes that this concept of the strong president structure has “defined and shaped higher education in the United States to this day” (p. 12).

The literature reflects several reasons why higher education became so valued in the colonies, ranging from the practical training of professions to a vision of a better society than the one left behind in Europe. Veblen (2005) notes the establishment of the American college as a need to train for the Divinity, and later for teachers. Religion played a major role in the formation of the colonial colleges, as many colleges were religiously oriented with a narrow curriculum for training purposes (Altbach et al., 2001; Douglass, 2005; Thelin, 2004). Although observed later, the early universities became known for being the place where wealthy American’s’ sons were educated (Douglass, 2005). Rudolph (1990) emphasizes the importance of the concept of creating Harvard to “set things right” (p. 5) in the newly formed colonies. The early settlers recognized that creating the society they aspired to attain required a commitment to the future, and knowledgeable competent people were required to achieve that vision.

Several important historic trends during the colonial period are worth noting in this literature review because of their influence on the subsequent development of

American higher education. At the close of the colonial period, it is noted that a college education in America was still not a standard or available to the general working class person (Rudolph, 1990). The addition of scientific studies to the curriculum was still considered suspect and questioned as to the usefulness of such degrees (Lucas, 1994). Thelin (2004) writes, “American colleges were characterized by two features: their charters and legally incorporated structures were strong; and their structures and protections ensured flexibility and endurance” (p. 40). Thelin noted that higher education leadership recognized its need to understand its heritage and also pay attention to “changing social and political environments” (p. 40).

The era of the public institution. This time period in higher education is noted by the expansion and transformation of higher education. Higher education began to expand at the end of the “eighteenth and the beginning of the nineteenth centuries” (Altbach et al., 2001, p. 13). Altbach et al. note that “mass higher education” (p. 12) was begun in the United States in order to educate a large number of students. Thelin (2004) notes that this was also a period of a lack of regulation and accountability in higher education as well as a period of chaos as a result of innovation and expansion.

Government intervention in higher education provided an increased incentive for colleges and universities to proliferate. Federal subsidies and incentives were established during this period, which promoted expansion of higher education (Douglass, 2000). Cited as one of the major factors in the advent of the public college, the Morrill Federal Land Grant Act of 1862 (Morrill Act) provided a driving force for public higher education (Castagnera, 2003; Douglass, 2000; Rudolph, 1990). Colleges were quickly established in Illinois and California directly from the Morrill Act (Geiger, 1986). The

Morrill Act is directly responsible for establishing 68 land-grant colleges and universities (Douglass, 2000; Monroe, 1972). Although originally sought to provide assistance to agricultural programs, the act became an impetus for higher education as a whole because each state was provided at least one college (Rudolph, 1990).

The states became instrumental in promoting higher education almost by default because of the way the federal government structured the incentives for colleges and universities to grow. While the federal government provided an incentive for expansion, it also placed the burden of organizing, managing, and disbursing the revenues acquired by the institutions of higher education to the states (Douglass, 2000). This incentive program required state governments “to dedicate land sale proceeds to establishing collegiate programs in such ‘useful arts’ as agriculture, mechanics, mining, and military instruction—hence the ‘A&M’ in the name of many land-grant colleges” (Thelin, 2004, p. 76).

Ford (2007) writes that this period saw the revival of what is considered the “civic university” (p. 6). The civic university was originally a result of the strife in Europe during the 17th century, where the state funded the university to “benefit the state” (p. 6). The civic university, as noted by Benson, Harkavy, and Puckett (2007), promoted knowledge and also provided a benefit to the local community. Ford (2007) observes that the civic university had major influence on American higher education beginning in the mid-1800s. The beginnings of public service as a primary mission for the university became prominent during this period through the “Wisconsin Idea” (Scott, 2006, p. 5), with which the University of Wisconsin committed to serve the entire state. As observed by Lucas (1994), “The so-called ‘Wisconsin Idea,’ which was widely imitated by other

universities, was to engage the institution's resources and energies directly in the search for solutions to public problems" (p. 175). This focus of educational resources on the needs of the communities they served also started during the beginning of the national progressive movement. The progressive reform that took hold in America during the late part of the 19th century was in response to what many believed were the ills created through a free capitalistic society, resulting in unequal opportunities, which were a departure from the American dream (Rudolph, 1990). The progressive reform took an even stronger hold in California where state educational plans were developed that led the nation (Thelin, 2004).

The struggle between financial survival and higher educational philosophical ideals were acute during this period of expansion in America. The inclusion of the scientific studies in the curriculum of colleges and universities were a hard-fought battle (Lucas, 1994). The development of colleges and universities were also greatly influenced by what Thelin (2004) called "localism" (p. 107), under which colleges and universities had to focus around the "civic, religious, and racial" (p. 107) issues they encountered. The reliance on high schools to become feeders to colleges and universities also became a part of higher education during this period, further cementing the concept of localism in higher education (Rudolph, 1990). This era saw the expansion of higher education for special groups such as women and blacks (Lucas, 1994). While farming and business were asking for scientific studies to train workers, academics were receiving these requests with "skepticism" (p. 3). Leaders of higher education learned that if they did not meet the needs of their local communities or the interest groups, their ability to obtain financial support would be diminished (Thelin, 2004).

During this period in American history, a distinction between the private and public university began to unfold. Rudolph (1990) explains that many private colleges in their early beginnings got substantial assistance from state and local communities. After the Civil War, the difference between private and public colleges became more clearly defined. Private institutions flourished in the 19th century with encouragement from a Supreme Court decision in 1819 over Dartmouth College when the court recognized the legality of corporations and original charters over the state (Scott, 1999). Even with the shift of money to public institutions, private colleges were able to maintain their share of the enrollments until the 1950s, when both public and private colleges grew rapidly, although public numbers increased more rapidly (Salamon, 2002).

The era of the expansion of the land-grant colleges and universities was a time of tremendous expansion, inclusion of the scientific studies in curriculum, a focus on local and special interest, and ultimately a major house cleaning of institutions, with the loss of many small colleges. Toward the end of the 19th century, as Castagnera (2003) states, the first great “shakeout” (p. 52) occurred in higher education with the drop from 800 small colleges to 180. Kerr et al. (1994) observe in their writings on higher education, that the first transformation of higher education brought about the inclusion of services and the scientific orientation, which occurred between 1860 and 1890. The differentiation between colleges and universities became significant during the late 1800s, spurring the next era of higher education in America.

Becoming world class. As American colleges and universities moved into the 20th century, the influence of Europe continued with several important initiatives that shaped higher education. This era of colleges and universities becoming great institutions

began around the late 1800s and the first part of the 1900s, with private financing supporting educational endeavors to be of a superior nature (Castagnera, 2003).

Democracy became a major focus in the early 20th century known as the Progressive Era (Veysey, 1965). The addition of research to higher education in America occurred in the early 20th century (Altbach et al., 2001). Rudolph (1990) notes the importance of the German influence on the development of the university in the 20th century.

During this time, American academic institutions adopted the German model of academic freedom and universities with the inclusion of research (Altbach et al., 2001; Ford, 2007; Thwing, 1906). The rise of influence of administrators trained in Germany and German-trained businessmen in the German universities brought an emphasis to the university on research (Lucas, 1994; Thwing, 1906). Thwing (1906) discussed the passion that arose in the academic ranks of universities for freedom of thought and inquiry leading to research. Rudolph (1990) identified several trends during the last part of the 19th century and early part of the 20th century that shaped the progression of the university and influenced how higher education was viewed in the future: (a) The inclusion of the concept of public service in higher education; (b) The focus on teacher training; (c) The training of experts; and (d) The development of student government, the honor system, and senior honorary societies.

The early 1900s saw a marked change in how the American people viewed higher education, coming from a perspective of suspicion and concern to one of how higher education could enhance the daily life of the average citizen. This period was an era when higher education was valued for both its contribution to the socioeconomic advancement of individuals and the academic focus of creating knowledge (Douglass, 2005). Higher

education was no longer viewed as an opportunity only for the affluent and wealthy, but also as a right all Americans should have available to them (Lucas, 1994; Rudolph, 1990; Thelin, 2004).

This understanding of the American public furthered the differentiation of the college and the university. The period between 1880 and 1910 saw an expansion of the concept of the university in America (Lucas, 1994; Thelin, 2004). Business and industry was expanding in the United States as was funding for higher education (Thelin, 2004). The research university, over time, gained “intellectual prestige” (Ford, 2007, p. 7) in the higher education system while demonstrating the benefits of pure research. According to Altbach et al. (2001), the “English liberal arts tradition, the German research concept, and the idea of service to the state” (p. 15) have all influenced the American university. Altbach et al. note that the “research-oriented American university was well entrenched by 1910” (p. 15).

The concept of community colleges as an extension of high schools began to form and expand in the early 1900s. This was the beginning of the junior college concept, later turning into what we know as community colleges.

The era of expanding education and access. The period of higher education from 1945 into the year 2000 saw the expansion of universities and the proliferation of the concept of the community college (Castagnera, 2003). Spurred by returning soldiers who had financial support through the GI Bill and the recommendations of the Commission on Higher Education, higher education saw an expansion until the 1980s (Donghin & Rury, 2007). Enrollments grew from less than 1.5 million in 1940 to more than 11 million in 1980.

In 1946, President Harry S Truman appointed a commission of citizens to evaluate the higher education system in the United States (Russell, 1949). The charge to the commission was to evaluate “education in terms of its objectives, methods, and facilities; in light of the social role it has to play” (Woolley & Peters, 1999, p. 1). The report stressed the issue of how important education is to the future of the economic and social well being of the United States and its international relations (Russell, 1949). The bottom line of the report issued in 1947 and 1948 in six volumes was its imperative to expand education in the colleges and universities of America (Reuben & Perkins, 2007). The report also renamed junior colleges as community colleges.

During the early years of the expansion of higher education, government funding increased, although after 1980, institutions saw a decrease in governmental support (Altbach et al., 2001). Lucas (1994) notes that more than “half of the income supporting certain academic institutions came from the national government” (p. 232). A new trend began in the 1970s in higher education with the development of partnerships between business and education to fund the research mission of universities (Scott, 2006). The increase of government funding and interference in higher education created significant conflict during the period from 1960 to the 1980s (Lucas, 1994). The 1970s saw the beginning of a change in the focus of higher education, as it made the transition from mass education to “universal” (Thelin, 2004, p. 322) education, signaling the move toward a more consumer-driven higher education system. Castagnera (2003) writes that by the 1970s, many universities were “overbuilt and financially overextended” (p. 57). Thelin (2004) notes that all the good fortune enjoyed by higher education in the years after WWII to the 1970s changed into what was considered “turbulent waters” (p. 317)

between 1970 and 1980.

Other trends surfaced in the later part of the 20th century that affected higher education's mission and student population. During the later part of this period, colleges and universities saw: (a) the inclusion of other studies to include women's and Black studies; (b) more diverse student populations, particularly Black students; (c) student activism and dissent; (d) the concept of the corporate university; and (e) a backlash against the use of education to promote democracy (Lucas, 1994). Donghin and Rury (2007) note that during the latter half of the 1900s, demographics of higher education also changed with the inclusion of more women and minorities. These trends, coupled with higher education losing the confidence of policy makers and that it had very little real data to analyze itself effectively for planning purposes, started a new era for higher education (Thelin, 2004). As Rudolph (1990) noted, "Resistance to fundamental reform was ingrained in the American collegiate and university tradition, as over three hundred years of history demonstrated" (p. 491). Lucas (1994) writes about several recurring problems in higher education during this period:

In all cases, recurrent themes included pleas for more stringent academic standards, demands that ethical values be given more attention in learning, reiteration of the need to restore citizenship education to a place of primacy, and arguments in defense of a common learning capable of supplying a more coherent unifying purpose and structure to undergraduate curricula. (p. 271)

Moving into the new millennium. By the mid- to late-20th century, higher education in America had evolved into a hierarchical structure. Altbach et al. (2001) explains that the American higher education system has a hierarchy beginning with the research university; second, arts and sciences colleges; and third, community colleges.

The literature reflects many challenges and changes to higher education as it

moves into the next phase of development. As higher education enters the 21st century, several external factors continue to affect the shape and growth of higher education in America and the world. These factors include information technology, for-profit higher education, higher education as a “mature industry, and the demand for greater productivity” (Altbach et al., 2001, p. 55). Ford (2007) writes that the move away from a national model to an economically and politically global model has “provided the context for yet another model of the university—the entrepreneurial university” (p. 8). Ford advocates that the entrepreneurial model will serve the “economic interests” (p. 8) of the individual. Scott (2006) observes that emerging higher education will move toward an internationalized model that is “flexible and global” (p. 31).

Castagnera (2003) predicts that higher education is embarking on what he calls the “Fifth wave” (p. 53), which will include a “shakeout” (p. 54) of the weaker institutions. The competition from the private higher education institutions has created a new dynamic in the higher education arena and challenges the long-standing cultures of colleges and universities that are slow to react to competition. Hirsch and Weber (1999) observe the following adverse trends will impact higher education in the millennium: (a) the stability of public funding, (b) the attitudes of government leaders, (c) the inefficient structures based on past practice and departmental turfs, (d) the expectations of students, and (e) the learning preferences of students.

Although there is much speculation about where higher education will go in the new century, it is clear that higher education has undergone many changes throughout its history. Those changes have been shaped by social, economic, historic, and political forces from medieval Europe to globalization. This paper next explores the history of

higher education in California.

Higher education in California. California departed from the nation in the early 1900s in the area of higher education because of political trends shaping California as a state. Douglass (2000) writes, “The story of California’s pioneering public higher education system is inseparable from the political, social and economic landscape from which it grew” (p. xi). Several major political developments had a significant impact on the development of higher education in California. Lawrence (2003) observes there were four major stages of political development in California: (a) the politics of unification, during which California became a state through adoption of a constitution; (b) the politics of modernization, from which new political leaders emerged, a statewide economy was forged, and the political masses became fully incorporated; (c) the politics of welfare, in which the newly formed government shielded the citizenry from hardship, managed the economy, improved standards of living, and assisted the less fortunate; and (d) the politics of abundance and beyond, in which the growing economy provided enough resources to fund a social welfare state and a plethora of services that Californians have grown to expect. The politics of welfare and of abundance influenced decision makers to provide support for all people in California through public educational opportunities. Because the state was flush with money during the early part of the 20th century, there were resources to fund education and raise the standard of living of Californians.

The progressive movement was one of the motivating forces behind the push for accessible and affordable higher education in California. The progressive movement began in Los Angeles in 1907 and promoted a program that was inclusive of all socioeconomic groups in the state (Starr, 1986). Douglass (2000) writes, “A higher

education system to match the ambitions of Californians—this was the call of the California Progressives engaged in one the nation’s most potent reform movements between 1900 and the end of World War I” (p. 8). The progressive movement stressed an agenda of nonpartisan politics and ballot-box decision making, and laid the foundation for what, after WWII, became California’s focus on the welfare of its people (Lawrence, 2003). Because the state had enormous resources because of the unprecedented increase in population, the constituents of California “demanded more services and greater benefits” (p. 33). These resources allowed the state to invest in the tripartite educational system it created as part of a cost-effective solution to meeting the educational goals promoted by the state politicians during the early part of the century (Douglass, 2000).

Throughout the early part of the 20th century, California led the nation in promoting higher education, and thus influencing overall American higher education (Douglass, 2000). What became known as the “California Idea” (Thelin, 2004, p. 139) is noted by Thelin as the underlying principle for the early achievement of higher education in California. Thelin writes, “The distinguishing feature of the ‘California Idea’ in higher education was that utility was fused with educating of character and public service” (p. 139). Douglass (2000) observes that California was able to master access, affordability, and quality into its educational system as well as having an interconnected and logical system of higher education.

The first institutions of higher education in the State of California were the colleges founded at Mission Santa Clara, and California Wesleyan College in Santa Clara in 1851 (Starr, 2005). The California State University (CSU) system began in 1857 with San Jose State University (California State University, 2009b) and 23 campus locations

and seven off-campus centers throughout the state. A 25-member board of trustees that hires the system-wide chancellor governs the system. Each of the 23 campus locations has a president who provides leadership for the campus (California State University, 2009a).

The creation of the University of California (UC) was not far behind the CSU system. The Organic Act of 1868 officially created the University of California (Lawrence, 2003). The UC system began operations in 1869 and has grown to 10 campus locations (University of California, 2009). UC was founded by its first president, Daniel Coit Gilman, who was an alumnus of Yale and who brought the vision of a Yale-type university to California, which became known as the “Yale-Gilman model” (Kerr, 2001, p. 143). This vision of high academics conflicted with a differing vision of a university, which included training farmers and workers through a trade school model. The Yale-Gilman model became the concept behind UC, which catapulted it to be considered as one of the big six universities in the nation by the end of the 19th century. The UC system expanded to six campuses and underwent various changes by the mid-1950s.

Besides the normal university research activities, the UC system has five medical centers and oversees three national laboratories. The 10-campus system is governed by a 26-member board of regents that appoints the president of the university and the officers of the regents of UC. Kerr (2001) notes that the changes UC underwent prior to the 1950s were much more controlled by the university system such as the inclusion of the collegiate model and the cultural aspects of university life. After the 1950s, changes to the UC system were driven more so by external political and societal events (Kerr, 2003).

The State of California authorized junior colleges in 1907, and the community of

Fresno was the first to offer post high school courses (CCLC, 2009). Junior colleges were allowed to be separate entities from high schools in 1921.

California invested a large amount of resources into higher education from 1945 to the 1970s (Thelin, 2004). Douglass (2000) notes that three trends redefined higher education in California, emerging into what became known as the California Idea:

First, advocates for expanding higher education argued that all high school graduates should have the opportunity for postsecondary training. It was a compelling interest of the state, they claimed, to expand access and empower the individual to participate in the economic life of the state and in its social reform movement. Second, these advocates also argued that California government should aggressively expand the number of public higher education institutions throughout the state, especially near growing population centers. Finally, in the course of this expansion, new types of institutions and academic programs should be established to cater to the social and economic needs of a rapidly changing California. (pp. 7-8)

Kerr (2003) identified five external factors that affected the UC in what he identified as “Shock Wave I” (p. 4):

1. the Communist political and military challenges to capitalism and democracy, involving American universities in political controversies over alleged subversive activities
2. the related advent of high-technology militarization, calling on universities for new research emphases
3. the intensified speed of industrialization around the world, changing the nature of much of the labor force and creating a demand for occupationally focused university training
4. the demographic engulfment of higher education, tripling enrollments from 1960 to 1975. (This resulted from a very high birthrate after World War II and the simultaneous advent of universal access to higher education. California was particularly affected because of the westward drift of the American population.)
5. the tidal wave of human liberation for oppressed populations, drawing university students and faculty into its wake. (p. 4)

Many issues that were unintended consequences of higher education policy in the early 20th century were exposed in a report in 1932 by the Carnegie Foundation, and later in 1957 by the Liaison Committee (Callan, 2009; Thelin, 2004). The Liaison Committee

was created by the California State Board of Education and the UC as a joint committee to “manage campus growth and program expansion and to deter legislatively imposed coordination” (Callan, 2009, p. 3). As a result, the Liaison Committee was charged with developing a state educational master plan to deal with the concerns of duplication of efforts, waste, and inefficiencies of the three developing higher educational systems in the state (Callan, 2009; Thelin, 2004). Douglass (2000) suggests that this period was a return to the progressive agenda from earlier in the century. The outcome of this movement was “no tuition charges to students, widespread access, education for citizenship, and instruction for technical skills” (Thelin, 2002, p. 272).

In 1960, the State of California adopted the Master Plan for Higher Education in an effort to delineate the roles of the three public college systems. The three college systems are known as UC, CSU and CCCS. The focus driving the master plan was coordinating the three higher education systems, reducing duplication of services, and providing for access and coordinated growth (State of California, Department of Education, 1960). Kerr (2001) notes that the master plan became a major component of the national movement to provide “universal access” (p. 147) to higher education.

The master plan designated that the UC system would take the top 12.5% of all high school graduates in California, and the UC system would retain its status as the only doctoral degree conferring public university in the state (Thelin, 2004). The CSU system would admit the top one third of all graduates and confer master’s degrees. The master plan spelled out the junior colleges (community colleges) would be governed by local boards and offer the first two years of college. It also prescribed that community colleges would focus on transfer to higher education, vocational-technical training, and general

liberal arts courses (State of California, Department of Education, 1960). In 1967, the community college system was removed from the California State Department of Education and a board of governors was established to oversee the system. The community college system created standards for admission for anyone who can meet standard entrance requirements.

Other public policy decisions in California have changed some of the original intent of earlier state policy. There has been much debate in the public policy arena regarding the impact of Proposition 209, passed in 1996, on higher education. As Jones (1998) noted, the proposition stated, “The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting” (p. 22). Contreras (2005) notes that Proposition 209, along with other policy trends in California, seriously limits the ability of underrepresented people in California to improve their socioeconomic status through access to higher education.

Currently, the national trend of budget reductions for higher education have spurred much discussion regarding the ability of public education to continue to provide the level of access that it has in the past century. Although a new California Master Plan for Education was created in 2002, it was never formally adopted and the basic tenets of the master plan of 1960 are still considered the standard for higher education in California, which does not coincide with the budget realities of the state. As a result of growing demand, one major change to the master plan was initiated and approved through the California State Legislature in 2005, which allows the CSU system to grant education doctorates (California State University, 2007).

Community Colleges

Community colleges appeared in the early 20th century as a result of many forces and trends in the United States. Cohen and Brawer (1982) note that several societal forces contributed to the development of community colleges:

The need for workers trained to operate the nation's expanding industries; the lengthened period of adolescence, which mandated custodial care of the young for a longer time; and the drive for social equality, which supposedly would be enhanced if more people had access to higher education. (p. 1)

The American community college system is relatively new and considered to be unique in higher education's 900 years of existence. Altbach et al. (2001) discusses community college as the "structural innovation" (p. 15) of higher education. Mellow and Heelan (2008) also note that the community college system is a uniquely American innovation and point out that the community college system is "an essential element of America's democracy and economy" (p. xiv). Community colleges rank third in the hierarchy of higher education as a result of the policy of open access, with four-year universities and colleges ranked first and second respectively, because of their admission requirements (Altbach et al., 2001).

Currently, the national community college system serves more than 6.5 million students annually in credit courses and more than 5 million in noncredit courses (The National Commission on Community Colleges, 2008). Although community colleges are considered to be the "poor cousins" (Carey, 2007, p. 24) in the higher education family, almost half of all undergraduates in the U.S. attend community colleges.

The American community college system is composed of almost 1,177 private and public community colleges throughout the United States and educates almost 44% of all U.S undergraduates for a total of 11.7 million enrollments annually (American

Association of Community Colleges, 2009). Of the more than 4,314 higher education institutions in America, community colleges represent more than 1,000 of those institutions (Tollefson, 2009). One of the reasons community colleges were formed was to keep the cost of education low while providing a high quality education (Mellow & Heelan, 2008). Among the nation's 988 public community colleges, 38% of funding comes from state allocations, while only 17% of funding comes from fees and tuition (American Association of Community Colleges, 2009). Tollefson (2009) observes there are a variety of configurations in the United States for how community colleges are governed and these include single state governing boards to local boards. The spectrum represents strong state control versus minimal state control. Community colleges serve a diversity of students, with more than 39% of the students nationwide representing ethnically underrepresented groups (American Association of Community Colleges, 2009).

History of community college. Community colleges have their origins in the late 1800s as an outcropping of discussions about how to transform colleges and universities. The discussions that took place in the 1880s to the early 1900s at the university level resulted in the idea of breaking apart the first two years of college from the university (Douglass, 2000). Townsend and Twombly (2001) interpret that the federal government had little to do with the development of the community colleges and that the local governments influenced the development of the two-year colleges. In 1896, as one of the first moves toward the concept of the community college, the University of Chicago was divided into a "senior college" (Douglass, 2000, p. 116) and a "junior college" (p. 116).

There have been several theories about the reasons community colleges were

formed as separate institutions. Townsend and Twombly (2001) posit several possible reasons for the creation of the community college rather than expanding universities and colleges to provide more access: (a) upper classes creating a separate institution to maintain social position; (b) an alliance of the working class and middle class reformers who sought to counter upper-class efforts at restricting educational opportunities; and (c) efforts of professional school district educators trying to create more professional status at the university to create distance between the university and the two-year schools. A series of complex causes culminated in the legislative acts and institutional development, creating community college systems throughout the United States (Cohen, 1998; Townsend & Twombly, 2001).

It has been observed that there is dispute about the first public community college, although several authors acknowledge that the first public community college was Joliet Junior College in Illinois, which was established in 1901 (Chase, 2008; Monroe, 1972; Tollefson, 2009; Townsend & Twombly, 2001). Two private community colleges were established in 1896 and 1897 in Illinois. Community colleges find their beginnings in the public school system and, as Monroe (1972) notes, “their principles and tradition” (p. 1), are also rooted in the public school system. Townsend and Twombly (2001) observe that community colleges were formed in multiple ways, including high school districts adding Grades 13 and 14, unified school districts adding additional grades, and communities forming separate junior college districts.

A national movement to develop community colleges was guided by communities desiring educational access. Community school districts saw a need to add additional grades beyond Grade 12 to provide close-to-home access to graduates from high schools.

As Cohen and Brawer (1982) write, “More than any other single factor, access depends on proximity” (p. 16). Communities that focused on creating better citizenry and workforce skills were the leaders in adding the grades to high schools (Townsend & Twombly, 2001). Townsend and Twombly observe these additions to high schools were funded and organized by local school districts. Tollefson (2009) explains that California is recognized as taking the first official actions to include the extension of community college classes in high schools through the Caminetti Act, which failed in 1907 and then through the Ballard Act, which was successful in becoming law. Monroe (1972) reflects on the importance of high schools adding college courses to their curriculum as the basic foundation of the community colleges. In the early 1900s, several other states adopted legislation enabling community colleges and include: (a) Kansas, (b) Michigan, (c) Minnesota, (d) Arizona, (e) Iowa, and (f) Missouri (Tollefson, 2009). Other states followed in establishing community colleges during the middle of the century.

The German model of higher education had some influence from the university side of education, which prescribed the first two years of college for the student less apt to be an intellectual to be separate from the university. This model was suggested in America in the mid-1800s and gained some support from some university presidents, although the idea was never initiated in the 1800s (Monroe, 1972). Thelin (2004) observes that one of the most important aspects of community colleges was that they were locally supported. Brossman and Roberts (1973) also note that community colleges are a part of a local community and the allegiance they have is to the local taxpayer.

Community colleges, once known as junior colleges, expanded in the United States in the early 1900s. By the 1920s, eight states had public community colleges that

were part of a high school (Monroe, 1972), and by 1922, 37 states had private and public community colleges (Cohen & Brawer, 1982). In the early years of community college, private colleges outnumbered the public colleges (Monroe, 1972). The tide appeared to change somewhat in the early 1920s when enrollment in public community colleges outnumbered private colleges. The demand for education, namely public education, was one of the reasons for the growth of community colleges (Cohen & Brawer, 1982). The authors explain that education became a cure-all for whatever personal or social problem society faced. States developed community colleges at differing rates, with states such as California, Illinois, and Washington moving quickly while other states lagged behind (Dougherty, 1994). States that were leaders in community college planning and development such as California were able to create a more comprehensive system of colleges (Townsend & Twombly, 2001). In the Eastern U.S., community colleges were established as feeder schools to universities for the first two years of college (Cohen & Brawer, 1982).

The differentiating factor for the national community college system is the broad-based mission of community colleges focusing on the American value that all citizens are entitled to an education. Community colleges also have a commitment to provide more economically viable education to communities through comprehensive programs and educational services and a commitment to lifelong learning (Vaughn, 2006). Monroe (1972) explains in his writings that the same principles and traditions that were the foundation for public schools also “guide the public community colleges” (p. 1). He writes in his book on community colleges:

Three traditions originated in the public schools. These traditions are (1) universal opportunity for a free public education for all persons without distinction based on

social class, family income, and ethnic, racial or religious backgrounds, (2) local control and support of free, nontuition educational systems, and (3) a relevant curriculum designed to meet both the needs of the individual and those of the nation. (p. 1)

By 1940, there were 456 community colleges in the United States (Thelin, 2004).

The proliferation of community colleges was stimulated by world events that affected the economy such as the Great Depression and World War II (Chase, 2008).

While community colleges grew rapidly in the early part of the 20th century, community college enrollments saw massive expansion after World War II and even more growth after the 1950s. The largest growth in community colleges occurred after 1960 (Monroe, 1972). Monroe observes that this expansion was a result of the American belief that higher education levels the playing field for all to cross socioeconomic boundaries.

The mission of the community college. It is important to understand the mission that underlies the community college system. The major principles that lay the foundation of community colleges are access and economic opportunity. There are various definitions about what the mission of the community college is and should be. Matriculation and vocational training appear in most descriptions of the mission of the community college system, along with some level of lifelong learning, making it the broadest mission of any higher education institution (Thelin, 2004).

Townsend and Dougherty (2006) suggest three ways of understanding the community college mission as public statements of a mission, programmatic offerings as a mission, and effects of community colleges. The authors also note that community colleges are “dynamic” (p. 8) and changing entities that have had multiple forces influencing the importance of various missions throughout their history. The authors

write, “External societal changes and demands have played an important role in shaping the community college’s mission” (p. 8). They also observe that government and college leaders have played a large role in shaping the community college mission with concerns about open access and close linkages to the community.

Geographic regions also play an important role in community college missions (Townsend & Dougherty, 2006). Proximity to four-year institutions, local economies, and the focus of the community can play a role in the mix of transfer, occupational training, and lifelong learning opportunities that community colleges offer.

Although community colleges range in size from very small to more than 38,000 students annually, community colleges have had and still have multiple missions to achieve: (a) transfer/academic coursework, (b) vocational/occupational training, and (c) lifelong learning (Chancellors Office, California Community Colleges [COCCC], 2006; Cohen & Brawer, 1982; Mellow & Heelan, 2008).

Basic skills have been added in recent years to the mission. Although each community has its individual needs, there are several needs that span across the majority of American community colleges: (a) transfer courses to four-year universities, (b) vocational and career development courses, (c) basic skills (developmental education), (d) courses that meet “recreational, social and cultural needs of the community” (Vaughn, 2006, p. 7), and (e) lifelong learning. Shults (2008) calls this a “metamission” (p. 133), noting that beyond the community colleges serving small communities, they can become incubators for small business, centers for culture, and where many students gain entry into the higher education system.

As introduced earlier, one of the major underpinnings of the development of

community colleges is the idea that education is important to democracy. Community colleges' open-access philosophy, as expressed by Vaughn (2006), supports the concept of democracy, "Open access in higher education, as practiced by community colleges, is a manifestation of the belief that a democracy can thrive, indeed survive, only if people are educated to their fullest potential" (p. 4). Lucas (1994) also describes the importance of the notion that education was essential for all people.

Community support, access, and a focus on teaching and learning rather than research are noted as important factors in the creation of community colleges. Vaughn (2006) writes about the following major factors in the development of community colleges: (a) community based, through serving the needs of the local geographic community; (b) teaching and learning, rather than publishing and research as with the major universities; and (c) open access for all students. Also of note in the community college mission is the idea of "civic education" (Townsend & Dougherty, 2006, p. 23) or what is often referred to as general education, continuing the Jeffersonian vision of education of an informed citizenry.

The recent issues around state budget problems have focused a renewed interest on the budgets of education institutions, including community colleges. Questions regarding how community colleges can achieve the multiple missions and continue open-access policies have created tension in many states when discussing how to reduce budgets and still provide quality education (Townsend & Dougherty, 2006).

Issues concerning the multiple missions and conflicting interests revolve around limited funding, time, available personnel, and what realistic expectations are. Colleges continually grapple with the issue of the high-cost occupational programs being

subsidized by lower-cost academic programs (Townsend & Dougherty, 2006). Shults (2008) notes that community colleges are not as “insulated” (p. 134) from external environments as other higher education institutions and that community colleges need to be more effective in dealing with their challenges.

Other conflicts include the community college mission of open access balanced with the focus on honors programs and increased transfer. Another debate common in the literature is what constitutes acceptable transfer rates from community colleges to four-year institutions. This goes to the heart of the issues around community colleges and the balance of trying to keep the traditional educational focus of transfer, occupational education, lifelong learning, and the American ideal of equal opportunity for all (Townsend & Dougherty, 2006).

This mission impacts the day-to-day operation such as the focus of faculty. In the university, faculty members are much more focused on research while the community college faculty members are more focused on classroom learning (Townsend & Dougherty, 2006). The mission of community colleges is so wide and inclusive that, as public funding gets tight, community colleges may see their affordability degrade (Mellow & Heelan, 2008).

Community colleges and funding. Enrollment in community colleges continues to grow, while state funding is disappearing. As Barr and Schuetz (2008) observe, community college per student funding is the lowest for all higher education.

Funding for community colleges comes through a combination of public funding and student fees (Mellow & Heelan, 2008). Student tuition and fees make up about 22% of the funding in higher education in the United States (Green, 1997). Community

colleges have grown the fastest in the United States, primarily because of their low fees. Levin (2001) argues there are four domains in community colleges that are highly impacted by globalization, including economics, culture, information, and politics. The economic impact of globalization can impact the community college funding available through changes in state revenues.

As the economic environment changes, as well as the needs of students as a result of workforce requirements, changing demographics, and global pressures, community colleges will require another way of managing their resources to be successful (Shults, 2008). While community colleges are a lower-cost alternative to many colleges and universities, it is noted that a dependence on public financing causes community colleges to lose their “affordability” (Mellow & Heelan, 2008, p. 26). The convergence of funding struggles, coupled with a push on increased accountability and a more diverse student population, will continue to create difficult times for community college leadership (Schuetz & Barr, 2008).

California community colleges. The CCCS is considered one of the most comprehensive community college systems in America. Townsend and Twombly (2001) note that California was a leader in the development of community colleges, leading to a mature and comprehensive community college system. The CCCS is composed of 112 community colleges within 72 districts and serves more than 2.5 million students annually (COCCC, 2006). The CCCS has adopted the traditional comprehensive model of community college education to include academic, vocational, and lifelong learning (Brossman & Roberts, 1973; COCCC, 2006).

Governance of the CCCS is composed of a statewide board of governors selected

by the governor and 72 individual locally elected boards of trustees or governing boards. The statewide board of governors consists of 17 members who, after appointment by the governor, require legislative confirmation (Knoell, 1997). The board of governors was formed in the late 1960s, when the community college system was separated from the State Board of Education (Townsend & Twombly, 2001).

History of the CCCS. The Western states provided much of the impetus for the concept of community colleges. The lack of population and corresponding private financial support for education allowed for public institutions to take hold in the West (Cohen & Brawer, 1982). The California Idea emerged out of a political reform movement in California that shaped higher education (Douglass, 2000). Three goals emerged that shaped the California Idea: (a) all high school graduates should have the opportunity for postsecondary education; (b) expand public higher education institutions throughout the state; and (c) cater to the social and economic needs of the rapidly changing California. Cohen and Brawer (1982) reflect in their writing the “ideals of democracy” (p. 19), which greatly influenced the formation of community colleges in California more readily than the rest of the United States. Business also had a large stake in the establishment and proliferation of community colleges because of the connection between community colleges and economic growth (Dougherty, 1994).

The foundation for community colleges in California was the concepts of affordability and accessibility. Douglass (2000) explains that the idea of a “network” (p. 114) of community colleges resulted from discussions taking place at the national level regarding the role of the American university. Community colleges in California experienced two major growth spurts: one in early part of the 20th century, and again

after 1960.

The forces were right for California to be the leader in community college development, including little private competition, democratic ideals, social reform, and support from other sectors of higher education. The community college developed support in California early and much of the community college development in California was spurred and supported by the UC and Stanford University (Cohen & Brawer, 1982). Two California educators had great influence on the development of community colleges in the early 1900s, through supporting legislation to allow high schools to take responsibility for adding two additional grades (Monroe, 1972; Thelin, 2004). The Ballard Act, passed in 1907, was a law authorizing high schools to offer postgraduate courses (Cohen & Brawer, 1982). Dougherty (1994) observes that the first community college in California was Fresno City College, which was established in 1910, and that more than 20 community colleges sprouted by 1921. Nationally, community colleges became a local political issue for which the local population would advocate the creation of a community college through political channels such as a referendum. California also saw the trend of this local activism. California had “forty-nine junior colleges” (Thelin, 2004, p. 250) in the 1930s and had 20% of the nation’s community colleges (Cohen & Brawer, 1982). California community colleges had expanded by 1930 to one fifth of the nation’s community colleges and one third of the students.

Kerr (2001) wrote that several factors in California, as it approached the 1960s, impacted the development of higher education and in particular the inclusion of community colleges: (a) impact from the defense industry, and defense-related research; (b) immigration to the state doubled the flow of students above the nation-wide

demographic tidal wave; and (c) California was producing new resources and prosperity at a faster rate than the nation.

Knoell (1997) observed that the 1960 master plan delineated the roles of higher education, creating what is considered was a major “turning point” (p. 121) for community colleges. The master plan funneled masses of students away from the university to the community college system for the first two years of education. The passage of Proposition 13 signaled a new area for funding in the State of California. Proposition 13 passed in 1978 and had consequences that led to per student funding decline.

The students community colleges serve. The CCCS is the largest provider of higher education. More than half of the students in their last two years of college came through community college (Rudolph, 1990). Three fourths of the students enrolled in California public undergraduate programs are in community colleges (Shulock, Moore, & Gill, 2005).

California was one of seven states in the U.S. that had a mature community college system by the start of the 1970s (Cohen & Brawer, 2003). The student population the state system serves is one of the most diverse nationwide (Cohen & Brawer, 2003; Heller, 2001). While the national community college system serves 36% minority students (American Association of Community Colleges, 2009), the system in California serves 60% minorities (CCLC, 2009). Hispanic students in the system were 29.54% in 2007–2008 of all students, while the national average was 16% (American Association of Community Colleges, 2009). The system also served a greater number of people older than age 18 than many other states (Cohen & Brawer, 2003). Nationally, 41% of the

students enrolled in community colleges are full time whereas, in California, only 32% of the students are full time (American Association of Community Colleges, 2009).

Access became a major issue for higher education in California during the mid-1990s. Heller (2001) writes that the battle started with a proposal to end affirmative action at the UC and ended with the passage of Proposition 209. Proposition 209 “prohibited the granting of preferential treatment to any individual on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, and public contracting” (p. 121). According to the Chief Justice Earl Warren Institute, “The effect on student body diversity was devastating” (University of California, Berkeley, 2009b, p. 1).

Funding community colleges in California. Funding in California community colleges comes through three mechanisms, which include enrollment fees, property taxes, and state apportionment. In the late-1990s, tuition fees were implemented in the California community college system (Heller, 2001). These fees make up less than 5% of the overall funding for the system (Sengupta & Jepsen, 2006) while nationally, student fees and tuition make up 17% of all community college funding (American Association of Community Colleges, 2009). Leaders from the community college system and Legislative Analyst’s Office have had disagreement on whether funding is sufficient and whether tuition fees should be raised (Sengupta & Jepsen, 2006). The cost of tuition for full-time enrollment for California residents to attend community college was \$600 per year (CCLC, 2009) while the national average was \$2,402 (American Association of Community Colleges, 2009).

Shulock and Moore (2007) note that the funding in California promotes

accessibility and affordability but does not facilitate student success because of restrictions such as the 50% law and funding the justification of inputs rather and outcomes. The state legislature sets fee levels and also has provided for fee waivers to promote accessibility, so funding for the colleges is more dependent on state revenues (Knoell, 1997). Funding for community colleges is based on FTES counts early in the semester, forcing the community colleges to get into the “FTE chase” (p. 10) which focuses on recruiting new students and not retaining students (Shulock & Moore, 2007).

While funding for capital facilities has not proved to be a priority nationwide, California has made capital investments in facilities and many community colleges have the campus feel of a college or university. Mellow and Heelan (2008) observe that community colleges traditionally invest less money in facilities than other educational institutions, although California is one of the few states that does invest in facilities for community colleges.

The function of the community college has evolved steadily during the last decade, with a clear focus on providing social mobility for people who may have never had an opportunity to get vocational training or attain a degree. Community colleges have become a mature system in California and are at a crossroads where state funding can no longer provide access for everyone who desires higher education. Transfer rates and retention are issues that have long plagued community colleges nationally and in California, and they will become more of an issue as state funding continues to become less available and priorities are assessed (Mellow & Heelan, 2008; Shulock & Moore, 2007).

Public Policy

Policy decisions affect the daily lives of all Americans indirectly through education, business, or government activities. Policy decisions are important because they influence the distribution of resources in government and organizations (Starling, 1993). Bryson and Crosby (1992) write, “Politics and policy are intimately entwined” (p. 63) and define public policy as “the substantive decisions, commitments, and actions made by those who hold or affect government positions of authority, as they are interpreted by various stakeholders” (p. 63). Starling (1993) explains that policy is the “statement of goals and of the relative importance attached to each goal” (p. 190), which directs planning in an organization. Starling also suggests that policy is a statement of “good intentions” (p. 194) and needs to be implemented to be effective policy.

The next section introduces the concept of public policy, the process of policy formulation and implementation, and the focus on policy development and implementation in California community colleges.

Policy concept. Policy implementation is important in any public institution because it sets the direction and parameters of the institution, and the institution’s future development. Public policy, as Peters (2007) explains, is the “sum of government activities, whether pursued directly or through agents, as those activities have an influence on the lives of citizens” (p. 4). Box (2007) writes, “Public policy refers to a purposive course of action established by public officials that is binding on the residents of a community or nation” (p. 21).

Policy outputs are decisions that are made by elected officials, their staff members, or those designated by authority to make policy choices and take actions.

Peters (2007) describes public policy as three levels, including policy choices, policy outputs, and policy impacts. He notes, “We have policy impacts—effects of policy choices and policy outputs have on citizens, such as making them wealthier or healthier, or the air they breathe less polluted” (p. 5). Bryson and Crosby (1992) write that most policies “are decided upon, and at other times simply ‘emerge’ or ‘happen’” (p. 64).

Public policy does not only exist in public organizations. Public policy may be implemented by private organizations or citizens (Peters, 2007). As we move into the 21st century, Lisa Anderson (2003) notes that public policy is no longer confined to government entities and has expanded to: (a) private firms, (b) not-for-profits, (c) nongovernmental organizations, (d) transnational organizations, and (e) community-based organizations.

Public policy decisions are made at various levels of government and organizations. Public policy happens at the federal level and in many “subnational governments” (Peters, 2007, p. 5). These often-interrelated levels of government can create coordination and conflict issues in both creating and implementing policy. Horn, Baumer, and Gormley (1989) observe legislatures, executives, and courts share power over public policy. The authors propose that institutions responsible for public policy are not only independent, they are also interdependent. Box (2007) calls this a “diffusion of powers model” (p. 22), resulting in many different ways of formulating and implementing public policy. Hill and Hupe (2002) explain that writers Van Horn and Van Meter simplify policy issues to the two significant issues: the amount of change required and the level of consensus.

It is noted that while the state and local governments have substantial influence

over public policy, the federal influence has expanded throughout the years as a result of federal “grants in aid” (Horn et al., 1989, p. 13). These grants are often exchanged for concessions by state and local governments. These programs are often called “categorical programs” (p. 13).

The outputs of public policy come in many forms. Peters (2007) notes several “instruments of public policy” (p. 7): (a) the law, (b) services, (c) money, (d) taxes, and (e) other economic instruments. These instruments influence society, the economy, and the lives of citizens. Laws are considered to be important outputs of government that take the form of rights. Peters notes that laws regulate economic and social conditions.

Creating and implementing public policy. Policy planning is normally accomplished through processes or steps that require documentation. Starling (1993) explains that policy planning is a four-step process that includes a problem or need recognition, policy formulation, approval or authorization, and implementation.

After recognition, policy formulation is the next step for creating public policy. Policy formulation has several different steps that have been identified and fit into a few major categories, which include problem identification, agenda setting, and policy design (Box, 2007). Hill and Hupe (2002) explain that policy formulation is complex and includes issues of timing and multiple players. As Peters (2007) suggests, identifying a problem allows policy makers the ability to discern its importance and whether it is an issue that should be considered.

There have been several approaches identified as a framework for public policy. Horn et al. (1989) suggest a framework that considers six different approaches to public policy making: (a) boardroom politics decision making, (b) bureaucratic politics rule

making, (c) cloakroom politics, (d) chief executive politics, (e) courtroom politics, and (f) living room politics. Peters (2007) observes there are three approaches to policy making: pluralistic approaches, elitist approaches, and state-centric approaches. Pluralistic approaches provide inclusion of more interest groups than the elitist approach to public policy decision making. Pluralism is seen as allowing more access to decision making for many groups that have an interest in a topic, whereas, elitism lends itself to the view that business and more affluent socioeconomic groups control the decision making (Peters 2007; Wolman & Goldsmith, 1992). Peters (2007) writes, “The political system itself is responsible for its own agenda” (p. 54), which is considered the “state-centric approach” (p. 54).

Once a problem is identified and considered appropriate for public action, it can be considered for agenda setting. Bryson and Crosby (1992) note that issues usually get on a public agenda when they have been broadly discussed within a community or organization. Government agencies and institutional agenda formats vary based on the entity, although Peters (2007) notes that control of the agenda allows for “substantial control over the ultimate policy choices” (p. 51).

Once a policy becomes law, implementation through the American governmental system can be a complex and confusing process. Monitoring and assessing the effectiveness of policies is even more complicated (Peters, 2007). As noted, policy implementation occurs through both top-down and bottom-up mechanisms, and is the subject of much debate. Policies and procedures that align with the organization strategic plans can “help enforce strategy implementation” (Thompson & Strickland, 1995, p. 275). Thompson and Strickland reflect that policies and procedures play a role in the

implementation of strategic planning and that policies and procedures need to be reviewed whenever there is a major change in the focus of the organization.

Public policy and higher education. Education is one of the major policy decisions in a nation because funding, access, and economic issues are often tied to educational policy. In 1938, the National Education Association of the United States issued a report in the form of a book “*Purposes of Education in American Democracy*,” asserting that the “The Objective of Schools Are a Form of Social Policy” (p. 2). The National Education Association noted the importance of education in a society that values “adjustment and change” (p. 2) and laid out clearly the concept that the development of the United States, in particular democracy, depends on a strong educational system. Bellah, Madsen, Sullivan, Swidler, and Tipton (1991) observe, “Education is an essential task for a free society in the modern world” (p. 177). Peters (2007) notes that education has maintained a “central position” (p. 319) in American public policy. Educational policy is highly debated and often evokes major disagreements because of a lack of being able to demonstrate that certain policies have clear and documentable impacts. Lucas (1994) writes that Plato and Aristotle were the first to question whether education should serve the state or serve the best interests of the individual and that:

It is difficult to make sense of institutional policies and practices over time in the history of higher education without reference to the provisional answers of those queries that were accepted (if only implicitly) at some particular time and place. (p. 310)

There is some level of disagreement on how much of a role the federal government has played in higher education policy. As Green (1997) observes, the federal government plays a small role in higher education policy while the states play the major role. Conversely, in Callan’s (1998) report on public policy and higher education, he

presents the concept that federal policy has played a major role in how higher education has developed in the last two centuries through:

...the creation of the land grant universities in the 19th century, the development of the American research university in the 20th century, the passage of the GI Bill and the post-World War II expansion of access and participation, and the establishment of community colleges. (p. 5)

Callan suggests that public policies are “means, and not ends for achieving educational and societal purposes” (p. 6).

Policy issues for higher education have varied over time and reflect social and economic trends. Heller (2001) writes that there are three policy issues that affect higher education in the 21st century and include affordability, access, and accountability. As Johnstone (1998) reflects, the policy issues for higher education include reform in two major areas: educational quality and resource allocation. Hirsch and Weber (1999) observe that major policy issues are focused on meeting diverse educational needs of a knowledge-driven society, public versus private good, sorting out the conflict between market forces and the public good, and the role of the research university in higher education.

In 1998, Callan noted in his concept paper that there have been several changes in public policy for higher education from the 1960s and '80s. Callan writes the following as “contextual conditions” (p. 1) affecting public policy, as they relate to higher education: (a) volatile federal-state relationships, (b) higher education and social stratification, (c) increasing enrollment demand, (d) necessity for cost containment, (e) erosion of consensus on financial support, (f) growing concerns about quality, and (g) integrating technology in higher education. Bellah et al. (1991) reflect how the priorities of the economy and the state influence education and the funding allocations and

development of education. Callan (1998) acknowledges that the states are the primary operators of higher education institutions, although national public policy influences how higher education responds to the needs of the public.

Higher education policy in California. As the economic crisis has unfolded in the United States and particularly in California, public policy dealing with higher education is critical, as explained in the following statement. As written in a report by the National Center of Public Policy and Higher Education (National Center of Public Policy and Higher Education, 2009), on public policy issues, “The world has changed in ways that render the traditional patterns of response to economic downturns—reducing college access and affordability—counterproductive to the economic well-being of the states and the nation” (p. 1).

California, early in the 20th century, led the way in higher education through the policies it developed. Douglass (2000) noted that the progressive movement in early California created a vision of public higher education. The idea of the research university and the junior college took hold in California in the early 1900s. Although most states were seeing unprecedented growth in higher education after World War II, California distinguished itself through “its path-breaking commitment to higher education opportunity, the size and scale of its higher education systems, and through its development of the Master Plan” (Callan, 2009, p. 2). The vision set forth by the progressives for the UC and community colleges remained intact in the development of both institutions throughout the 20th century (Douglass, 2000).

In the early part of the century, educational policy in California resulted in Carnegie Foundation findings that determined there was “overlapping functions, waste,

and inefficiency; lack of a unified policy; and inequitable distribution of state funds” (as cited in Callan, 2009, p. 2). Considered to be an emergency in 1959 by the state legislature, a two-year moratorium on higher education legislation was enacted and the action was taken to create a plan for higher education to address issues that had developed in the previous decades. Influencing much of the policy was the *A Master Plan for Higher Education in California* that was adopted in California in 1960 to “expand capacity and manage growth” (Callan, p. 2). As noted by Callan (2009), the common policy goal of the master plan was to provide “the commitment that every California high school graduate who was able to benefit from college could attend a college or university” (p. 4). The impact of the master plan was to group colleges into three statewide systems and to:

1. Remove what became the CSU’s from public school systems, provide for a statewide governing board, and give degree-granting authority for up to master’s level.
2. Confirm the UC’s monopoly on state-funded, advanced graduate and professional programs and research.
3. Delegate initial approval of new campuses to a new coordinating council.
4. Designate junior colleges as community colleges, provide acceptance to community colleges as part of the higher education system, and give the largest mandate for community college expansion. (p. 4)

Callan (2009) wrote that explosive growth of higher education in California was a product of “public policies and state financial support” (p. 10). Public policy is enacted in the State of California through the California Code of Regulations (CCR)—Title 5 for

education and Education Code (EC). Policies and procedures for individual community colleges, as adopted by the governing boards, are to be in compliance with the CCR and EC (CCLC, 2009).

Boards of trustees and the policies approved by these boards govern the 72 community college districts in California. Governing boards adopt policies for the district administrations to carry out (CCLC, 2009). In single college districts, the chief executive officer is usually a superintendent-president and in multicollge districts a chancellor. The CEO is charged by the governing board to lead policy-making processes in the district to include development, updates, and implementation of policies. One of the more important policies enacted by a governing board is the delegation of authority to the CEO to operate the district. Most districts develop broad policy statements and create more detailed administrative regulations to enact the policies.

Policies represent the “collective voice” (Smith, 2010, p. 73) of the governing board. Procedures provide the detailed “how to” (p. 73) associated with implementing the board policies. The *Trustee Handbook*, created for governing boards by the Community College League of California (as cited in Smith, 2010), identifies several areas of policy content for effective board policies:

1. Establish the overall direction and standards for the college’s educational programs and services.
2. Ensure that the district is in compliance with the law.
3. Ensure that resources are wisely and prudently used.
4. Define clear expectations for college staff.
5. Establish standards for board operations and trustee involvement. (p. 76)

Categories that have been identified for policy development in community colleges include: (a) governing board or board of trustees, (b) institutional, (c) fiscal and business services, (d) personnel, (e) academic affairs, and (f) student services (Smith, 2010). The next section will focus on budget and budget policy, which will fall in the category of fiscal and business services in most community colleges.

Budget and Budget Policies

Budgets are plans for how institutions allocate and spend resources to attain organizational goals and should be closely linked to budget policies. Budgets are the enactment of public policy through allocating resources to support policy decisions (Bernstein & O'Hara, 1979). Shah (2007) suggests that budgets should be closely linked to the budget policies.

Budgeting. Budgets are a central part of the resource allocation process in the public sector and are important to public organizations because they provide guidance for allocating resources, for what purposes, and from what sources (Starling, 1993). As Shah (2007) noted, a “government budget is a record of the revenues and expenditures of a government during a given period of time” (p. 28). Hatton (1915) defines budgets as,

A plan for financing an enterprise or government during a definite period, which is prepared and submitted by a responsible executive to a representative body (or other duly constituted agent) whose approval and authorization are necessary before the plan may be executed. (p. 15)

The budget is clearly a political document that is the result of the negotiation over what will be funded and to what extent (Meisinger, 1994). One thing is clear about public budgets: the allocation of resources is a process that is often political (Starling, 1993; Stillman, 1996). Meisinger (1994) writes that budgets serve the following purposes: (a) a mechanism for setting priorities, (b) an institutional plan of action, (c) an institutional

contract, (d) a control mechanism, (e) a gauge of risk, (f) an instrument of communication, and (g) a political device.

Strong budgeting practices start with policies and decision about priorities. Choices about policies and programs influence the budget decisions made at the national level (Ippolito, 1978). Shah (2007) interprets that public expenditure management is tied to the concept of “Good governance rests on four pillars: accountability, transparency, predictability, and participation” (p. 54). Townsend and Schmieder-Ramirez (2008) write, “A good budgeting process provides for input from staff and community in a decentralized mode, while ensuring all legal requirements are met” (p. 58). Drucker (1974) writes about the importance of setting priorities to the success of the institution. He writes, “The aim is to focus the energies and resources of the organization on the right results” (p. 119) when discussing how to move from priorities to getting results. He goes on to note the importance of values when an organization is determining its key activities and writes that values must be “organizationally anchored” (p. 531).

As Ippolito (1978) writes, “Federal spending and tax policies have important social and economic effects, which guarantee the budget decisions will be politically important” (p. 35). Drucker (1974) writes, “The one basic difference between a service institution and a business is the way the service institution is paid” (p. 134) and explains that service institutions are paid out of a budget allocation. Drucker goes on to explain that the implication of this is that they are not paid by “results and performance” (p. 141). Stillman (1996) notes that budgets are important because the budget reflects specific policy choices about the scope of government, the distribution of wealth, the openness of government to interest groups, and the accountability of government. Strong fiscal

performance comes from a well thought out and good design of the budgetary process (Shah, 2007).

Budgeting requires some level of process for making decisions about resources and expenditures (Stillman, 1996). Shah (2007) writes, “The core of public finances is that some people spend other people’s money” (p. 2). There is always some level of conflict because, in a public budget, there are many groups with different goals and priorities competing for the allocated resources (Bernstein & O’Hara, 1979; Stillman, 1996).

Budgets are tied to policy decisions and require decision making to insure that priorities are set. Shah (2007) suggests that good budget policy decision making should include the following criteria: (a) Should be consistent, (b) Should be realistic by being affordable and implementable, (c) Should have a clear vision and sense of direction, (d) Should be open and public, (e) Should be selective by focusing decision makers on what is important, and (f) Should be communicated and understandable. Siegel writes “The budget is the single most important policy statement of any government. The expenditure side of the budget tells us ‘who gets what’ in public funds, and the revenue side tells us ‘who pays the cost’” (Kernaghan, 1985, p. 177). Mintzberg states, “Budgets are an expression of public policy, in other words, the outcomes of the strategy formation process” (p. 74).

Budgets are important and are an expression of the policy enacted by public agencies, as they should realistically communicate the priorities of institutions and are often political documents within organizations. Next, this paper will move to specific higher education budgets.

Higher education budgets. Budgets in higher education are a departure from the prior historic mode of operation for higher education and require forecasting and “disciplined management” (Greene, 1992, p. 243). Most American higher education institutions “only spent what they made or could borrow” (p. 243). Budgeting should facilitate an organization’s movement toward its goals through the control and evaluation of its financial resources. Accreditation standards reflect the importance of linking budgets to planning, which is one of the major reasons community colleges are put on sanctions (Beno, 2007).

Periodic data requests, mandated reports, and fiscal-year timing issues affect public budgets and reporting. Budget policies and procedures are different for public colleges and universities because of external reporting requirements, regulations, and compliance issues (Greene, 1992). One important budget issue is the linkage of budgets to accounting and fiscal years.

An important decision that arises in budgeting is centralized versus decentralized budgeting practices. As Greene (1992) proposes, “The more centralized the process, the less elaborate the procedures needed and the less time spent on the process” (p. 247). Decentralized processes require more extensive policies and processes to insure that the colleges do not deviate from the mission of the college district. However, decentralized processes have the advantage of being able to react to market changes and have often been associated with more effective and efficient budget practices. Answering the question of centralized versus decentralized services assists colleges in determining the appropriate level of authority, control, and responsibility associated with administering budgets.

Budgeting techniques used in colleges and universities are broken into several different categories. Several of the most used in community colleges are noted below:

1. Open-ended budgets—allows for open-ended budget requests, which often mean that request exceed the available resources.
2. Incremental budgeting—allocations based on available resources allow for small amounts to be increased. Often imposed across the board and does not allow for program improvement and funding creativity.
3. Formula budgeting—usually used at the state level to allocate appropriations to state colleges. Formulas can be enrollment driven or based on complex mathematical calculations tied to missions and needs.
4. Program budgeting—usually associated with creating planning units that determine needs and requirements based on organizational plans.
5. Zero-based budgeting—requires that all expenditures are justified in a decision package and then prioritized. While often discussed, it is difficult to implement in mature organizations (Greene, 1992).

Kerr et al. (1994) identified four issues that shape higher education, including the impact of new orientations of knowledge, merit versus equality, changing mentalities of faculty members and students as related to social and political identifications, and a scarcity of resources and intensified competition for their allocation. Massey (1996) observes, “While resource allocation does boil down to knowledgeable people making informed decisions, the record shows that *process*—the way decisions are made and communicated—powerfully affects outcomes” (p. 3).

Yagil (2008), in his study, noted several key elements as significant in the

decision-making processes for effective resource allocation, including the prior development of policies for budget reductions. He also notes in the lessons learned in his study, “Developing policies and procedures during times of availability and absence of urgency and while the various constituencies involved do not feel threatened is beneficial to an institution and can provide a strong sense of direction during budget cuts” (p. 193).

Important to the balance of values and market forces is a strong resource allocation process (Massey, 1996). Massey describes three keys to effective resource allocation: (a) understanding the system of incentives that guides spending in colleges and universities; (b) recognizing and managing the diversity of intrinsic values that abounds within any higher education institution; and (c) managing the complexity (pp. 4–5).

To understand better budgets in higher education, a survey of how community colleges gain funding provides some insight into the budget process.

National funding for community colleges. Early community college education in America often required little tuition on the part of the student (Tollefson, 2009). Community colleges cost more than \$3,000 per year. Tollefson notes that funding for community colleges “primarily comes from state and local government” (p. 386), unlike private universities and colleges, which derive funding primarily from tuition. As documented in the publication *Community College Facts at a Glance* (2009) by the American Association of Community Colleges, 38% of funding for community colleges comes from state funding while only 17% from tuition and fees, and 21% from local resources.

The federal government provides a large amount of the grants and financial aid to

students and the concern that arises is that grants and financial aid to students are being consumed by the higher tuitions fees for public institutions (Tollefson, 2009). Also, an important note regarding community college funding was that nationally, funding decisions were not made by “student demand” (Dougherty, 1994, p. 133) but by “governmental decision” (p. 133).

In 2003, Cohen and Brawer observed that the community college system costs the nation \$21 billion annually. Tollefson (2009) reports that funding for the community college system has shifted to state support during the last century. The proportion of tuition, local, and state funding for operating community colleges varies by state (Cohen & Brawer, 2003; Tollefson, 2009).

There are four categories of funding formulas for community colleges: (a) No formula, (b) Formulas with no specified dollar amount, (c) “Schedule of rates” (Baker, Dudziak, & Tyler, 1994, p. 335), and (d) “Detailed procedural methodologies” (p. 335).

Tollefson (2009) explains that most states use the “unit of measurement” (p. 395) of FTES. The shift from connections with high school and sharing of high school facilities to separate community colleges required a strain on funding. It also created competition among K-12, colleges and universities, and community colleges for local and state funding allocations. As cited in Tollefson, Wattenbargar predicted several trends affecting community colleges in 1994: (a) shifts from state revenues to lottery revenues for education, (b) state legislatures wanting more accountability and efficiency, (c) increased participation in decision making by faculty and staff members as a result of budget constraints and a need for efficiency, and (d) increased use of technology in the classroom.

The continued affordability of community college has put a strain on state budgets. Heller (2001) notes that states have kept college affordability low through the states' subsidies provided to higher education. Dougherty (1994) notes that state aid to community colleges increased rapidly from the 1920s to the 1990s. As Cohen and Brawer (2003) noted, the state contribution to community colleges has risen from 5% in the 1920s to 49% in 1989–1990. Managing costs in community college usually consists of eliminating staffing, increasing tuition, and increasing efficiency (Shults, 2008). The percentage that states spend on higher education has dropped from less than 10% in 1980 to about 6.4% in 2000 (Tollefson, 2009). In the early 1900s, there was no or minimal state support of public community colleges and by 1980, state support had grown to 60%. Local funding declined from 94% in 1918 to 13% by 1980. Vaughn (2006) writes that the funding breakdown for community colleges is: (a) state taxes 42%, (b) local government 24%, (c) tuition and fees 18%, (d) federal government 6%, and (e) other sources 10%. The national trends in education denote an increasing dependence on state budgets throughout the century.

As the new millennium marches forward, with state budgets falling apart all across the nation, and an increased demand for a trained workforce, continued budget pressure will make it more difficult to serve community college students as they were served in the 20th century. Kerr (2001) predicts the competition for scarce resources for higher education will continue to get worse with less available public resources and the increase in resource needs.

California community college funding and budgets. As postgraduate courses in high schools were authorized in 1907, it spurred legislative funding requirements for

allowing the formation of junior colleges in 1917 (Tollefson, 2009; COCCC, 1999). The year 1917 brought about several significant financial implications to the newly established junior college movement: (a) high school districts of \$3 million or more in assessed valuation were permitted to establish junior colleges, (b) state funds were established from a federal fund, and (c) apportionment of \$15 per unit of average daily attendance (ADA) was established (COCCC, 1999).

In 1921, funding in the amount of \$2,000 per college and \$100 per ADA was apportioned to community colleges with one-to-one matching funds. In 1947, the first major leap to increasing state support occurred with the establishment of the foundation program, which provided local and state funding at a rate of \$200 per ADA. This was a combination of the \$2,000 apportionment, with \$90 per ADA and a \$.20 tax against the assessed valuation of local property (COCCC, 1999). In 1949, the junior college ADA unit was defined as the “total number of hours of student attendance divided by 525” (p. 2). In 1957, the rate set for ADA was \$410.

Up until 1978, property tax contributions and state aid increased to community colleges until approximately 55% of the community college revenues received were property taxes (local contributions). In 1978, Proposition 13 limited the local property tax increases. The local share of the funding for community colleges has declined and local boards can no longer control the local share of community college revenues (COCCC, 1999). In 1981, growth caps were adopted as a way of controlling revenues to community colleges.

Funding for California community colleges did not keep pace with the CSU and UC systems from 1971 to 2001, when the two systems’ revenue per FTES increased by

24% and 23% respectively while the community college revenue per FTES increased by 4% (Murphy, 2004).

Regulatory codes and statutes include sections for community college in California. The EC 70902 identifies the following under the purview of the local district governing board as it relates to budget policy:

1. Shall establish rules and regulations not inconsistent with the regulations of the board of governors and the laws of the State of California for the government and operation of one or more community colleges in the district.
2. Determine and control the districts' operational and capital outlay budgets.
3. Determine the needs for elections for override tax levies and bond measures, and;
4. Request tax levy and bond measures elections be called (State of California, 2010b)

Title 5 of the California Code of Regulations (State of California, 2010a) gets more specific on requirements for budget administration through sections 58300 to 58314. The sections in Title 5 are as follows:

1. Requirement for filing annual statement of receipts and expenditures for previous fiscal year and a statement of the estimated total expenses for the district for the current fiscal year by September 15th (58300).
2. Requirements for proposed budget public hearings, notice, and publication during or before the first week in September (58301).
3. Definition of budget to include preliminary and adopted budget (58302).
4. Requirements of contents of the budget (58303).

5. Format of budget reports to the Chancellor's office (58304).
6. Timelines for tentative budget adoption, tax levies, filing of final budget, and timelines for final budget adoption and annual fiscal report (58305).
7. Effect of neglect or refusal to make a budget (58306).
8. Limitations on expenditures and rules around budget transfers from major object codes (58307).
9. Appropriations of excess funds to reserves (58308).
10. Reports on a district's financial condition on a quarterly basis and Chancellor's office oversight of fiscal condition and determination of fiscal condition (58310).
11. Principles for sound fiscal management of a district (58311).
12. Inadequate plans or failure to implement plans to maintain fiscal solvency and authorized actions by the state Chancellor (58312).
13. Authorized actions by state Chancellor if district fails to achieve fiscal stability (58314).

Two regulatory influences impact the budget processes in California community colleges significantly: AB 1725 and the ACCJC Standards. In 1988, AB 1725 was passed by the legislature, establishing program-based funding and several other high profile initiatives. AB 1725 also provided for very clear delineation of the role of faculty in participatory processes for community colleges. One of the 11 areas includes a role in the budget development process (COCCC, 1999).

Accreditation standards include requirements for integration of the budget with planning and the importance of long-term financial priorities when planning (ACJCC,

2010b). The standards also include the following requirements, “The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets” (ACJCC, 2010b, p. 19). The standards also require that policies established by the governing board are “consistent with the mission statement of the district” (ACJCC, 2010b, p. 24).

It has been recognized that funding higher education is going to become increasingly challenging as the population for college-age students and the diversity of the student base expands. Shulock et al. (2005) project that the combination of the increase of the college-age population coupled with the changing demographics and the fiscal crisis will create a major challenge to the funding of higher education. The authors note lack of policy discussions and associated fiscal planning contribute to the challenges.

In 2005 the Chancellor’s office issued “Accounting Advisory: Monitoring and Assessment of Fiscal Conditions” (Chancellor’s Office, California Community Colleges, 2005, p. 1). This advisory was an effort to assist California community colleges in early detection of financial problems through providing primary and secondary criteria for assessment of the fiscal stability of a district. These criteria spelled out a specific recommended reserve “minimum prudent general fund balance is five percent” (p. 1).

Summary

The review of the literature focused on the history of American higher education and higher education in California, the history of the community college and the community college system in California, public policy and higher education policy, and

budget and budget policies. Major themes emerged from the literature review on higher education to include: (a) the strong influence of European universities on American higher education; (b) the influence of early American values focused on opportunities for everyone not just wealthy, creating a better society, and a focus on the local community as part of the higher education mission; and (c) the lasting American view that democracy requires an educated citizenry.

A review of public policy followed higher education, starting with a review of how public policy impacts decision making and ultimately the daily lives of Americans. The discussion of public policy includes literature focusing on public policy as a concept, creating and implementing public policy, and the importance of public policy for allocating resources at a national, state, and organizational level. Next higher education policy and, specifically, the impact of public policy on California higher education were reviewed. The literature provided historical writings pointing to the importance of early public policy choices by Californians leading to their national leadership in setting a standard for American higher education. Also discussed were local community college governing board policy decisions and their importance to the governance of the 72 district system.

Next, the review of the literature provided relevant information and writings on budgets, higher education budgets, national community college budgets, and community colleges funding and budgets. The literature reviewed in this section covered how historical policy impacted the funding allocations to community colleges, and how public sentiment becomes budget policy and has impacted the community college system, specifically in California. In reviewing the literature, a very small amount scholarly

research was evident in the area of budget policy for higher education and in particular community college.

A review of the history and literature of higher education, community college, policies, and budgets-budget policies, provides a picture and understanding of community college as a relatively new institution that came about in the last 100 years as a result of many forces. There is no single factor that can be pointed to for the emergence of this unique system of American higher education, although several should be highlighted because of their impact on community colleges: (a) a reformation of higher education in the late 1800s; (b) the influence of industry and agricultural needs for a trained workforce; (c) policy makers who saw a need for mass education; and (d) the American view that democracy requires an educated citizenry.

The review of the literature demonstrates how the community colleges play a role in society and that public policy affects funding as the driving force behind student access. The expansive mission of the community college system, the connection to funding through the K-12 system, and shifts in how funding has impacted California community colleges are all factors that should be considered as the system moves forward and for future policy decisions. Understanding how public policy has influenced resources and budgets may provide some insight to position better future community college finances.

Chapter III: Methodology and Procedures

Introduction

The purpose of this study is to identify key components of budgetary policies for California community colleges in multicollge districts. A review of the literature indicated there is little research in the area of budget policies for community colleges in general and specifically in California. This study of budgetary policies in the community college system is intended to provide insight for those leaders who are responsible for scarce and declining resources at a time when states are reducing their educational funding.

Chapter Structure

Chapter III discusses the study's nature and design, the objective of the study and research questions, and sources of data. This is followed by a discussion of data analysis, including data collection, display, and validity and reliability. The chapter also discusses protection of human subjects, the role of the researcher, and concludes with a summary.

Nature and Study Design

The study is qualitative in nature and uses content analysis as the method to analyze board-adopted budget policies and procedures. Several factors drive the design of this study. The first is the emphasis on understanding the deeper issues and "rich descriptions of complex situations" (McMillan & Schumacher, 2006, p. 316), and the second is the lack of research and literature on this topic. As Morse and Richards (2002) stated, "All qualitative methods seek to discover understanding or to achieve explanation from the data instead of from (or in addition to) prior knowledge or theory" (p. 2).

There is little research in the area of budget policy for community colleges, and in

particular California community colleges. Patton (2002) writes that when there is little knowledge and research regarding certain phenomena, “qualitative research is a reasonable beginning point for research” (p. 193). Patton also observes that new “fields of inquiry” (p. 229) emerge from exploratory work, particularly in the policy area. Morse and Richards (2002) suggest the importance of “methodological purposiveness and methodological congruence” (p. 23) in using qualitative methods.

Restatement of Purpose and Research Questions

The purpose of this study is to identify key components of budgetary policies for California community colleges in multicollege districts. Understanding the key components of budgetary policy can be useful in updating and creating new policies for future implementation and, in particular, during times of major budget crises for higher education funding.

The central research question for this study is listed first, followed by additional research questions.

1. What are the key components of budgetary policies used by California community colleges in multicollege districts?
2. Which components of budgetary policies used by California community colleges in multicollege districts appear most frequently?
3. Which components of budgetary policies used by California community colleges in multicollege districts appear least often?
4. Which components of budgetary policy used by California community colleges in multicollege districts denote goals connected to specific measurements?

5. To what extent do budgetary policies and procedures by California community multicollge districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California?

Sources of Data

The data sources are public policy records gathered from 20 multicollge districts in California. These public policies are available for community college districts in the State of California. As noted by the CCLC, “Boards of trustees govern through the policies they make” (as cited in Smith, 2010, p. 73) and the policies are considered the “voice of the board” (p. 73).

Of the 22 California community college multicollge districts, 20 districts’ policies and procedures were publicly available and serve as the sample of data sources for this study. Documents and records provide a historical perspective not achieved through other types of data collection (Denzin & Lincoln, 2003). Denzin and Lincoln explain there is a distinction between documents and records and that the terms are often used interchangeably. Records are more official while documents are considered to be more of a personal nature. McMillan and Schumacher (2006) categorize documents as “personal documents” (p. 357) and “official documents” (p. 357). For the purposes of this study, the term *a record* is used, as the policies represent public decisions made by governing boards.

Data Collection and Analysis

The data analysis methodology used in this study is based on the model identified by Miles and Huberman (1994). This includes data collection, data reduction, data

display, and conclusion drawing-verification. Miles and Huberman acknowledge the interactive nature of the above activities in data analysis in their model.

Data collection. Purposeful sampling was used for this study and was achieved through selection of criteria for the sites and the type of data collected. Creswell (2003) recommends that a qualitative study address the purposeful selection of sites and the types or type of data to be collected. Morse and Richards (2002) write that purposeful sampling occurs when “the investigator selects the participants because of their characteristics” (p. 173). Publicly available budget policies that met the criteria of originating from multicollege community college districts in California were selected for this study.

The total population for this study is 22 public multicollege district sites in California. A list of the multicollege districts in California was assembled, noting the size and name of the district. Each district Web site was searched to collect the board policies and procedures, yielding a sample of 20 districts. Table 1 indicates the 20 multicollege districts in California, including the number and name of associated colleges, the size of the district, and the number of centers.

Table 1

California Community Multicollege Districts in This Study

Name of District	Colleges	Funded Full-Time Equivalent Students (FTES)	Number of Centers
Chabot-Las Positas	Chabot College Las Positas College	18,837	0

(table continues)

Name of District	Colleges	Funded Full-Time Equivalent Students (FTES)	Number of Centers
Coast	Coastline College Golden West College Orange Coast College	34,375	0
Contra Costa	Contra Costa College Diablo Valley College Los Medanos College	29,774	2
Foothill-DeAnza	DeAnza College Foothill College	32,104	1
Grossmont-Cuyamaca	Cuyamaca College Grossmont College	18,082	0
Kern	Bakersfield College Cerro Coso College Porterville College	19,200	2
Los Angeles	East Los Angeles College Los Angeles City College Los Angeles Harbor College Los Angeles Mission College Los Angeles Pierce College Los Angeles Southwest College Los Angeles Trade-Tech College Los Angeles Valley College West Los Angeles College	101,569	0
Los Rios	American River College Consumnes River College Folsom Lake College Sacramento City College	51,091	3
North Orange County	Cypress College Fullerton College	33,460	1
Peralta	Alameda College Laney College Merritt College Berkeley City College	19,040	0
Rancho Santiago	Santa Ana College Santiago Canyon College	30,302	1
San Bernardino	Crafton Hills College San Bernardino Valley College	13,777	0
San Jose-Evergreen	Evergreen Valley College San Jose City College	14,642	0
South Orange County	Irvine Valley College Saddleback College	25,860	0

(table continues)

Name of District	Colleges	Funded Full-Time Equivalent Students (FTES)	Number of Centers
State Center	Fresno City College Reedley College	26,621	3
Ventura	Moorpark College Oxnard College Ventura College	25,841	0
West Hills	West Hills College Coalinga West Hills College Lemoore	4,930	1
West Valley-Mission	Mission College West Valley College	16,904	0
Yosemite	Columbia College Modesto Junior College	17,137	0
Yuba	Yuba College Woodland College	7,828	1

The policies and procedures were accessed from each district Web site, printed, and filed alphabetically by district name, noting the date of access in a journal. San Diego and San Mateo district policies were unavailable online. District policies and procedures are customarily placed on Web sites for public and employee accessibility. Miles and Huberman (1994) explain that data collection should “focus on naturally occurring ordinary events in a natural setting” (p. 10). In this case, the Web sites are the common place for board policies to be placed. Also noted during collection were any unusual anomalies while accessing the policies such as difficulty finding the policies on the Web sites. The policies collected ranged in years since adoption or revision, with the oldest policy dated 1983 and the most recent revision dated April 2009.

Data analysis. Patton (2002) notes that analysis creates findings in qualitative research. The beginning of the analysis for the study started with the literature review, covering higher education, community colleges, policy, and budget. The analysis process continues using content analysis to reduce the data collected in the policies and

procedures. Wolcott (2001) suggests that it provides categories through understandable and accepted methods. Yanow (2000) discusses two analysis components: (a) understanding the meaning of policy through language to include metaphor analysis, and (b) category analysis. Patton (2002) writes, “Content analysis, for example, sometimes refers to searching text for recurring words or themes” (p. 453) and the “mechanical work of analysis” (p. 453) includes “coding data, finding patterns, labeling themes, and developing category systems” (p. 462). The next step, as outlined by Miles and Huberman (1994), includes the “process of selecting, focusing, simplifying, and transforming the data” (p. 10). The analysis of the policies is accomplished through the following steps:

1. Select a framework to review the policies against. Miles and Huberman (1994) write how data pile up and the problems that arise from the “multiplicity of data sources and forms” (p. 55) and recommend “conceptual frameworks and research questions” (p. 55) to keep the researcher from being overwhelmed by data. Criteria identified in CCLC serve as the framework to review the policies in this study.
2. Focus the reduction through the use of a framework. A framework serves as the criteria for coding the 20 policies. “Codes are tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study” (Miles & Huberman, 1994, p. 56). Berg (1989) writes, “Criteria of selection” (p. 106) must be “formally adopted before the actual analysis of data” (p. 106). Color codes are assigned to each meaningful phrase in the framework.

3. Read and reread each policy and highlight the criteria by color code. Miles and Huberman (1994) write, “Coding is analysis” (p. 57). Yanow (2000) advises that the researcher needs to reread continually his or her notes.
4. Simplify the data by identifying and recording themes in the data on the margins of each policy. Patton (2002) writes, “The core meanings found through content analysis are often called patterns or themes” (p. 453).
5. Transform the data by tabulating the responses to establish frequency of occurrence, correlating themes, and notes to the research questions.
6. Analyze themes occurring in the policies that are not included in the criteria for occurrence, significance, and correlation to the research questions. Similarities in wording or themes that appeared in several policies are investigated further to ensure the wording or theme did not transcend across a majority of the policies and procedures
7. Establish interrater reliability through a second rater.

Framework and coding. Patton (2002) advises, “Developing some manageable classification or coding scheme is the first step of analysis” (p. 463). Following the Miles and Huberman (1994) process, step one identifies selecting a framework. Several frameworks were reviewed to include the EC, the CCR, and the CCLC policy subscription services recommendations for policies and procedures. The CCLC recommendations are based on the EC and the CCR and recommended “additional criteria” (CCLC, 2007, p. 37) for inclusion in the policies. The CCLC recommended additional criteria were chosen for this study as the framework because they include the recommendations for what districts are “legally required and advised to have” (p. 37) as

set forth by the EC and CCR.

The next step in content analysis includes creating a coding system based on the six recommended additional criteria, as identified by the CCLC for inclusion in budget preparation policy. These recommended additional criteria (CCLC, 2007) for budget preparation include:

1. The annual budget shall support the district's master and educational plans.
2. Assumptions upon which the budget is based are clearly stated.
3. The calendar for presentation of the tentative budget, required public hearings, board study sessions, and approval of the final budget.
4. Process for budget development within the district, and for public input into the budget.
5. The standard for the unrestricted general reserves.
6. The budget provides for long-term goals and commitments. (p. 37)

These six recommended additional criteria for inclusion in budget policies are the selected framework for reviewing the policies and procedures, which will serve to focus this analysis.

Data display. Miles and Huberman (1994) write that data display “is an organized, compressed, assembly of information that permits conclusion drawing and action” (p. 11). Data display may consist of charts, graphs, matrices, and figures as well as text. The data from this study are represented in text, graphically illustrated in figures, and display a linkage to the research questions. Data display can assist in providing validity to a qualitative study when they are “systematic and powerful” (p. 11).

Validity and Reliability

Validity. Morse and Richards (2002) advocate, “It is essential that determining reliability and validity remains the qualitative researcher’s goal” (p. 168). McMillan and Schumacher (2006) write, “Validity refers to the degree of congruence between the explanations of the phenomena and the realities of the world” (p. 324). Morse and Richards (2002) write that reliability is reached when “the same results would be obtained if the studies were replicated” (p. 168).

Patton (2002) suggests that “face validity” (p. 561) is important because “the ultimate test of the credibility of an evaluation report is the response of the primary intended users and readers of the report” (p. 561). McMillan and Schumacher (2006) describe “low-inference descriptors” (p. 324) as “descriptions that are almost literal and that any important terms are those used and understood by the participants” (p. 325). Morse and Richards (2002) write that an “appropriate review of the literature” (p. 169), “thinking qualitatively, working inductively” (p. 170), and using “appropriate methods and design” (p. 171) enhance the reliability and validity of a study. An appropriate review of the literature requires a review of “what is already known with the discovery from the data” (p. 169). “Thinking qualitatively, working inductively” (p. 170) requires the researcher to challenge continually his or her assumptions and the data as well as using a framework to prioritize the data.

The study uses documents that contain precise language and “low-inference descriptors” (McMillan & Schumacher, 2006, p. 324). Aligning the coding of the documents to precise low inference descriptors in the CCLC-recommended additional criteria provides a structured language framework, increasing the likelihood of

duplicating the study and increasing validity. California community colleges tested and established through time the CCLC criteria and they offer a framework in this study for reviewing the selected data to address “thinking qualitatively, working inductively” (Morse & Richards, 2002, p. 170).

Reliability. The use of a second rater will increase the reliability of the study. Patton (2002) suggests that having the data analyzed by two people can be a method of triangulating the data. Miles and Huberman (1994) recommend having “two researchers code the same data set and discuss their initial difficulties” (p. 64).

This study includes a second rater for the purposes of coding the data. The researcher developed a coding system based on the CCLC-recommended additional criteria and met with the second rater to go over the study purpose, documents, and explain the methodology for coding the data.

The researcher and second rater first analyzed the policies independently. The researcher then met with the second rater to go over interpretations of the themes that emerged from the CCLC-recommended additional criteria and look for agreements and disagreements to reconcile any differences. A form for categorizing the data (Appendix A) was used by both the researcher and second rater. Any differences and or variances were discussed for interpretation and resolution before data was finalized into results.

Protection of Human Subjects

The National Research Act was signed into law in 1974, setting the principles for ethics in conducting research with human subjects. These principles and guidelines were created with the emphasis on: (a) respect for the person, (b) beneficence, and (c) justice (National Institute of Health, 2004). The National Research Act established institutional

review committees known as institutional review boards, which are responsible for reviewing any research done by an institution (Berg, 1989). Noted by Berg are two major ethical considerations: (a) voluntary involvement, and (b) identification of all potential risks.

This study does not involve human subjects and, therefore, an institutional review board requires no review. The source documents were policies gathered from public Web sites for the districts. If the district did not have its policies easily accessible, the district was not included in the study.

Role of the Researcher

As Creswell (2003) discussed, researchers should “identify their biases, values, and personal interests about their research topic and process” (p. 184). Patton (2002) writes, “Because the researcher is the instrument in qualitative inquiry, a qualitative report should include some information about the researcher” (p. 566). “Experience, training, and perspective” (p. 566) should be noted in the study. The researcher in this study has 12 years of experience in community college finance, specifically budgets, and has been formally trained in business administration and organizational development.

The researcher’s experience and understanding of the budget processes in community colleges will be useful in making sense of how the budget policies affect the implementation of budgets in community colleges. As Yanow (2000) notes about policy analysis, “To understand the consequences of a policy for the broad range of people it will affect requires ‘local knowledge’—the very mundane, expert understanding of and practical reasoning about local conditions derived from lived experience” (p. 5).

Ethics is a significant consideration for the researcher in the design of the study

and the role the researcher plays. Berg (1989) notes the subjectivity of ethical considerations and advises the researcher to be thoughtful about ethics. Miles and Huberman (1994) advise the following actions as part of recommended ethical considerations: (a) awareness, (b) anticipation, (c) preliminary agreements, (d) documentation and reflection, (e) inclusion of third parties, and (f) regular checking and renegotiation.

Statement of researcher bias. The researcher may have a bias in this study because of the researcher's experience within the community college system. The researcher is aware of the role of reflexivity in the process, has a degree in organizational development, and will make efforts to mitigate any bias. McMillan and Schumacher (2006) advise the researcher in qualitative studies that providing "sufficient details about design, including reflexivity strategies, is necessary" (p. 327). Patton (2002) notes, "Reflexivity has entered into the qualitative lexicon as a way of emphasizing the importance of self-awareness, political/cultural consciousness, and ownership of one's perspective" (p. 64).

Patton (2002) provides a practical model for the researcher to use to examine carefully through self-questioning. The model includes: (a) attention to the audience and what perspectives it brings to the findings; and (b) attention to ways of knowing of the researcher. This model recommends the researcher self-check through the use of the following screens: (a) culture, (b) age, (c) gender, (d) class, (e) social status, (d) education, (e) family, (f) political praxis, (g) language, and (h) values.

Summary

Chapter III provided a discussion of the nature and design of the study. The

purpose and research questions were noted, as well as a description of the data analysis methodology to include data collection, display, and conclusion drawing verification. The chapter also discussed validity and reliability in qualitative data analysis. Next the chapter provides a discussion of protection of human subjects, researcher role, and a discussion of reflexivity.

Chapter IV: Analysis of Findings

Introduction

The purpose of this study is to identify key components of budgetary policies for California community multicollege districts. Chapter IV presents the results of the data collection and analysis phase of the project. Budget policies from multicolleges districts in the California community college system were obtained from Web sites and a content analysis conducted to obtain key components of budgetary policy.

Chapter Structure

Chapter IV begins with an overview and profile of the sample multicollege districts. The chapter also includes a description of the data collection and analysis, data analysis findings, and data display. The data analysis findings are presented in the order of the research questions. Chapter IV concludes with a summary of the findings.

Overview

The purpose of this study is to identify key components of budgetary policies for California community multicollege districts. Understanding the key components of budgetary policy can be useful in updating and creating new policies for future implementation, and in particular during times of major budget crisis for higher education funding. The study is qualitative in nature and uses content analysis as the method to analyze board-adopted budget policies and procedures.

The central research question for this study is listed first, followed by additional research questions.

1. What are the key components of budgetary policies used by California community colleges in multicollege districts?

2. Which components of budgetary policies used by California community colleges in multicollege districts appear most frequently?
3. Which components of budgetary policies used by California community colleges in multicollege districts appear least often?
4. Which components of budgetary policy used by California community colleges in multicollege districts denote goals connected to specific measurements?
5. To what extent do budgetary policies and procedures by California community multicollege districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California?

Profile of Multicollege Districts

The study’s total population is 22 California multicollege districts, of which 20 of the district policies and procedures were publicly available and, therefore, serve as the sample of data sources for this study. The budget policies and procedures used in this study are available at the individual district Web sites. The multicollege districts used in this study range in size from 4,930 FTES to 101,569 FTES, with an average of 27,029 FTES and a median of 22,521 FTES. The multicollege districts range from having two colleges to nine colleges with the majority (13) having two colleges per district. The districts are located in northern, central, and southern California. Annual unrestricted general fund expenditures range in size from \$33 million to \$556 million, with an average of \$152 million and a median of \$137 million. Reserve percentages as a percentage of expenditures range from 5.2% to 26%, with an average of 14.09% and

median of 12.1%. The percentage of salaries and benefits to overall expenditures averages 83.24% with a median of 85.20%. All districts comply with the 50% law with percentages of Current Expense of Education (CEE) ranging from 50.06% to 54.05% with an average of 52.03% and a median of 52.01%. Eight of the 20 sample districts deficit spent in FY 08–09 with data for one district unavailable. The following table indicates the multicollge districts by size based on Full-time Equivalent Students (FTES).

Table 2

Multicollge Districts by Size (FTES)

	Under 10,000 FTES	Under 50,000 FTES and larger than 10,000 FTES	Under 100,000 FTES and larger than 50,000 FTES	Over 100,000 FTES
Number of Colleges	2	16	1	1

Table 3 indicates the multicollge districts by size of budget, with the majority having unrestricted general fund expenditures over \$100 million and less than \$200 million.

Table 3

Multicollge Districts by Unrestricted General Fund Expenditures

	Under \$50 million	Under \$100 million and over \$50 million	Under \$200 million and over \$100 million	Over \$200 million
Number of Districts	2	5	10	2

Note. Financials for FY 08–09 for one district are not available.

Table 4 indicates how many colleges are in each multicollge district.

Table 4

Colleges in a District

	Two-college Districts	Three-college Districts	Four-College Districts	Nine-College District
Number of Districts	13	4	2	1

The profiles of each multicollge district are displayed below in alphabetical order.

Chabot-Los Positas Community College District. Chabot-Los Positas Community College District is a two-college multicollge district serving 17,577 funded FTES. Chabot-Los Positas Community College District is located in the East Bay area and operates with a \$102 million unrestricted general fund budget. The district ended FY 08–09 with a reserve of \$12 million (12.1%). Based on actual expenditures for FY 08–09, 84% of the district’s unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 53.21% of its CEE for instructional salaries and benefits.

Coast Community College District. Coast Community College District is a three-college multicollge district that serves 34,375 funded FTES. Coast Community College District is located in Orange County and operates with a \$193 million unrestricted general fund budget. The district ended FY 08–09 with a \$21 million (10.9%) reserve. Based on actual expenditures for FY 08–09, 87% of the district’s expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 50.06% of its CEE for instructional salaries and benefits.

Contra Costa Community College District. Contra Costa Community College

District is a three-college, two-center multicollege district that serves 29,774 funded FTES. Contra Costa Community College District is located in the East Bay area and operates with a \$170 million unrestricted general fund budget. The district ended FY 08–09 with a \$29 million (17.30%) reserve. Based on actual expenditures for FY 08–09, 85% of the district’s unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 52.01% of its CEE for instructional salaries and benefits.

Foothill-DeAnza Community College District. Foothill-DeAnza Community College District is a two-college, one-center multicollege district that serves 32,104 funded FTES. Foothill-DeAnza Community College District is located in the Bay area and operates with a \$199 million unrestricted general fund budget. The district ended FY 08–09 with a \$39 million (19.8%) reserve. Based on actual expenditures for FY 08–09, 80% of the district’s unrestricted general fund expenditures were salaries and benefits. The district is in compliance with the 50% law requirement through spending 51.71% of its CEE for instructional salaries and benefits.

Grossmont-Cuyamaca Community College District. Grossmont-Cuyamaca Community College District is a two-college multicollege district that serves 18,082 funded FTES. Grossmont-Cuyamaca Community College District is located in the San Diego area and operates with a \$97 million unrestricted general fund budget. The district ended FY 08–09 with a \$9.5 million (9.9%) reserve. Based on actual expenditures for FY 08–09, 88% of the district’s unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 55.39% of its CEE for instructional salaries and benefits.

Kern Community College District. Kern Community College District is a three-college, two-center multicollege district that serves 19,200 funded FTES. Kern Community College District is located in the southern and eastern portion of the San Joaquin Valley and operates with a \$108 million unrestricted general fund budget. The district ended FY 08–09 with a \$28 million (26.3%) reserve. Based on actual expenditures for FY 08–09, 77% of the district unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 50.67% of its CEE for instructional salaries and benefits.

Los Angeles Community College District. Los Angeles Community College District is a nine-college multicollege district that serves 101,569 funded FTES. Los Angeles Community College District, the largest California community college district, is located in southern California along the Pacific coast and operates with a \$556 million unrestricted general fund budget. The district ended FY 08–09 with a \$45 million (8.2%) reserve. Based on actual expenditures for FY 08–09, 84% of the district unrestricted general fund expenditures are salaries and benefits. The district is in compliance with the 50% law requirement through spending 53.11% of its CEE for instructional salaries and benefits.

Los Rios Community College District. Los Rios Community College District is a four-college, three-center multicollege district that serves 51,091 funded FTES. Los Rios Community College District is located in northern California serving the Sacramento area, and operates with a \$278 million unrestricted general fund budget. The district ended FY 08–09 with a \$27 million (9.8%) reserve. Based on actual expenditures for FY 08–09, 85% of the district's unrestricted general fund expenditures were salaries and

benefits. The district is in compliance with the 50% law requirement through spending 54.04% of its CEE for instructional salaries and benefits.

North Orange County Community College District. North Orange County Community College District is a two-college, one-center multicollege district serving 33,460 funded FTES. North Orange County Community College District is located in north Orange County area and operates with a \$167 million unrestricted general fund budget. The district ended FY 08–09 with a reserve of \$35 million (21.2%). Based on actual expenditures for FY 08–09, 87% of unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirements through spending 54.05% of its CEE for instructional salaries and benefits.

Peralta Community College District. Peralta Community College District is a four-college multicollege district that serves 19,040 funded FTES. Peralta Community College District is located in the Bay area and the district's current financials are unavailable.

Rancho Santiago Community College District. Rancho Santiago Community College District is a two-college, one center multicollege district that serves 30,302 funded FTES. Rancho Santiago Community College District is located in the Orange County area and operates with a \$146 million unrestricted general fund budget. The district ended FY 08–09 with a \$16 million (11.30%) reserve. Based on actual expenditures for FY 08–09, 85% of the district unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 50.89% of its CEE for instructional salaries and benefits.

San Bernardino Community College District. San Bernardino Community

College District is a two-college multicollege district that serves 13,777 funded FTES. San Bernardino Community College District is located in southern California in the Inland Empire, and operates with a \$74.6 million unrestricted general fund budget. The district ended FY 08–09 with a \$17 million (22.9%) reserve. Based on actual expenditures for FY 08–09, 81% of the district unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 50.16% of its CEE for instructional salaries and benefits.

San Jose-Evergreen Community College District. San Jose-Evergreen Community College District is a two-college multicollege district that serves 14,642 funded FTES. San Jose-Evergreen Community College District is located in the South Bay area and operates with an \$81 million unrestricted general fund budget. The district ended FY 08–09 with a \$6.4 million (7.9%) reserve. Based on actual expenditures for FY 08–09, 86% of the district’s unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 53.47% of its CEE for instructional salaries and benefits.

South Orange County Community College District. South Orange County Community College District is a two-college multicollege district that serves 25,860 funded FTES. South Orange County Community College District is located in the southern portion of Orange County and operates with a \$182 million unrestricted general fund budget. The district ended FY 08–09 with a \$26.5 million (14.6%) reserve. Based on actual expenditures for FY 08–09, 64% of the district unrestricted general fund expenditures were salaries and benefits. The district was in compliance with the 50% law requirement through spending 52.81% of its CEE for instructional salaries and benefits.

State Center Community College District. State Center Community College District is a two-college, three-center multicollege district that serves 26,621 funded FTES. State Center Community College District is located in central California and operates with a \$142.8 million unrestricted general fund budget. The district ended FY 08–09 with a \$30.9 million (21.7%) reserve. Based on actual expenditures for FY 08–09, 87% of the district unrestricted general fund expenditures are salaries and benefits. The district is in compliance with the 50% law requirement through spending 50.35% of its CEE for instructional salaries and benefits.

Ventura Community College District. Ventura Community College District is a three-college multicollege district that serves 25,841 funded FTES. Ventura Community College District is located in southern California along the coast and operates with a \$137.8 million unrestricted general fund budget. The district ended FY 08–09 with a \$23.8 million (17.3%) reserve. Based on actual expenditures for FY 08–09, 85% of the district's unrestricted general fund expenditures were salaries and benefits. The district is in compliance with the 50% law requirement through spending 53.29% of its CEE for instructional salaries and benefits.

West Hills Community College District. West Hills Community College District is a two-college, one-center multicollege district that serves 4,930 funded FTES. West Hills Community College District is located in central California in the San Joaquin Valley and operates with a \$33 million unrestricted general fund budget. The district ended FY 08–09 with a \$1.9 million (5.9%) reserve. Based on actual expenditures for FY 08–09, 71% of the district's unrestricted general fund expenditures were salaries and benefits. The district is in compliance with the 50% law requirement through spending 50.16% of its

CEE for instructional salaries and benefits.

West Valley-Mission Community College District. West Valley-Mission Community College District is a two-college multicollege district that serves 16,904 funded FTES. West Valley-Mission Community College District is located in the bay area, and operates with a \$95 million unrestricted general fund budget. The district ended FY 08–09 with a \$5 million (5.3%) reserve. Based on actual expenditures for FY 08–09, 87% of the district’s unrestricted general fund expenditures were salaries and benefits. The district is in compliance with the 50% law requirement through spending 52.51% of its CEE for instructional salaries and benefits.

Yosemite Valley Community College District. Yosemite Valley Community College District is a two-college multicollege district that serves 17,137 funded FTES. Yosemite Valley Community College District is located in the northeast portion of California and operates with an \$87 million unrestricted general fund budget. The district ended FY 08–09 with a \$17.5 million (20.2%) reserve. Based on actual expenditures for FY 08–09, 91% of the district’s unrestricted general fund expenditures were salaries and benefits. The district is in compliance with the 50% law requirement through spending 50.1% of its CEE for instructional salaries and benefits.

Yuba Community College District. Yuba Community College District is a two-college, one-center multicollege district that serves 7,828 funded FTES. Yuba Community College District is located in the eastern Sierra portion of California and operates with a \$48 million unrestricted general fund budget. The district ended FY 08–09 with a \$2.5 million (5.2%) reserve. Based on actual expenditures for FY 08–09, 83% of the district’s unrestricted general fund expenditures were salaries and benefits. The

district is in compliance with the 50% law requirement through spending 50.59% of its CEE for instructional salaries and benefits.

Data Collection

The data were collected from the individual college Web sites, copied, and filed by alphabetic order. Purposeful sampling was accomplished through the selection of criteria (Creswell, 2003) for the sites (multicollege districts) and the type of data collected (budget policy). The total population for the study was 22 public community multicollege districts in California, of which 20 districts budget policies were accessible on the district Web sites.

Data Analysis

The analysis for the study started with the literature review through focusing on higher education, community colleges, policy, and budgets. The literature review provided valuable information, pointing to the lack of research in the area of community college budget policy. The policies were collected from publicly accessible Web sites and were each reviewed to determine the inclusion of the six “additional criteria” (CCLC, 2007, p. 37) as noted by the CCLC. The results were recorded in a matrix (Appendix A). Data reduction was accomplished through comparing the policies to the six additional criteria, recording the findings on the matrix (Appendix A), coding the data, and finding units of meaning. The units of meaning were further analyzed and several themes emerged and were recorded. Each theme was given a definition to provide further clarity.

Second rater. The use of second rater was built into the research design to increase the reliability of the study. Patton (2002) suggests that having the data analyzed by two independent people can be a method of triangulating the data. The researcher

developed a coding system based on the CCLC-recommended six additional criteria and met with the second rater to go over the study purpose, documents, and explain the methodology for coding the data. The researcher also went over the research steps with the second rater to include: (a) reading and rereading the policies and coding the policies for units of meaning, (b) analyzing the units of meaning for themes, (c) simplifying the data through identifying and recording the emerging themes, and (d) tabulating the findings to establish the frequency of occurrences, correlating themes, and notes to research questions.

Definitions for each theme were displayed on the matrix to assist in the understanding of each theme. After following the steps, the researcher's and second rater's findings were compared with each other for any differences. There was agreement between both the researcher and the second rater on which policies included the six additional criteria. There were differences in the names of the themes, as the researcher labeled one theme regulatory and the second rater used legal compliance. The two terms were combined after referring back to the CCLC reference to encompass regulatory and legal compliance. The researcher noted a theme throughout the policies related to specific measurements and the second rater agreed that it was a theme; therefore, it was added to the list of themes. Consensus regarding values and priority clarity between the researcher and second rater was achieved through rereading and reviewing the two district policies where there had been some disagreement. Both agreed to add a column to the matrix noting whether each district fully met the CCLC additional criteria, partially met the CCLC additional criteria, or did not include any of the additional criteria.

Data Display

The data from this study are represented in text, graphically illustrated by tables and figures, and display a linkage to the research questions. The text is organized by research question.

Findings Related to Research Question 1

Research question 1 asked: What are the key components of budgetary policies used by California community colleges in multicollege districts? This study defines key as important to the fiscal stability of the district. Eight themes emerged in the content analysis:

1. Regulatory and legal compliance—cites Education Code, Title 5 of the CCR, or the Budget and Accounting Manual.
2. Planning related—mentions planning other than a pro forma statement.
3. Allocation description—describes how resources are allocated among the colleges in a district.
4. Participation process—describes who participates in the budget process.
5. Values and priority clarity—includes some statement of the values, principles, or purposes other than a pro forma statement.
6. Process definition—describes the budget preparation and development process other than in a pro forma statement.
7. Specific measurements—describes specific goal criteria rather than pro forma statement.
8. Include CCLC recommended language—denotes the CCLC six additional criteria language.

Below, Figure 1 displays the themes by frequency of occurrence.

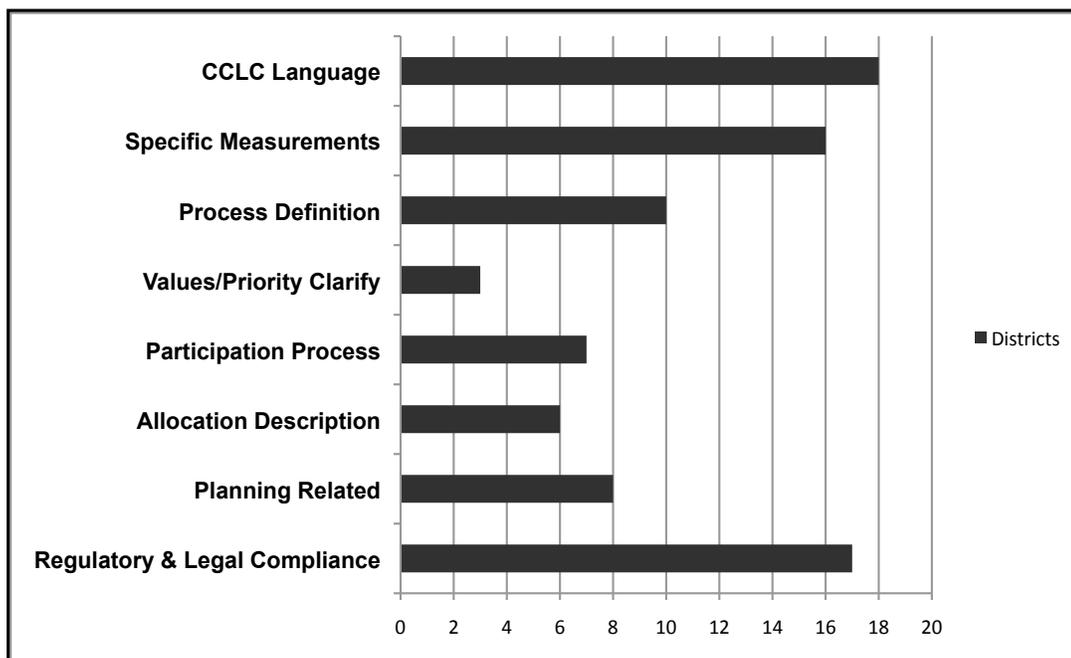


Figure 1. Themes by Number of Districts.

The key components of budgetary policies identified in this study are: (a) specific measurements, (b) regulatory and legal compliance, and (c) the six additional criteria as recommended by the CCLC and, in particular, the establishment of a budget calendar and the percentage of the unrestricted general fund balance (reserves).

First, the key component apparent in 80% of the policies is the inclusion of a specific measurements tied to either a date or a percentage of reserves. The dates were tied to the legal requirements as noted in Title 5 of the CCR. A couple of districts included specific measurements for regulatory compliance issues such as the 50% law. The importance of including specific measurements in budget policy is reinforced by the fact that the Chancellor's Office in 2005 issued "Accounting Advisory: Monitoring and Assessment of Fiscal Conditions" (COCCC, 2005, p. 1). The accounting advisory

includes the criteria for assessing the fiscal stability of a district as follows:

1. Primary criteria: General fund analysis based on the “percentage of unrestricted general fund balance to all expenditures and other outgo of unrestricted general fund” (COCCC, 2005, p. 1). The recommended, “minimum prudent unrestricted general fund balance is five percent” (p. 1).
2. Secondary criteria to include:
 - a. Analysis of spending patterns to include deficit spending.
 - b. Analysis of FTES historical patterns with special consideration on fluctuating enrollment.
 - c. Personnel costs to include salaries and benefits.
 - d. Other areas to include reports, audits, and internal control status (COCCC, 2005, p. 1).

Based on the accounting advisory and the associated checklist, the inclusion of specific measurements in budget policy to include unrestricted general fund balance and percentages of maximum personnel related costs, supports the inclusion of specific measurements in budget policy. Also, included in Title 5 §58301 and §58305 are the specific dates for budget adoption for both the tentative and adoption budgets for a district, as well as public hearings.

Citations referencing law or statute appear to be one of the key components included in almost all the budget policies (85%). The inclusion of the citations provides an easy reference to legal requirements that are part of the policy. Since the CCCS is a state public agency, clear identification of what are legal requirements versus local policy is helpful. Of the 20 policies reviewed, 17 had clear citations back to law and statutes.

Of the 20 districts, 18 (90%) included either all or partial reference to the six additional criteria as recommended by the CCLC. The inclusion of specific measurements in those recommendations provided a policy that truly meets the intent of the language. Specifically, two of the six additional criteria were key components included in a majority of the budget policies, budget calendar dates, and unrestricted general reserves. The six additional criteria include the following components (CCLC, 2007):

1. The annual budget shall support the district's master and educational plans.
2. Assumptions upon which the budget is based are clearly stated.
3. The calendar for presentation of the tentative budget, required public hearings, board study sessions, and approval of the final budget.
4. Process for budget development within the district, and for public input into the budget.
5. The standard for the unrestricted general reserves.
6. The budget provides for long-term goals and commitments. (p. 37)

Ten districts (50%) included the exact or similar language to the six additional criteria. Several colleges went further to include specific measurements related to statutory dates of budget adoptions, public hearings, and reserve percentages. Notable are the majority of the districts that included a percentage minimum for reserves used 5%, which is recommended by the State Chancellor's Office in the Accounting Advisory (2005). Five (25%) districts included specific dates for board approval of the tentative and adoption budgets, as well as deadlines for public hearings.

Findings Related to Research Question 2

Research question 2 asked: Which components of budgetary policies used by California community colleges in multicollge districts appear most frequently? Three themes emerged as most frequently used in budgetary policy, (a) CCLC six additional criteria, (b) regulatory and legal compliance, and (c) specific measurements.

Of the 20 community college districts, 18 districts (90%) included either all or part of the CCLC six additional criteria language; 17 districts (85%) cited Education Code, Title 5, or the Budget and Accounting Manual; and 16 districts (80%) included specific measurements. There was a drop in the number of districts that included the next most frequent theme of process definition, of which 10 districts (50%) included some form of description of the budget preparation and development process rather than a pro forma statement.

Findings Related to Research Question 3

Research question 3 asked: Which components of budgetary policies used by California community colleges in multicollge districts appear least often? Values and priority clarity is the component of budgetary policy that appears least frequently in the 20 policies, with only three (15%) districts including some statement of values, principles, or purposes of the process.

Allocation description and participation process were the next least frequently included areas in the policies with inclusion in only six (30%) of the 20 policies for both. Allocation description refers to the description of how resources are actually allocated among the colleges. Participation process describes who participates in the process.

Findings Related to Research Question 4

Research question 4 asked: Which components of budgetary policy used by

California community colleges in multicollge districts denote goals connected to specific measurements? The components of budgetary policy that denoted goals connected to specific measurements most often are the reserve requirements and specific dates for budget adoption. Of the district policies, 12 (60%) included a specific percentage minimum reserve standard ranging from 3% to 7.5% with the most frequent percentage of 5%. One district had a minimum reserve and a target reserve goal of between 7% and 15% respectively. Table 5 indicates the number of districts that included specific measurements in the budget policies.

Table 5

Specific Measurements

	No Specific Measurements	One Specific Measurement	Two to Five	More than Five
Number of Districts	4	8	7	1

Four district policies (20%) included specific measurements related to dates for budget approval by the governing board for the tentative, adoption budgets, and associated public hearings, whereas the majority of the districts cited the codes that prescribe the regulatory dates. Three districts (15%) included specific dates for the submission to the State Chancellor's Office or County Office of Education. Two districts (10%) included a maximum percentage for salaries and benefits of general fund expenditures. Two districts (10%) included a variety of specific measurements ranging from 50% for instructional salaries to prescribing the distribution of cost of living adjustments.

Other specific measurements included in budget policy were goals for total compensation, full-time faculty ratios to part-time faculty, and administrative salaries as a

percentage of expenditures. One district policy included 10 specific measurements.

Findings Related to Research Question 5

Research question 5 asked: To what extent do budgetary policies and procedures by California community multicollege districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California? Of the districts, 10 (50%) included all of the CCLC six additional criteria language in their policies, eight included portions of the additional criteria language, and two districts (10%) did not include any of the language (Appendix B). Figure 2 notes how many of the multicollege districts included the CCLC additional criteria language.

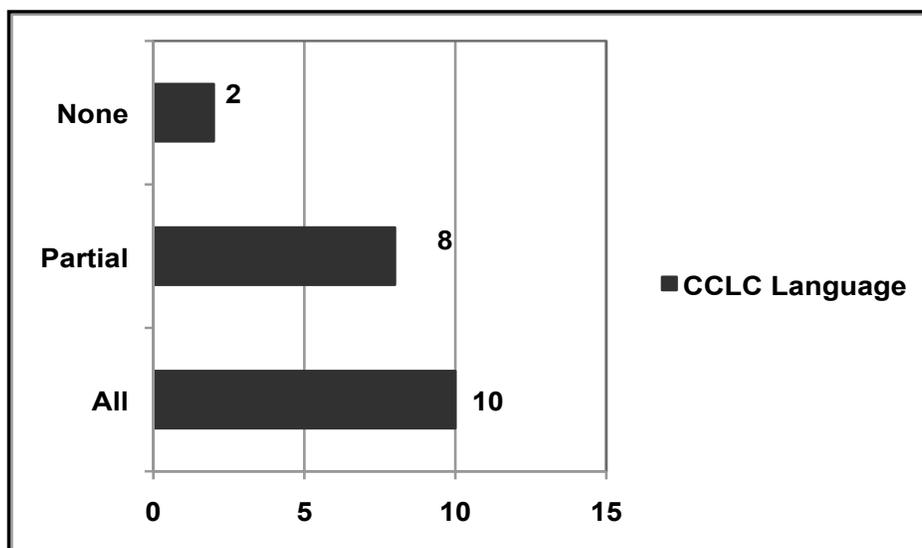


Figure 2. Districts including CCLC language.

The 10 districts that include all of the CCLC six additional criteria use language very similar to the verbatim language, as recommended by the CCLC. Of the 10 districts, 8 (40%) use only the CCLC recommended language and one district includes budget development values along with the six additional criteria.

Areas Not Expected but Addressed

During the content analysis of the budget policies, it was observed that some of the policies carried a minimum of language, while others were very detailed with extensive specific measurements and prescribed allocation percentages. Of the 20 districts, 40% used the verbatim language recommended by the CCLC while other policies went into extensive detail on specific measurements.

Another area not expected but addressed is the inclusion of the date the policy was adopted by the board, historical dates of revisions, and other policy references. There was a variation between the districts on what dates were included on the policies, with some policies including just the date approved by the local board while others included dates of revisions and other related policies.

Descriptive language in several of the policies was not expected as part of the policy. Los Angeles Community College District noted the “The annual Budget is the official document through which the District expresses its education plan in terms of planned expenditures” (Los Angeles Community College District, 1981, p. 1). The policy also notes “It should be realized that budgeting is, by necessity a continuing process of monitoring, reviewing, evaluating, and adjusting” (p. 1).

West Hills Community College District provided a philosophy statement in the beginning of its policy to acknowledge the importance of the communities the district serves and to state that the district intends to serve the communities through the local colleges. The policy includes the following statement of value, “The Board believes that because of our geographic location and distribution of our cities, the ability to maintain access to higher education opportunities is essential for our communities to grow and

prosper” (West Hills Community College District, 2010, p. 1). The West Hills Community College District policy also provides for a statement noting the district may deviate from the policy in times of emergency.

Notable was the very specific language for West Valley-Mission that clearly delineates compensation goals, regulatory goals such as the 50% law and the 75/25% law, as well as specific funding for long-term obligations such as retiree health benefits.

Summary

The analysis began with the literature review and a framework was chosen against which to compare the policies. The data analysis model, as developed by Miles and Huberman (1994), was chosen as the data analysis framework for this study. The data were collected, analyzed, and coded for units of meaning and eight themes emerged. The use of a second rater provided a reliability check for the content analysis to include the coding and emerging themes. Data were recorded and displayed in text by research question, tables, and figures.

The study demonstrates that the majority of the districts utilized the six “additional criteria” (CCLC, 2007, p. 37) and that regulatory and legal compliance and specific measurements are a key component of budgetary policy.

Research question 1 asked: What are the key components of budgetary policies used by California community colleges in multicollge districts? Of the district policies, 90% included the CCLC language, 85% included regulatory and legal compliance references, and 80% included specific measurements.

Research question 2 asked: Which components of budgetary policies used by California community colleges in multicollge districts appear most frequently? Of the

district policies, 90% included the CCLC language, 85% included regulatory and legal compliance references, and 80% included specific measurements.

Research question 3 asked: Which components of budgetary policies used by California community colleges in multicollge districts appear least often? Of the district policies, 15% included some statement values-priority clarity, 30% included an allocation description, and 35% included a description of who participates in budget development.

Research question 4 asked: Which components of budgetary policy used by California community colleges in multicollge districts denote goals connected to specific measurements? Of the district policies, 80% included specific measurements, with 60% including some specific reference to a minimum unrestricted general fund reserve. Of the policies, 25% included specific dates for tentative and adoption budgets and for public hearings.

Research question 5 asked: To what extent do budgetary policies and procedures by California community multicollge districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37)? Of the district policies, 90% included either all or part of the CCLC language, and 50% of the policies included all of the language. Of the policies, 80% only included the CCLC language.

Findings of areas that were not expected and addressed were language that helped provide a context and understanding of budgetary policies as well as a statement of value that guides the budget process. Another area of note was the inclusion of the specific dates of board adoption, policy revisions, and other associated policies.

Chapter V: Conclusions and Recommendations

The purpose of this study is to identify key components of budgetary policies for California community multicollege districts. The review of the literature provided an overview of higher education, community colleges, and a discussion on policy and budget. The literature review discussed the evolution of community colleges and, in particular, the unique role they play in American higher education and how public policy has influenced resources and budgets. Also discussed is how California community college funding has evolved and the tension that exists between the allocated funding and the community college comprehensive mission.

The study is qualitative in nature and uses content analysis as the method to analyze board-adopted budget policies and procedures. The factors that drive the design of the study are first to understand the deeper issues, and the lack of research and literature on this topic. Qualitative research was chosen because it is a good place to start when researching unexplored areas, particularly in the policy area (Patton, 2002).

Chapter Structure

Chapter five includes an overview of the research study, a restatement of the problem, purpose, and research questions, as well as the synopsis of the methodology. Next is a section on results and conclusions by research question. The chapter also covers implications for the field, multicollege district leadership, policy makers, and future policy. The chapter concludes with recommendations for future research and a summary.

Overview

The purpose of this study is to identify key components of budgetary policies for California community multicollege districts. Understanding the key components of

budgetary policy can be useful in updating and creating new policies for future implementation and, in particular, during times of major budget crisis for higher education funding. The challenge is to understand the key components of budget policies that assist community colleges in effectively allocating scarce and declining resources to ensure that the priorities of the institution are reflected in the budget plan. This analysis has not been done in the community college system in California, as reflected in the lack of literature on this subject.

Restatement of the problem. The California community college system is trying to provide access to students, provide student support services to ensure student success, and maintain fiscal stability, while revenue sources are declining. Slow budget processes at the state level in California have exacerbated the problems through slow adoption of state budget acts and deferrals of revenues. Increased scrutiny from the accrediting agencies, the public, and media has increased the visibility of fiscal stability concerns in community colleges. There has been little research in the area of budgetary practices reflected in budget policy in the area of community colleges and, in particular, in California.

Restatement of the purpose. The purpose of this study is to identify key components of budgetary policy for California community multicollge districts. Understanding the key components of budgetary policy can be useful in updating and creating new policies for implementation, particularly during these times of major budget crisis in California and a continued national crisis of higher education funding.

Restatement of the research questions. The central research question for this study is listed first, followed by additional research questions.

1. What are the key components of budgetary policies used by California community colleges in multicollege districts?
2. Which components of budgetary policies used by California community colleges in multicollege districts appear most frequently?
3. Which components of budgetary policies used by California community colleges in multicollege districts appear least often?
4. Which components of budgetary policy used by California community colleges in multicollege districts denote goals connected to specific measurements?
5. To what extent do budgetary policies and procedures by California community multicollege districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California (CCLC)?

Methodology. Budget policies and procedures were collected from 20 community multicollege districts in California and analyzed through a content analysis using the framework developed by Miles and Huberman (1994). Purposeful sampling was accomplished through the selection of the criteria for the sites and the type of data collected. The data analysis was conducted utilizing a framework of six additional criteria, as identified by the CCLC. The researcher and second rater compared the policies and procedures against a matrix using the six additional criteria. The additional criteria include (CCLC, 2007):

1. The annual budget shall support the district’s master and educational plans.
2. Assumptions upon which the budget is based are clearly stated.

3. The calendar for presentation of the tentative budget, required public hearings, board study sessions, and approval of the final budget.(Check item. Makes no sense.)
4. Process for budget development within the district, and for public input into the budget.
5. The standard for the unrestricted general reserves.
6. The budget provides for long-term goals and commitments. (p. 37)

The policies were then coded for units of meaning and the data were simplified through identifying and recording emerging themes. Data were recorded on a matrix by each district. Definitions for each theme were established and displayed on the matrix to facilitate the understanding of each theme. After consensus was established between the researcher and second rater, the data were displayed in text and tables through linkage to the research questions.

Validity and reliability. Validity was addressed through the use of documents that contain precise language and “low-inference descriptors” (McMillan & Schumacher, 2006, p. 324). The coding was also aligned to the CCLC recommended “additional criteria” (CCLC, 2007, p. 37) providing a structured language framework, to increase the validity of the study.

A second rater was used to increase the reliability of the study. Patton (2002) suggests that having the data analyzed by two people can be a method of triangulating the data. The researcher and second rater used the same protocol for reviewing the policies and procedures ending with a reconciliation process to resolve any differences in findings as prescribed by Miles and Huberman (1994).

Results and Conclusions

The results and conclusions related to each research question and associated content from the literature review are discussed in this section of the study. The results of this study are not generalizable because of the small sample size of the study, although this study could add to the sparse literature on budget policy as it relates to community colleges in California. As observed by McMillan and Schumacher (2006), inquiry is justified for various reasons other than being generalizable: to include the furthering of knowledge, testing theories, or issues that are currently of concern.

Research question 1. What are the key components of budgetary policies used by California community colleges in multicollege districts? The findings from this study identified eight major themes associated with budget policies in California community multicollege districts to include: (a) regulatory and legal compliance, (b) planning related, (c) allocation description, (d) participation process, (e) values and priority clarity, (f) process definition, (g) specific measurements, and (h) inclusion of the CCLC recommended language.

The most frequently used key components of budgetary policy identified in this study are specific measurements (80%), regulatory and legal compliance (85%), and the six additional criteria, as recommended by the CCLC (90%).

The component of specific measurements refers to the inclusion of specific goal criteria in the budget policy rather than a pro forma statement. Of the districts, 16 (80%) included specific measurements in their policies in the form of calendar dates for budget adoption and general fund reserves. In the literature review, it is noted by Smith (2010) that effective board policies “define clear expectations for college staff” (p. 76). The use

of specific measurements is also reinforced by the “Accounting advisory: Monitoring and Assessment of Fiscal Conditions” (COCCC, 2005, p. 1) in the recommendation to maintain at least a 5% reserve. The six “additional criteria” (CCLC, 2007, p. 37) state, “The standard for the unrestricted general reserves” (p. 37).

The component of regulatory and legal compliance is defined as citing of Education Code, Title 5 of the CCR, or the Budget and Accounting Manual. As reflected in the literature review, an area for effective budget policy is to “ensure that the district is in compliance with the law” (Smith, 2010, p. 76). The review of the literature includes the observation by Greene (1992) that budget policies for colleges and universities differ because of external reporting requirements, regulations, and compliance issues. As reflected in the literature review, EC 70902 states that local governing boards shall adopt policies in compliance with the State of California and the California Community Colleges Board of Governors.

Reflected in the literature review is the importance of strong budgeting practices, starting with policies and decisions about values and priorities. As discussed in the literature review, the priority of “more services and greater benefits” (Lawrence, 2003, p. 33) to include public educational opportunities, was established when the state had enormous resources. Earlier in the literature review it was observed that community colleges were established based on the American value that all citizens are entitled to an education (Monroe, 1972; Vaughn, 2006). This creates a paradox for resource allocation when the basic underlying value of community colleges conflicts with the available resources (Townsend & Dougherty, 2006). In 2010, the administration emphasized the importance of community colleges at the first national Whitehouse Summit on

Community Colleges (Gonzalez, 2010) while concurrently, community colleges continue to lose funding (Strauss, 2009). With transfer rates and retention issues at the forefront of the political debate for community college funding, values and priorities in policies are critical to review because of the impact of policies on the goals and planning in the organization (Starling, 1993). Bernstein and O'Hara (1979) and Stillman (1996) acknowledge the conflicts that arise in public budgets as a result of conflicting priorities. As federal, state, and local funding disappears, competition for those resources will get worse (Kerr, 2001) forcing institutions to review and prioritize services. Of the districts, 3 (15%) included a statement of values, principles, or purposes of the process. The establishment for the overall values, principles, and purposes for the college's educational programs and services, rather than through the pro forma statement that "the annual budget shall support the district's master and educational plans" (CCLC, 2007, p. 37), as identified in CCLC's (2007) six additional criteria, is a key component of budgetary policy. Although only 15% of the districts included some statement of values, principles, or purposes of the process, the literature review reflects an importance of including budgetary values in the budget policies.

Another area of budgeting policy that was identified in the content analysis was the area of process definition, which describes the budget preparation and development process other than in a pro forma statement. Of the districts, 10 (50%) included some level of process definition. As discussed in the literature review, budgets are a central part of the resources allocation process (Starling, 1993). Shah also explains that strong fiscal performance comes from a well thought out and good design of the budgetary process (Shah, 2007). Massey (1996) observes, "While resource allocation does boil down to

knowledgeable people making informed decisions, the record shows that *process*—the way decisions are made and communicated—powerfully affects outcomes” (p. 3). Also, noted in the literature review, “Accreditation Standard 3D” (ACJCC, 2010b, p. 19) has a requirement for colleges to follow their budgetary processes in developing budgets. The inclusion of the “process for budget development within the district, and for public input into the budget” (CCLC, 2007, p. 37) is also noted in CCLC’s (2007) six additional criteria.

Related to the component of process is the issue of the participation process, which is defined as a description of who participates in the process. As previously noted in the literature review, public expenditure management is tied to four pillars that include “accountability, transparency, predictability, and participation” (Shah, 2007, p. 54). Townsend and Schmieder-Ramirez (2008) write, “A good budgeting process provides for input from staff and community in a decentralized mode, while ensuring all legal requirements are met” (p. 58). “Accreditation Standard 3D” (ACJCC, 2010b, p. 19) supports constituent participation, “The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets” (p. 19). AB 1725, when enacted, set a requirement for inclusion of faculty in the development of the budgetary process (Community College League of California and The Academic Senate for California Community Colleges, 1998). Also, Smith (2010) writes that effective policies “establish standards for board operations and trustee involvement” (p. 76). CCLC’s (2007) six additional criteria also note that policy should include “Process for budget development within the district, and

for public input into the budget” (p. 37).

The budget policy component of planning related was identified in eight of the districts (40%). Planning related is defined as including planning as a statement, rather than a pro forma statement. As cited in the literature review, budgets are plans for how institutions allocate and spend resources to attain organizational goals and should be closely linked to budget policies (Bernstein & O’Hara, 1979; Mintzberg, 1994; Shah, 2007). Accrediting standards include a requirement that links the budget to planning (ACJCC, 2010b). Also observed by Beno (2007), accreditation standards reflect the importance of linking budgets to planning, which is one of the major reasons community colleges are put on sanctions.

Six (30%) of the districts included allocation description in their policies, which is defined as having some description of how the resources are allocated among the colleges of the district. As noted by Meisinger (1994), budgets serve several purposes and include an institutional plan of action, an institutional contract, a control mechanism, and a political device to relay a message of how money is spent. Massey (1996) also noted three important keys to effective resource allocation: “(a) understanding the systems of incentives that guides spending in colleges and universities, (b) recognizing and managing the diversity of intrinsic values that abounds within any higher education institution and (c) managing the complexity” (pp. 4–5). Massey reflects on the importance of resource allocation, “Traditional budgeting systems may have served in a simpler and more stable time, but they break down when confronted with a combination of complexity and rapid environmental change” (p. 6). Based on the literature review, a description of how the institution allocates resources is a key component of budgetary

policy.

Of the districts, 18 (90%) included the six additional criteria, as recommended by the CCLC. Among them, 10 districts (50%) included all of the language, eight (40%) included part of the language, and two (10%) included none of the language.

Research question 2. Which components of budgetary policies used by California community colleges in multicollge districts appear most frequently? Three themes emerged as most frequently used in budgetary policy: (a) CCLC six additional criteria (90%), (b) regulatory and legal compliance (85%), and (c) specific measurements (80%). Of the 20 community college districts, 18 districts (90%) included either all or part of the CCLC six additional criteria language; 17 (85%) cited Education Code, Title 5, or the Budget and Accounting Manual; and 16 (80%) districts included specific measurements to include reserve requirements and dates of budget adoption.

Research question 3. Which components of budgetary policies used by California community colleges appear least often? Three components of budgetary policy appeared least often. Three (15%) policies included some statement values-priority clarity, six (30%) included an allocation description, and seven (35%) included a description of who participates in budget development.

Research question 4. Which components of budgetary policy used by California community colleges in multicollge districts denote goals connected to specific measurements? Of the policies, 16 (80%) included some reference to specific measurements. The components of budgetary policy that denoted goals connected to specific measurements most often are the reserve requirements and specific dates for budget adoption. Of the district policies, 12 (60%) included a specific percentage

minimum reserve standard ranging from 3% to 7.5% with the most frequent percentage of 5%. One district had a minimum reserve and a target reserve goal of between 7% and 15% respectively.

Four (20%) districts included specific measurements for dates related to board approval of the tentative and adoption budgets or public hearings, whereas the majority of the districts cited the Education Code or Title 5 sections of the CCR where the dates are in statute. As stated in the literature review, defining clear expectations for college staff is an important component for effective board policies (Smith, 2010). “Accounting advisory: Monitoring and Assessment of Fiscal Conditions” (COCCC, 2005, p. 1) reinforces the use of specific measurements in the area of reserves.

Research question 5. To what extent do budgetary policies and procedures by California community multicollege districts meet the six recommended “additional criteria” (CCLC, 2007, p. 37) for policies as identified by the Community College League of California? The additional criteria include (CCLC, 2007):

1. The annual budget shall support the district’s master and educational plans.
2. Assumptions upon which the budget is based are clearly stated.
3. The calendar for presentation of the tentative budget, required public hearings, board study sessions, and approval of the final budget.
4. Process for budget development within the district, and for public input into the budget.
5. The standard for the unrestricted general reserves.
6. The budget provides for long-term goals and commitments. (p. 37)

Of the districts, 10 (50%) included all of the CCLC six additional criteria

language in their policies, eight (40%) included portions of the additional criteria language, and two districts (10%) did not include any of the language (Appendix B). All of the areas of the six additional criteria are reflected in the components as found in the content analysis.

Table 6 provides a summary of the results of the study to include themes and the CCLC six additional criteria.

Table 6

Summary of Results

Themes included in budget policy and CCLC six additional criteria	Percentage of Total Districts (20)	Percentage of Districts with expenditures over \$100M (13)	Percentage of Districts with expenditures under \$100M (7)
Regulatory and legal requirements	85% (17)	77% (10)	100% (7)
Planning related	40% (8)	23% (3)	71% (5)
Allocation description	30% (6)	23% (3)	43% (3)
Participation process	35% (7)	38% (5)	29% (2)
Values/priority clarification	15% (3)	20% (2)	10% (1)
Process definition	50% (10)	46% (6)	57% (4)
Specific measurements	80% (16)	69% (9)	100% (7)
Budget shall support master and educational plans	70% (14)	62% (8)	86% (6)
Assumptions upon which the budget is based are clearly stated	75% (15)	69% (9)	86% (6)
Calendar for presentation of tentative budget, required public hearing and board study sessions, and approval of the final budget	80% (16)	85% (11)	71% (5)
A statement of process for budget development within the district and a statement of process for public input	85% (17)	92% (12)	71% (5)
Standard for unrestricted general reserves	65% (13)	62% (8)	71% (5)
Budget provides for long-term commitments and goals	65% (13)	62% (8)	71% (5)

Conclusions Based on Findings and Literature Review

The findings from the content analysis and literature review reveal that there are several key components of budgetary policy that lend themselves to more effective policies. The content analysis concluded with eight key components of budgetary policy and include: (a) regulatory and legal compliance, (b) planning related, (c) allocation description, (d) participation process, (e) values-priority clarity, (f) process definition, (g) specific measurements, and (h) inclusion of the CCLC recommended language. The review of the literature supports these components as important to effective budgetary policy. Although, not frequently used in the policies reviewed, the literature review supports the inclusion of values-priority clarity, allocation description, and process participation. Areas not expected but addressed that were significant are the inclusion of specific dates of board adoption and revisions of policies, as well as the reference to other related policies and procedures. Descriptive language spelling out the intent of the policies as well as a philosophy of the local board appeared in several policies that further gave direction for policy implementation. Also, the inclusion of the CCLC recommended language to include articulated values and priorities, specific measurements, how the process works, and who is included in the process will provide more clarity to senior leadership who interpret the policies.

Implications

The findings of this study have implications for the field, multicollge community college leadership, policy makers, and future policy. This section will detail the implications for these four areas. As documented in the literature review, there is little research in the area of budgetary policy for community colleges and, in particular,

California community colleges. Since community colleges are a new higher education institution, only having existed for the last 100 years, research in the area of budgetary policy is timely. Nationally, community colleges have undergone major shifts in funding from primarily receiving revenues from the local community to becoming dependent on state revenues. California community colleges have a particularly difficult challenge, as the master plan for education laid out a higher educational system focused on access and affordability (Shulock & Moore, 2007) and state revenues can no longer support the plan.

During recent years, more and more community colleges have experienced financial instability and fiscal issues, and more fiscal failures are anticipated because of the increased costs of health and welfare benefits, increasing retiree pension obligations, and retiree health benefit liabilities. It is anticipated as state resources continue to dwindle and the impact of long-term liabilities take their toll on operating budgets, fiscal stability will be more difficult to achieve. The conclusions of this study can provide some useful key components for inclusion into budget policy.

Implications for the field. The following implications are a result of the content analysis and the review of the literature describing key components in budgetary policy.

1. The results of this study could influence how budgets are developed through the inclusion of specific measurements, ensuring the values and priorities of the institution are included in policy, and through linking planning to budgets.
2. Further clarifying the budgetary process and who participates in the process in budget development can lessen internal political battles through clear communication from the board through policy (Smith, 2010).
3. Making sure that policies clearly align to regulatory and legal requirements

can keep boards and college constituents more informed about these requirements. Knowledge about regulatory and legal requirements position boards to ask better questions and monitor organizational performance. The inclusion of the CCLC additional six criteria is a useful checklist to make sure the college district is covering important budgetary policy issues.

4. Inclusion of explicit board values and priorities in budget policy can assist community college leadership to better direct resources.

Implications for leadership in multicollege districts. The implications for multicollege district leadership are directed at the senior administrators who often have to develop and interpret policy.

1. As stated in the literature review, policies provide staff direction in the area of governing board values and priorities. Effective budgetary policy makes a statement about the values and priorities of the district that links to the planning process.
2. Budgetary policies that reflect compliance with regulatory and legal requirements allow for clear alignment to the requirements set in statute and law and ensure all constituents are educated about the requirements.
3. Strong fiscal performance has been connected to a well thought out and good budget process (Shah, 2007). Stating that process in budget policy provides an opportunity for all constituencies to have input into the process as well as educate everyone on the process. Clearly stating the process and who participates in the process supports the regulatory requirements of AB 1725 and the accrediting standards. AB 1725 and the accrediting standards require

clarification in the areas of process and participation and clearly noting these in a policy save can valuable time when making critical decisions.

4. Next, including a clear statement of how resources are allocated and specific measurements may provide a clear message to all interested parties of the board priorities.
5. Including in budgetary policy a clear statement of linkage between planning and budgeting rather than pro rata statement provides for more clarity about the intent of board. Accrediting standards clearly denote a linkage between planning and budgeting and, as noted by Beno (2007), this has been a major issue for districts. In dissecting the six additional criteria as developed by the CCLC (CCLC, 2007), only the statement “assumptions upon which the budget is based are clearly stated” (p. 37), would be excluded in the above key components .
6. The inclusion of dates of adoption and revision on the policies will be helpful to new board members, college and district leadership, and the community when trying to understand if a policy has been reviewed and revised in a timely manner or as Education Code or Title 5 are changed.
7. The inclusion of related policies and procedures on policies will assist anyone trying to understand how a policy impacts other policies and procedures and what other policies or procedures may impact the interpretation of a policy.

Implications for policy makers. The findings of this study may assist policy makers in the form of governing board members at providing a context to compare to their individual district policies. The findings of this study provide strategies for

multicollege districts in California for building effective budget policies to provide direction and guidance in budget development through the inclusion of key components of budgetary policy.

1. Reviewing policies and procedures periodically is a good practice for staff and boards to ensure compliance with regulatory and legal requirements as well as ensuring that staff and the board are educated on various policies and procedures. As policies come through for board approval, board members may request staff to ensure that some or all of these key components are included in the policies.
2. The inclusion of specific measurements and clear linkage to regulatory and legal requirements can provide governing boards a stronger sense of assurance that staff will meet the stated goals, and that organizational budgets include the board's values and priorities. Providing linkage to the regulatory and legal requirements gives the governing board more opportunity to understand the requirements placed on the district through clear alignment to the regulatory and legal requirements, instead of depending on staff to make the interpretation for them.

More pressure is being imposed on governing boards as more community colleges have financial troubles. Effective budget policies can help reinforce the fiscal oversight of a district governing board through articulating specific goals, linking budgets with values, and priorities, and through tying the process to planning, and ensuring regulatory and legal compliance. Further defining the budget process and who participates, as well as how resources are allocated, provides clarity in the process that could ensure smooth

and clear paths for budget development and less conflicts (Bernstein & O'Hara, 1979; Stillman, 1996) and competition (Kerr, 2001). Defined budget processes also can affect the outcomes of a budget (Massey, 1996) as well as strong fiscal performance (Shah, 2007).

Implications for future policy. As community colleges grapple with the deteriorating fiscal environment, increased expectations to retain students, and improve accountability while the colleges are overburdened, they will be required to include thoughtful examination of priorities, budget practices, and resource allocation. Hyatt, Schmieder, and Madjidi (2010) contend that in a difficult economic environment, “leaders are needed to marshal the courage to take responsible action...” (p. 21). Since budget policy sets the board tone for how budgets and resources are allocated, review of policies and procedures against what this study defines as key components of budget policy could be useful to help define process, specific goals, and clear delineation to the complex compliance requirements to which community colleges should adhere. Based on the findings of this study, it is recommended that budget policies should include the key components of (a) regulatory and legal compliance, (b) planning related, (c) allocation description, (d) participation process, (e) values-priority clarity, (f) process definition, (g) specific measurements, and (h) inclusion of the CCLC recommended language. Further, it is recommended effective budget policies should include specific reserve requirements and targets, as well as the specific mandatory dates of legal compliance for budget adoption and public hearings. While most of the districts included a reference to the regulatory and legal compliance documents, not all spelled out in the policies the required dates as set forth in Title 5 and Education Code.

CCLC's (2007) six additional criteria, as recommended by the CCLC, are important components of policy. While the six additional criteria provide a valuable component of budgetary policy, they do not provide a statement of priority, values, or specific measurements to achieve. Clearly stated priorities, values, and specific measurements provide a roadmap for staff trying to implement policy.

Recommendations for Future Research

There are several useful future research studies that will provide valuable and useful information for the development of budgetary policy. This exploratory study lays the foundation for future research in the area of effective budgetary policy for community colleges in California. Future research on correlating the components of effective budget policy as identified in this study to the fiscal stability of multicollege districts could provide further insight into effective budget policies that truly have an impact on the fiscal stability of the district while ensuring organization values and priorities are funded. Further research could be the development of a model budgetary policy for multicollege districts and single college districts in California.

Additional research comparing the policies that have specific measurements to long-term fiscal performance may provide additional insight into whether specific measurements included in policy are effective. The financial information (Appendix D) indicated that the community colleges in this study appear in aggregate to display best practices specific to the key components in this study.

Summary

The purpose of this study is to identify key components of budgetary policy for California community colleges in multicollege districts. The study is qualitative in nature

and uses content analysis as the method to analyze board-adopted budget policies and procedures. Five research questions were developed to focus the study and a matrix developed against which to compare the policies. The analysis process began with the literature review focusing on higher education, community colleges, policy, and budgets. Budget policies and procedures were collected from 20 community multicollege districts in California and analyzed using the framework developed by Miles and Huberman (1994). Purposeful sampling was accomplished through the selection of the criteria for the sites and the type of data collected. In addition, a review of the literature was conducted to include the higher education, community colleges, policy, and budgets. The findings of the study were analyzed against the literature review and conclusions drawn.

The content analysis concluded with eight key components of budgetary policy to include: (a) regulatory and legal compliance, (b) planning related, (c) allocation description, (d) participation process, (e) values-priority clarity, (f) process definition, (g) specific measurements, and (h) inclusion of the CCLC recommended language. The most frequently used components of budgetary policy included the CCLC six additional criteria, regulatory and legal compliance, and specific measurements. The least frequently used components were statement of values-priority clarity, allocation description, and a description of who participates in the process. Of the policies reviewed, 80% included some reference to specific measurements. Of the policies, 90% included all or part of the CCLC six additional criteria (CCLC, 2007).

The review of the literature supports the inclusion of the eight key components of budgetary policy as found in the content analysis. Although, not used frequently in the policies reviewed, the literature supports the inclusion of values-priority clarity,

allocation description, and process participation. Areas not expected but addressed include ensuring that dates of last revision and board adoption as well as a reference to other related policies and procedures are noted on policies and procedures. Also of interest were several policies that included a statement about the intent of the policy and the board's philosophy that provided further clarification for staff implementing the policies.

The data collected, analyzed, and discussed in this study include 20 board adopted policies from community multicollge districts in California and the supporting literature as it relates to community college, policy, and budgets. This study lays a foundation for further research that may provide additional insight into effective policies and how they support fiscal performance.

The findings, conclusions, and implications of this study are presented to the field, senior level administrators, and policy makers as information that can lead to more effective budgetary policy.

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APPENDIX A

Six Additional Criteria as Identified by the Community College League of California

NAME OF DISTRICT	1. Budget shall support master and educational plans	2. Assumptions upon which the budget is based are clearly stated	3. Calendar for presentations of tentative budget, required public hearings, board study sessions, and approval of the final budget	4. A statement of process for budget development within the district and A statement of process for public input	5. Standard for unrestricted general reserves	6. Budget provides for long term commitments and goals
Chabot-Las						
Positas						
Coast						
Contra Costa						
Foothill-DeAnza						
Grossmont-Cuyamaca						
Kern						
Los Angeles						
Los Rios						
North Orange County						
Peralta						
Rancho Santiago						
San Bernardino						
San Jose-Evergreen						
South Orange County						
State Center						
Ventura						
West Hills						
West Valley - Mission						
Yosemite						
Yuba						
Total						

APPENDIX B

Findings of Analysis of Six Additional Criteria as Identified by the Community College

League of California

NAME OF DISTRICT	1. Budget shall support master and educational plans	2. Assumptions upon which the budget is based are clearly stated	3. Calendar for presentations of tentative budget, required public hearings, board study sessions, and approval of the final budget	4. A statement of process for budget development within the district and A statement of process for public input	5. Standard for unrestricted general reserves	6. Budget provides for long term commitments and goals
Chabot-Las Positas		X		X		
Coast	X	X	X	X	3-5%	
Contra Costa	X	X	X	X	5%	X
Foothill-DeAnza		X	X	X		X
Grossmont-Cuyamaca	X	X	X	X	5%	X
Kern	X	X	X	X	5%	X
Los Angeles			X	X		
Los Rios			X	X	3%	
North Orange County	X	X	X	X	5%	X
Peralta						
Rancho Santiago	X			X		X
San Bernardino	X	X	X	X	5%	X
San Jose-Evergreen	X	X	X	X	Refers to Chancellors Office Prudent Reserve	X
South Orange County	X	X	X	X	7.5%	X
State Center	X	X	X	X	6%	X
Ventura	X	X	X	X	5%*	X
West Hills		X			5%	X
West Valley – Mission	X	X	X		5% or \$5 M	X
Yosemite	X	X	X	X		
Yuba	X	X	X	X		
Total	14	15	16	17	13	13

* target of between 7 and 15%

APPENDIX C

Themes Emerging from the Content Analysis

THEMES ASSESSMENT									
	A	B	C	D	E	F	G	H	
	Regulatory & Legal Compliance	Planning related	Allocation description	Participation process	Values Priority Clarity	Process definition	Specific Measurements	CCLC Language	
Chabot-Las Positas Coast	X		X	X		X	X	PARTIAL	
Contra-Costa	X	X	X	X	X	X	X	PARTIAL	
Foothill-DeAnza	X					X	X	ALL	
Grossmont-Cuyamaca Kern	X		X	X		X	X	ALL	
Los Angeles	X	X				X	X	NONE	
Los Rios	X			X		X	X	PARTIAL	
North Orange	X					X	X	ALL	
Peralta								NONE	
Rancho Santiago		X		X				PARTIAL	
San Bernardino	X		X	X		X	X	ALL	
San Jose-Evergreen	X	X			X		X	ALL	
South Orange	X						X	ALL	
State Center	X						X	ALL	
Ventura	X						X	ALL	
West Hills	X	X			X	X	X	ALL	
West Valley-Mission	X	X				X	X	PARTIAL	
Yosemite	X	X	X	X		X	X	PARTIAL	
Yuba	X						X	PARTIAL	
TOTAL	17	8	6	7	3	10	16	18	
A	Cite Education Code, Title 5 and/or Budget & Accounting Manual								
B	Planning must be mentioned other than in the "pro forma" statement								
C	Includes some description of how resources are actually allocated among the colleges								
D	Describes who participates in the budget process								
E	Includes some statement of the values, principles, or purposes of the process								
F	Describes the budget preparation and development process other than in the "pro forma" statement								
G	Describes actual specific goal criteria rather than "pro forma" statement								
H	Denotes CCLC six additional criteria language								
	PARTIAL		Partially meets CCLC six additional criteria		ALL		includes all CCLC additional criteria		does not include any of the six additional CCLC criteria

APPENDIX D

Community Multicollege Districts Financial Information for FY 08-09

District Financial Information								
	A	B	C	D	E	F	G	H
	Expenditures 501	Deficit 901	Reserves 905	% Reserves	Percentage Salaries/Benefits	50% Law percentage	Funded FTEs	Per FTES Expenditures P1 09-10
Chabot-Las Positas	\$102,215,549	\$1,385,170	\$12,347,201	12.10%	84.80%	53.21%	18,837	\$5,426
Coast	\$193,074,383	\$2,504,282	\$21,096,788	10.90%	87.60%	50.06%	34,375	\$5,617
Contra-Costa	\$170,359,038		\$29,432,049	17.30%	85.30%	52.01%	29,774	\$5,722
Foothill-DeAnza	\$199,291,114		\$39,372,460	19.80%	80.10%	51.71%	32,104	\$6,208
Grossmont-Cuyamaca	\$97,212,342		\$9,616,080	9.90%	88.40%	55.39%	18,082	\$5,376
Kern	\$108,623,751		\$28,579,145	26.30%	77.40%	50.67%	19,200	\$5,657
Los Angeles	\$556,705,887	\$15,876,446	\$45,840,137	8.20%	84.30%	53.11%	101,569	\$5,481
Los Rios	\$278,259,986		\$27,144,324	9.80%	85.20%	54.04%	51,091	\$5,446
North Orange	\$167,144,442		\$35,442,489	21.20%	87.00%	54.05%	33,460	\$4,995
Peralta	not available						19,040	\$0
Rancho Santiago	\$146,876,591		\$16,566,608	11.30%	85.50%	50.89%	30,302	\$4,847
San Bernardino	\$74,614,440		\$17,093,184	22.90%	81.40%	50.16%	13,777	\$5,416
San Jose-Evergreen	\$81,953,644	\$683,305	\$6,461,983	7.90%	86.40%	53.47%	14,642	\$5,597
South Orange	\$182,504,154	\$1,801,570	\$26,572,259	14.60%	64.10%	52.81%	25,860	\$7,057
State Center	\$142,836,167		\$30,977,050	21.70%	85.70%	50.35%	26,621	\$5,366
Ventura	\$137,857,886		\$23,823,578	17.30%	85.20%	53.29%	25,841	\$5,335
West Hills	\$33,394,193	\$1,660,803	\$1,960,560	5.90%	71.20%	50.16%	4,930	\$6,774
West Valley-Mission	\$95,526,778	\$1,067,183	\$5,097,540	5.30%	87.70%	52.51%	16,904	\$5,651
Yosemite	\$87,127,756		\$17,558,246	20.20%	91.10%	50.10%	17,137	\$5,084
Yuba	\$48,062,238	\$1,077,553	\$2,507,025	5.20%	83.20%	50.59%	7,828	\$6,140
Average	152,823,176	3,257,039	20,920,458	14.09%	83.24%	52.03%	27,069	\$5,360
Median	\$137,857,886	\$1,522,987	\$21,096,788	12.10%	85.20%	52.01%	22,521	\$5,464
A	Expenditures per fiscal trend report FY 08-09		Actual					
B	Deficit per fiscal trend report FY 08-09		Actual					
C	Reserves per fiscal trend report FY 08-08		Actual					
D	Percentage reserves per fiscal trend report FY 08-09							
E	Percentage salaries and benefits of unrestricted expenditures							
F	Percentage Current Expense of Education (CEE)							
G	funded ull time equivalent students per first principal apportionment FY 10-11 exhibit C							