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Implementing Retrenchment Strategies

A Comparison of State Governments and Public Higher Education

Marvin Druker
Betty Robinson

The authors present a comparative analysis of the processes and strategies by which public organizations implement retrenchment in the face of continued budget shortfalls. The focus is on the governments of the fifty United States and public institutions of higher education in the nine states of the Northeast. Special consideration is given to the programs that have been tried, sources of ideas for the strategies adopted, and constraints that institutions face when dealing with financial crises. While similarities were found for state governments and colleges and universities in use of past strategies and short-term fixes, differences were found in the sources of ideas and the implementation of plans affecting employees. The research suggests that these differences may be attributed to the differences in organizational culture.

The dominant issue for public administrators in recent years has been responding to the consequences of budget shortfalls. This period of financial difficulty has led some to refer to the 1990s as the decade of red ink. Each year administrators face uncertainty about the level of funding cuts in their departments and what their response might be. As a result, public administrators have had to consider how to cut back and the potential effects on service delivery.

Current Issues in Public-sector Retrenchment

We compare cutback strategies and decision-making processes in two major public institutions, state governments and public colleges and universities. By looking at various public institutions, we gain insight into the similarities and differences in the way organizations respond to an environment of economic decline. Of particular interest are the following issues: (1) Are public organizations responding with short-term cutback policies or more permanent restructuring? (2) Are they adopting more participative processes in developing cutback strategies?

The greatest challenge to public institutions is how to balance repeated demands for cuts and provide services at current or, in many cases, higher levels. Both institutions of public higher education and state governments face this challenge. The unemployed and

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those whose economic security is threatened seek government programs and services to help them through their crises.

In public higher education, too, student demand for educational programs and services may also increase during periods of recession owing to dislocation, unemployment, and reduced job opportunities. This occurs at the same time that state funding, often the largest single source of program income, is shrinking. Thus, for both institutions, the demand for basic services increases.

Most government units approach the shrinking resource dilemma with some variation of incremental decision making, which in this case has also been referred to as downsizing.¹ This approach attempts to balance resources with providing services to minimize changes for recipients. Generally, states mandate that service levels remain much the same as before the occurrence of the budget shortfalls. Organizations strive to deliver the same services despite the reductions. Typical downsizing administrative actions include across-the-board cuts, freezing vacancies, furloughs, and other mechanisms that administrators hope will position the organization, when better economic times arrive, to return to the status quo ante. If there is, in fact, a decline in services, they expect that the cuts will be temporary and that when funding levels rise, they can again deliver service at prior levels without formally acknowledging the interim reductions. Given the length of the early 1990s economic decline and the increased pressure for public services, this approach presents some long-range problems.

A longer-term and permanent strategic approach to budget cuts is referred to as *right-sizing*, or restructuring. This may mean the deliberate redefining of the mission of an agency, department, or institution and involves the recognition that less will be done with fewer people or that different measures will be taken. Organizational structures also flatten to increase the ratio of direct service or on-line employees to administrators and managers.²

Those who advocate a restructuring policy suggest that the services provided be ranked on the basis of their importance and value and that resources be reallocated strategically according to their ranking. The restructuring process involves money's being shifted to high-priority items, consolidating agencies, flattening management tiers, compacting programs, and dropping services. Such changes tend to be permanent.³

A central concern as these changes occur is retention of trained and motivated staff who continue to serve in public administrative positions. They have the responsibility for continuing to provide services in the new environment, and it is important that they play a role in helping to determine the new order.

A strategy of adopting more participative processes in the public workplace is also suggested by increased workforce diversity and the increase in education levels of new workers combined with the movement in private-sector employment toward developing a more democratic workplace. A growing body of research suggests that employee involvement in cutback strategy development, in particular, can mitigate against many of the expected negative side effects (lowered morale and productivity) of downsizing.⁴

Public Sector Responses to Cutbacks

A number of studies on reactions of local and state governments to budget cuts in previous recessions generally indicate greater reliance on short-term downsizing alternatives.⁵ Most state and local governments have historically responded with incremental and

short-run changes, including fairly common standard operating procedures such as enacting hiring freezes, layoffs, cutbacks on overtime, wage freezes, and postponing employee raises. More recent studies indicate that, for the most part, short-term or downsizing responses continue to prevail as a reaction to more current budget shortfalls.⁶

However, there is growing interest in developing new strategies to respond to re-trenchment needs. Some of the interest derives from models used in the private sector, where more time has been devoted to dealing with reduced resources. These models tend to encourage innovative techniques to reduce the impact of cuts for the long term and better enable public institutions to retain trained, experienced employees who represent the workforce of the future.⁷

Reductions in resources pose severe threats to organizations, and research has described a variety of negative responses that are likely to occur. One summary, in fact, indicated that when organizations face serious financial cuts, administrators tend to become rigid in their policies — for example, they may adopt policies that make the organization more centralized, conservative, protective, inflexible, and nonadaptable. The administrative cutback tactics associated with such behavior are usually short term and based on a crisis mentality that results in the dysfunctional behavior of organizations.⁸

Problems created by decline for organizations also signal obstacles for the individuals who make up the organizations. Problematic behaviors cited in the literature include increased conflict, secrecy, ambiguity, self-protective behavior, and turnover, together with decreases in morale, innovativeness, participation, and long-term planning.⁹

Comparing State Governments with Public Colleges and Universities

Although their missions may be perceived as different, public colleges and universities are part of state government. Indeed, some writers have noted that “higher education is primarily a state level governmental function” and that state-level policymaking activity involving higher education has been increasing through appointments and budgetary controls. It is further noted that higher education has developed as a distinct policy arena in the states, meaning that its functions are seen as separate from the rest of the state educational system and that it has its own constituency of advocates.¹⁰

There are both similarities and differences in the contexts in which state governments and public institutions of higher learning operate. Their general structures and functions have been stated in law or constitutional language; they are accountable to the public or the public’s representatives; they are made up of personnel represented by collective-bargaining agents and governed by collective-bargaining agreements;¹¹ personnel decisions are constrained by rules and hierarchical arrangements in the form of civil service rules and tenure; both must deal with budget cuts; and most important in this context, both depend on public revenues for their ongoing programs.

These institutions also demonstrate differences. Colleges and universities derive income from sources other than public revenues — fees, tuition, auxiliary services, endowments, private fund-raising — which help make up a considerable portion of total revenues. The university’s administrative structure is unique in emphasizing the decentralization of authority through colleges and departments.

A number of studies discuss the contradictory organizational pressures that higher education faces. Peter Blau characterized them as conflicts between bureaucratic administrative imperatives and the flexible, decentralized decision-making process required by professional scholarship.¹² Other writers also note the tensions between

bureaucratic or business imperatives with the traditional culture of higher education, which includes collegial relationships.¹³

These similarities and differences provide context to compare processes and strategies for dealing with budget cuts. Irene Rubin concluded, in her late 1970 survey comparing case studies of local governments and public universities, that all organizations undergoing cutbacks had to secure budgetary flexibility in order to allow management "enough top-down authority to make cuts or to reallocate."¹⁴ She noted that differences in the way each set of organizations responded were largely related to the degree of independence or "autonomy over resources" that each had. Interestingly, at the time of her study she found that universities (all in one state) had less autonomy over their resources than local governments.¹⁵ Rubin's work also predates more recent managerial interest in modifications to "top-down" organizational policymaking processes.

Methodology

Our analysis is based on two separate studies, completed in 1991 and 1992. The first, a survey of the states, involved an instrument sent to the fifty state human resource and fifty state budget offices which asked them to respond to questions about their state's financial situation and their strategies for dealing with possible or actual budget shortfalls, especially in regard to state employees. We received responses from forty-seven states.

Our second study, based on a survey of public colleges and universities, involved sending questionnaires to the offices of the presidents of the 101 schools in the nine northeastern states, to which we received 70 responses. They were completed by presidents, vice presidents for finance, administration, or academic affairs, and offices of administrative research. The survey dealt with decision-making processes and responses to having to make cutbacks.

State Responses to Budget Shortfalls

The financial difficulties confronting state governments in the United States continues. A 1992 report of the National Governors Association said that "states' finances are still in turmoil as a result of the nation's weak economy."¹⁶ Thirty-one states reported that their revenue collections for fiscal year 1992 fell short of their estimates. States indicate that the financial situation is bleak and that a turnaround does not appear to be imminent. Increasing costs in areas such as Medicaid and overcrowded prisons require additional spending while revenue is flat or declining. Economic growth has tended to be in the service industries, which are taxed at a lower rate than manufacturing.¹⁷

Our review of studies of state government indicated multiple responses to the crisis. States responded to the financial shortfall with a combination of tax increases, program cuts, restructuring of state administration, "passing the buck" to local units of government, and reducing state employment.¹⁸

The latest version of the "Fiscal Survey of States" reported that the short-term or incremental moves of consolidating agencies, freezing spending or hiring, and delaying payments has not produced enough savings. States resorted to eliminating or cutting specific programs such as general assistance. Also, the number of people working for state governments was expected to decline by 2 percent by the end of 1993. One-third of the states planned no pay increase to employees, and eighteen states changed em-

ployee benefits in various ways, including shifting costs for health insurance to their employees.¹⁹

College and University Responses to Budget Shortfalls

Revenue cuts to public colleges and universities continue to increase. The American Association of State Colleges and Universities reported that as of the beginning of fiscal year 1992, there was “an overall aggregate reduction in state dollar support” and a reduction in the proportion of state general revenue funds allotted to higher education. Specifically, twenty-eight states anticipated additional midyear cuts in fiscal year 1992 and seven reported that cuts to higher education were greater than cuts to the overall state budget.²⁰

Many see this as a permanent structural reduction in state financing of public higher education, which is accompanied by an ominous shift from regarding state spending on higher education as an obligation to a “discretionary” part of the budget.²¹ Richard Rosser, president of the National Association of Independent Colleges and Universities, has said, “I think we’re into a decade now that will be tougher than any we’ve had since the 1930s.”²² The American Council on Education’s annual survey, “Campus Trends, 1990,” found that issues of adequate financial support outweighed all other problems.²³

The American Association of State Colleges and Universities summarized higher education budgets for 1992, finding that changes for the nine northeastern states ranged from an 18 percent budget cut in Connecticut to an expected 6.9 percent increase in Pennsylvania. The average for the nine states was a cut of 1.74 percent, with five of the states having experienced midyear cuts and four anticipating more midyear cuts for the 1992 fiscal year.²⁴

As with their counterparts in state government, college and university administrators have responded in a variety of ways to resource cuts. For example, the Rhode Island system reacted with 10 percent salary reductions that are accrued as paid leave; this resulted in no layoffs for the period through FY 1992.²⁵ Other states have used layoffs. The University of Minnesota cut 400 to 500 jobs; San Diego State University cut 550 positions; the University of Georgia was planning to eliminate 784 jobs with 227 layoffs.²⁶ The University of Missouri in pushing early-retirement programs hoped to save about \$12 million a year in payroll costs.²⁷ The State University of New York announced postponing repairs and building maintenance, curtailing purchasing, and increasing student fees for such programs as health care and transportation.²⁸

There is also anecdotal evidence to indicate that some schools are using more basic restructuring techniques involving the rethinking and repositioning of their institutions. Washington University in St. Louis phased out its Department of Sociology and School of Dentistry. Glassboro State in New Jersey planned to eliminate its majors in dance, speech, French, and industrial technology. Legislative pressure in some states may lead to situations where faculty do less research and teach more classes. Other outcomes include fewer classes available for students and increasing the size of the classes retained.²⁹

The Council for Advancement and Support of Education published a paper on layoffs, suggesting several approaches that have proved to be successful responses to cuts. These include involving as many people as possible in the decision-making process; providing adequate information for everyone concerned; remaining open, accessible, and responsive to inquiries; and creating an “internal labor market” to allow dismissed

workers to receive preferential consideration for jobs that open up.³⁰

Another catalogue of do's and don'ts about appropriate behavior for institutions of higher learning suggests considering mission before retrenchment; considering future growth when retrenching; putting more emphasis on decreasing expenses as more predictable than relying on increasing revenues; minimizing across-the-board reductions because they are insensitive to real needs and inappropriately treat effective and efficient programs the same as the ineffective and inefficient; and making issues of quality as important in retrenchment as issues of revenue and cost.³¹

One of the leading students of cutbacks in higher education suggests that models derived from other settings may not apply in the unique environment of universities. Cynthia Hardy believes that the particular constraints and limits on decisions in higher education make it impossible to use exact strategies from the private sector. In fact, she suggests that uniqueness might be so extreme even within schools that the cutback strategies may have to vary not only from the private or other public-sector organizations, but from one institution to another.³²

Comparison of Responses

Kim Cameron and Mary Tschirhart argue that "every framework linking organizations to the environment takes into account management strategy as the central variable, and most count decision processes as being extremely crucial as well." They go on to define strategies as referring to the "pattern of decisions and activities that allocate the organization's resources in an environment of demands, constraints, and opportunities." Decision processes they regard as "internally focused patterns that relate to the information gathering, analysis, and choice activities of managers inside the enterprise."³³

Using these definitions in the next three sections, we compare the results of our two studies across organizations to look for insights into how public institutions have reacted in an environment of revenue decline.

Cutback Strategies

Thirty-seven states, or 79 percent, reported that they were involved in some form of budget cutting, while ten states indicated they were not. At the same time 68 out of 70, or 97 percent of the colleges and universities which responded to our survey, indicated that they were forced to cut their budgets.

We asked in both surveys what strategies entailing the personnel budget had been implemented to deal with shortfalls. Table 1 presents the responses from the states and the institutions of higher learning.

The data point to both types of institutions' using fairly standard responses such as freezing vacancies and urging people to retire. This last incentive was more pronounced for colleges and universities, perhaps reflecting the need to emphasize retirement because other options were not possible or were less easily implemented without eliminating classes in direct and politically unacceptable fashion.

The nature of the work of institutions of higher learning makes some state options more difficult, if not impossible. None reported shutdowns, for example, because once tuition and fees have been collected, it is again politically unacceptable to terminate classes or student services for short periods of time. The same might be said about introducing the option of reduced hours for employees. Particularly in the case of faculty, layoffs, furlough days, and reduced hours are problematic owing to tenure systems,

Table 1

Strategies to Deal with Cutbacks

| | States | Northeastern Public Colleges and Universities | |
|---|--------|---|-------------|
| | | Academic | Nonacademic |
| Reducing the Number of Employees | | | |
| Freeze on filling vacancies | 72% | 79% | 80% |
| Retirement incentives | 38% | 60% | 54% |
| Voluntary programs | 32% | 10% | 26% |
| Furloughs | 26% | — | 11% |
| Reduced hours | 21% | — | — |
| Layoffs | 28% | 10% | 39% |
| Reducing the Costs of Employees | | | |
| Deferred pay increases | 38% | 24% | 30% |
| Cuts in benefits | 13% | 6% | 7% |
| Shutdowns | 6% | — | — |
| Pay cuts | 4% | 7% | 13% |
| Lag payrolls | 4% | — | — |
| Reorganization of workforce | | | |
| | 15% | 13% | 7% |
| | N = 47 | | N = 70 |

the need to offer particular classes, and professional flexibility of work schedules that makes a provision for reduced work hours meaningless.

The fact that colleges and universities have dual sets of employees (professional and support staff working regular hours and faculty working irregular hours) is reflected in the responses regarding furloughs and the use of voluntary programs such as job sharing, short-term or extended leaves, and sporadic leaves. For nonacademic personnel, voluntary programs were used in 26 percent of the cases, but only seven, 10 percent, were able to implement this program for faculty who work during academic calendar years and for whom such options might be difficult to implement. However, even with nonacademic personnel, colleges and universities in our study tended to rely proportionately more on the most traditional strategies of vacancy freezing, retirement, and layoffs. State governments were more often willing to use voluntary programs, furloughs, reduced hours, and deferred pay increases.

Deferred pay increases were employed more often by the states, with 38 percent using this alternative versus 24 percent for academic and 30 percent for nonacademic personnel in colleges and universities. Although the total percentages are small, states were more apt to use benefit cuts and less likely to use pay cuts than higher educational institutions. Finally, workforce reorganization was used more by states, although the percentages are quite close when just academic and state government personnel are compared.

We find the fewest number of options employed in the area of academic personnel. As outlined above, this result is partially explained by the nature of faculty work.

However, we find it notable that few colleges or universities reported programs to encourage faculty members, both tenured and untenured, to take unpaid but benefited leaves of absence. This type of option, employed to a limited degree by state governments, is a particularly good match for the structure of professorial work where there is already a tradition of paid sabbatical leaves for tenured faculty.

One possible explanation for lack of interest in this option, as with several of the others, is that reducing faculty may mean reducing class sections that generate needed income. Another reason may be fear of permanently losing the best faculty. However, a more plausible possibility is that traditional norms involving criteria for tenure and promotion do not credit faculty for work experience outside traditional academic teaching and publishing, leading to faculty's reluctance to take unpaid leave from a university job to work outside the academy.

For nonacademic personnel, almost the same proportion of institutions, 26 percent, as states, 32 percent, offered voluntary programs. A smaller number of academic institutions, 11 percent, than states, 26 percent, offered furloughs. These examples indicate the different strategies available to colleges and universities, depending on the nature of their personnel.

We were able to secure information from our survey of colleges and universities about other options that these institutions pursued to realize savings or increased revenues. Nonpersonnel cuts included the following: 90 percent of the schools indicated that they had cut equipment, 80 percent had reduced travel, 60 percent had cut library budgets, and 34 percent had developed outsourcing contracts with private firms to supply services. At the same time, 91 percent of the institutions reported raising tuition, 73 percent raised fees, 69 percent increased class sizes, and 67 percent were increasing development activities. This reflects continuing efforts to both decrease costs and raise revenues by a variety of means.

Sources of Ideas

A crucial question regarding the process of retrenchment strategy development concerns the origin of the ideas. Their sources provide an indicator of the openness of the process and whether the organization seriously seeks additional and possibly innovative ways of responding. Our surveys asked states and higher educational institutions where they found ideas for their strategies to deal with cutbacks. (See Table 2.)

While both state governments and higher educational institutions reported in similar proportions (72% and 73%, respectively) that they used methods they had previously employed as the primary source of cutback options, we find some interesting differences in their approach to other sources. The roles of governors and university presidents differ in a number of ways. However, each serves as the chief executive officer of an institution. In state government, the governor's office is reported as the source of ideas for cutback policy in only 15 percent of cases, but in higher education the president's office is reported as the source of ideas in 64 percent of cases. The governor's cabinet, made up of department heads, is the reported source in 51 percent. Vice presidents and deans are equivalent to department heads in academia, but they are the reported source of cutback ideas in only 7 percent of cases. It is likely that the differences here reflect the disparities in the roles of top organizational administrators within the two types of institutions.

Table 2

Reported Sources of Ideas for Cutbacks

| Source | States | Northeastern Public Colleges and Universities |
|--|--------|---|
| Methods used previously | 72% | 73% |
| Department heads | 51% | — |
| Legislative initiatives | 40% | — |
| Other states/colleges | 34% | 29% |
| Executive initiatives/president's office | 15% | 64% |
| Private sector | 15% | 3% |
| Private sector models | 15% | 3% |
| Professional associations and publications | 13% | 13% |
| Employees/staff | 13% | — |
| Budget staff | 11% | — |
| University senates | — | 29% |
| Ad hoc committees | — | 33% |
| Labor/management committees | — | 26% |
| Collective bargaining agreement | — | 24% |
| University system | — | 26% |
| | N = 47 | N = 70 |

Perhaps more interesting differences are seen in comparing participation of line employees in each institution in generating cutback options used in the final strategies implemented. While only 13 percent of states named employees as the source of ideas, 29 percent of colleges and universities named university senates, 33 percent cited ad hoc committees, 26 percent labor management, and 24 percent collective bargaining. Table 3 contains these data.

Table 3

Comparisons of Sources of Cutback Ideas

| States | Source | Colleges |
|--------|------------------|---------------------------------------|
| 51% | Department heads | — Deans/vicepresidents 07% |
| 34% | Legislature | — University system 26% |
| 15% | Governor | — University president 64% |
| 13% | Employees | — Ad hoc committee 33% |
| | | — Senate 29% |
| | | — Labor/management 26% |
| | | — Collective bargaining agreement 24% |

The variations are probably indications of both the different organizational structures and cultures of the two types of public institutions. Bureaucratic organizational imperatives, which do not support "from the ground up" policy development, are historically more powerful forces within state government. In academia, even in the public sector, these forces compete with the tradition of collegiality and professorial participation in governance. The majority of both types of institutions are unionized, but while state

responses to other survey questions acknowledged unions as constraints or even participants to some degree in the cutback strategy development process, none of them credited the labor-management process as the source of implemented ideas. In the academic arena, not only was collective bargaining and labor-management activity credited with ideas in roughly one-quarter of the cases, but employee input was acknowledged through senates (a structure not found in state governments) in 29 percent and through ad hoc committees (an option available in states) in 33 percent of the cases.

Constraints and Criteria for Cutting Back

Another area of concern is the context in which decisions are made. Responses to pressures that may exist in the external environment as well as the internal environment tell us a great deal about the values and politics of an organization.

Table 4 presents responses to questions about the perceived constraints that administrators felt when they had to decide how to cut back. In the domain of higher education, there was much more sense of having to comply with union contracts (70%) and internal constituency pressures (56%). This again reflects the differences in organizational culture. The decentralized nature of a college or university means that more attention has to be paid to the constituents within the institution, including the service recipients, students.

An almost equal number, about 40 percent, of both types of institutions are concerned with compliance to mandates and feeling the restrictions that they place on internal decision making.

Table 4

Constraints on Decision Making

| Area of Constraint | States | Northeastern Public Colleges and Universities |
|------------------------------|--------|---|
| Concern for service level | 49% | 10% |
| Need to comply with mandates | 40% | 41% |
| Legislative restrictions | 32% | — |
| Union contracts | 30% | 70% |
| Constituency resistance | — | 56% |
| Civil Service rules | 30% | — |
| Court-ordered restrictions | 23% | — |
| Affirmative action | — | 13% |
| Alumni | — | 14% |
| Lack of data | — | 21% |
| | N = 47 | N = 70 |

Data in Table 4 show more state (49%) than college and university (10%) concern about maintaining services as a constraint on cuts. While we asked both state governments and colleges and universities about the constraints placed on their decision making, in the higher education survey we also asked about the criteria used for cutbacks. As outlined in Table 5, student demand, reported by 66 percent of respondents, and quality of programs, reported by 74 percent, indicated a high concern over service level, perhaps reflecting a sense within academia that service, as the core mission, is not considered a constraint.

Table 5

**Criteria for Cutback Decisions
Northeastern Public Colleges and Universities**

| | |
|-----------------------|-----|
| Centrality to mission | 77% |
| Quality of programs | 74% |
| Student demand | 66% |
| Strategic plan | 56% |
| Productivity of unit | 47% |
| Morale and motivation | 43% |
| Achieving consensus | 37% |
| Public reaction | 30% |

N = 70

The criteria cited exhibit a concern — by about three-quarters of the respondents — with the long-term missions of the institutions and the attempt to maintain the quality of programs. Another long-term consideration is abiding by a strategic plan a school might have in place. More immediate concerns are shown by the criteria of responding to student demand, 66 percent; the productivity of units under consideration for cuts, 47 percent; maintaining morale, 43 percent; achieving consensus, 37 percent; and concern about public reaction, 30 percent.

In this decade of red ink, institutions are operating under conditions of severe stress. The management strategies pursued by both state governments and state institutions of higher education display a number of similarities. Our findings reveal that initially both institutions tend to react conservatively, using tried methods such as freezing vacancies to minimize potential damage to personnel and to services for constituencies. Such incremental decisions following standard operating procedures are relatively easy to initiate and result in the least amount of reverberation within an organization. These procedures can also be carried out without extensively damaging existing legal obligations or collective bargaining agreements.

The institutions also share the characteristic of pursuing multiple responses to financial crisis. No single effort will save enough money or increase revenues sufficiently to solve the problem. Therefore, as the evidence indicates, these public organizations have had to develop strategies that include many different programs regarding personnel and infrastructure.

However, as the course of the current financial difficulties has been prolonged, even more difficult decisions have had to be made. More permanent restructuring or rightsizing has been noted to some extent in both types of institutions. Longer-term decisions involving the elimination of positions and programs have emerged in our studies and in other research on both states and higher education.

Some differences in approach appear in that colleges and universities have pursued more participative processes for reaching decisions than have state governments. This reflects what we have noted as differences in organizational cultures. In times of crises, familiar patterns of decision processes are followed and distinguish organizations. Academic institutions traditionally have had more decentralized decision-making processes and promoted collegial working relationships. Cutback decisions are also constrained by

the nature of the work and the type of contracts and work structures that exist in organizations.

Our research identifies the range of responses in each type of institution. The implications of short-term cuts, longer-term restructuring, and the nature of participation suggest an agenda for additional research. Further, in-depth case studies of public institutions selecting different responses to cuts are needed to evaluate the long-term effects of various strategies. Several questions could usefully be pursued. Can state governments, over time, find methods to increase employee participation in cutback processes both to maximize ideas for cost savings and to mitigate the negative effects of retrenchment on morale, productivity, and internal political loyalty of employees? Can unions play a constructive role in this process? Can colleges and universities maximize the use of participative structures within the academy while introducing a wider array of more innovative cutback options that facilitate the restructuring necessary to maintain the institution in a time of fiscal crisis? ❧

Notes

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5. Harold Wolman, "Local Government Strategies to Cope with Fiscal Pressure," in *Fiscal Stress and Public Policy*, edited by Charles Levine and Irene Rubin (Beverly Hills: Sage Publications, 1980).
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8. Cameron and Tschirhart, "Postindustrial Environments," 87-108.
9. Kim S. Cameron, David Whetten, Myung Kim, and Ellen Chaffee, "The Aftermath of Decline," *Review of Higher Education* 10, no. 3 (1987): 215-234.
10. Madeleine W. Adler and Frederick S. Lane, "Governors and Public Policy Leadership," in *Governors and Higher Education*, edited by Samuel Gove and Thad Beyle (Urbana, Ill.: Institute of Government and Public Affairs, 1988).

11. The institutions of higher education in our study of the Northeast are largely organized for purposes of collective bargaining. However, many public colleges and universities in the South and Southwest are not.
12. Peter M. Blau, *The Organization of Academic Work* (New York: Wiley, 1973).
13. Cynthia Hardy, "Using Content, Context and Process to Manage University Cutbacks," *Canadian Journal of Higher Education* 17, no. 1 (1987): 654-682; Cynthia Hardy, "The Rational Approach to Budget Cuts: One University's Experience," *Higher Education* 17 (1988): 151-173; Cynthia Hardy, "Strategy and Context: Retrenchment in Canadian Universities," *Organizational Studies* 11, no. 2 (1990): 207-237; and Cynthia Hardy, "'Hard' Decisions and 'Tough' Choices: The Business Approach to University Decline," *Higher Education* 20 (1990): 301-321.
14. Irene Rubin, "Retrenchment and Flexibility in Public Organizations," in *Fiscal Stress and Public Policy*.
15. Ibid.
16. Robert Pear, "Governors Report Grim Fiscal Status," *New York Times*, October, 29, 1992, sec. A, p. 19.
17. Ibid.
18. Marvin Druker and Betty Robinson, "States' Responses to Budget Shortfalls: Cutback Management Techniques," in *Comparative Public Budgeting and Financial Management*, edited by Thomas Lynch and Lawrence Martin (New York: Marcel Dekker, 1992).
19. Pear, "Governors Report."
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