

AN ABSTRACT OF THE DISSERTATION OF

Cheryl L. Scott for the degree of Doctor of Philosophy in Education presented on October 31, 2005.

Title: Enhancing Community College Revenue Sources by Leveraging Land Resources.

Abstract approved:

Larry D. Roper

Community colleges are experiencing a decline in state allocated funding. Traditionally, college administrators look for ways to cut expenditures and raise tuition and fees to make up for the shortfall. Using available land resources to generate a revenue stream may provide revenue for community colleges.

The purpose of this study is to describe and analyze strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. The significance of the study will be shown in three ways: (1) decline in funding of community colleges by state governments; (2) importance of diversification in funding sources; and (3) leveraging land resources can increase revenue generation.

Due to inadequate funding from the state level, colleges may consider alternative funding sources. Land resources have not been significantly explored as a revenue stream. Additional research would help college leaders in the planning and possible implementation of these resources.

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Enhancing Community College Revenue Sources by Leveraging Land
Resources

by
Cheryl L. Scott

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Cheryl L. Scott, Author

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Enhancing Community College Revenue Sources by Leveraging Land Resources

CHAPTER 1: FOCUS AND SIGNIFICANCE

INTRODUCTION

Community colleges are experiencing a decline in state allocated funding due to the current economic conditions in the United States. While this problem is not static, when a community college is faced with inadequate revenue, administrators traditionally look for ways to cut expenditures. Budgets have been balanced by using a variety of strategies including: cutting classes, laying off personnel, reducing the travel budget, reducing the materials and supplies budget, employing more part-time personnel, and instituting early-retirement programs (Cohen & Brawer, 2003).

Some administrators also look at ways to increase revenue. Potential revenue sources can include: contracted services such as bookstores and food services, self-support programs, raising tuition and fees, grant funding, foundations, and utilization of land resources (Cohen & Brawer, 2003). These revenue sources may provide additional funding in the short or long-term depending on how they are structured. The data available to community college administrators on how land resources can be used to generate revenue is very limited.

Unfortunately, not only do administrators not have data available to learn how to use land resources, they frequently don't have the expertise to accomplish this. Tyler (2002) provides a summary of some of the issues faced by administrators when they attempt to find additional revenue through entrepreneurial activities:

Too often, though, opportunities pass it (community college) by because it is not ready. Community colleges, more than most other institutions, are ill prepared to respond to these business-driven, entrepreneurial opportunities because they are more risk-averse. Thus, they often lose the merits and benefits of economic partnerships. Whether the relationship is public-private or public-public, few community colleges have the experience necessary to use this mechanism for new growth or as a solution for their many challenges. Many also lack the creativity, will, or understanding of business to cut through the bureaucracy both in the institution and in other agencies needed to take advantage of an opportunity. (p. 28)

The utilization of land resources is an area administrators have not traditionally explored. Some community colleges have developed strategies that will allow them to become less reliant on state funding. Land resources may provide an opportunity for community colleges to diversify and enhance their revenue sources and to minimize their reliance on state funding and tuition.

PURPOSE

The purpose of this study is to describe and analyze strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. This information could be useful for current and future community college leaders as they try to determine alternate sources of revenue for their institutions.

QUESTIONS

The research questions that will be answered in this study are:

1. How are community colleges using land resources to enhance revenue?

The answer to this question will provide additional details on how community colleges are actually using land resources.

2. What are the advantages and disadvantages of revenue-enhancing strategies using land resources? The answer to this question will help determine the positive and negative results of revenue generation and how colleges deal with the various issues.

3. How much revenue can be added in the short and long range using land resources (e.g., total dollars, percent of college budget)? The reason for this question is to provide information on the percentage of money that is being added to the revenue of the college. The question will also provide information to determine if the revenue stream is providing a significant positive financial impact on the college budget.

4. What process and policies guide the use of land resources? The answer to this question will determine the various policies and processes that are used by colleges when land resources are leveraged.

5. What changes would improve the policies for using land resources? The purpose of this question is to provide information on strategies and policies that could be changed or improved that would help colleges leverage land resources to a greater potential.

SIGNIFICANCE

There are three major reasons for the significance of this study. The first is the decline in funding of community colleges by state governments. The second is the importance of diversification of funding sources for community colleges. The third is leveraging land resources can increase revenue generation. I will provide information on all three of these areas in the following paragraphs.

Decline in Funding of Community Colleges by State Governments

The first of these is that currently, many community colleges are experiencing a decline in state allocated funding due to the current economic conditions in the United States (Arnone, 2004; Henry, 2000; Jackson & Glass, 2000; Miller, Benton, & Vacik, 1998). Some institutions have been better prepared than others to deal with this economic downturn and ultimate loss of funding. One of the strategies used by colleges that are better prepared is the diversification of their revenue streams (Keener, Carrier, & Meaders, 2002). This diversification has been in the form of creating entrepreneurial activities on the community college campus. Land resources may provide an opportunity for some community colleges to diversify and enhance their revenue sources and to reduce their reliance on state funding and tuition.

Community colleges are not currently being funded at a level that will allow them to support their mission (Henry, 2000). Henry states that additional expectations have been placed on community colleges (e.g., workforce preparation) but additional

dollars have not been allocated to help colleges with their new mandates. In an article by Jackson and Glass (2000), the following statement is made: “The most important issue identified in the Image category that must be overcome is the misconception that community colleges are adequately funded by state and county governments” (p. 740).

Importance of Diversification in Funding Sources

The second reason is that preparing for the future by creating an environment that encourages the development of alternative funding sources can help mitigate the impact of budget shortages for community colleges (Keener et al., 2002; Watkins, 2000). Leveraging land resources can be one strategy for colleges to diversify and enhance their revenue sources. Other strategies for resource diversification include developing alumni support through the college’s foundation, obtaining funding through grants, raising tuition and fees, developing special programs or self-support classes, and developing entrepreneurship activities such as contracting food services and diversifying the earning potential of bookstores.

When I think about revenue streams for community colleges, I consider the three primary sources that are common in Oregon. These three sources are state funding, district taxes, and tuition. Figure 1 shows pie charts providing a visual display of the revenue streams for the Oregon community colleges during the 1997 – 1998 and 2003 – 2004 academic years.

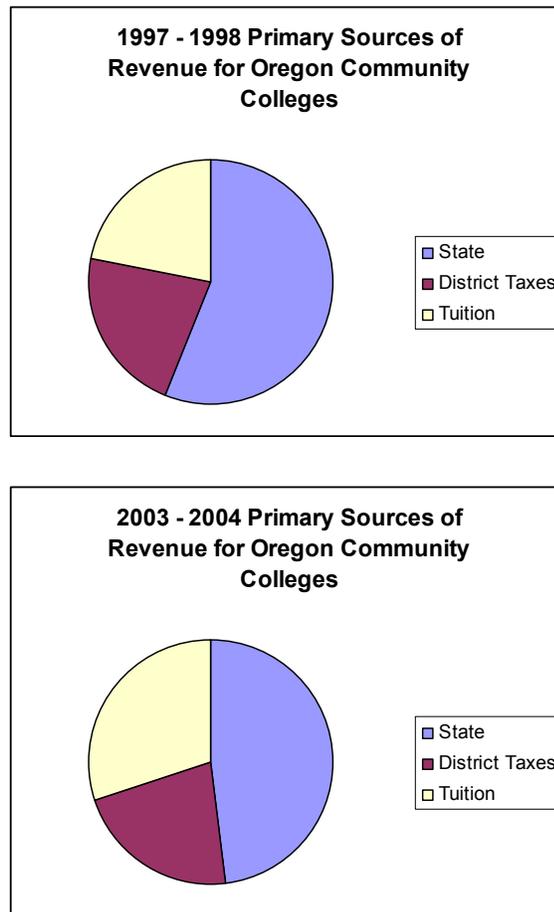


Figure 1. Primary Sources of Revenue Streams for Oregon Community Colleges.

According to information provided by the Oregon Department of Community Colleges and Workforce Development (2004), the actual percentage of each category varies depending on the year. The trend since 1997 has been a decline in the percentage of state funding and an increase in the percentage of tuition. My concern is the impact of this decline in non-tuition funding for community colleges.

Leveraging Land Resources Can Increase Revenue Generation

I have decided to focus on leveraging land resources instead of other strategies for resource diversification for several reasons. The research I have identified includes little data on how colleges have used their land resources. I also believe that it is a resource that many colleges do not recognize. It may seem obvious that income can be derived from a bookstore or food services, but not from a vacant piece of land or an underutilized building. While contracted services such as a bookstore and food services are recognized income streams, there is little evidence to support that they provide a significant level of revenue.

One way some colleges have diversified their revenue streams is through the selling or leasing of their land resources. An example of a college that has been able to develop a revenue stream and add value to students' education is Cerrito College in California. This community college was able to lease land for forty years to a private firm to build an assisted-living facility. "The college not only receives a revenue stream, but it has gained an on-campus laboratory in which students in its nursing, physical therapy, cosmetology, and culinary arts programs can gain experience" (Cohen & Brawer, 2003, p. 157).

I was employed at Southwestern Oregon Community College in Coos Bay, Oregon for eight years and left my employment at Southwestern in July of 2004. One source of funding for the college was the creation of revenue by using available land. Southwestern has currently utilized two parcels of land to create revenue. The first parcel was used to build a two-story office building which is a One-Stop Center. A

One-Stop integrates many agencies in one building allowing a client to move “seamlessly” between services such as food stamps, employment, or educational opportunities. In the One-Stop Center, offices are leased to a total of 22 agencies including Southwestern’s Adult Learning Skills Program. The agencies are partners with the college and work together to provide services to clients. The One-Stop also provides a pathway for clients to ultimately become students at Southwestern. The second piece of land was used to build student housing. Both of these land resources were built with the intent of ultimately using those funds as a source of revenue. At this time, both of these potential revenue streams have not been realized because of the debt service on the loans. Once this debt service has been repaid, the revenue could be used to fund programs at Southwestern.

Personal and Professional Interest

I have always had a love for numbers, budgets, and organization. My family owned businesses, so there were plenty of opportunities to learn about the business world. By the time I was 13, I was the bookkeeper for my father’s grocery store. He taught me how to keep a ledger, record the daily business operations, and prepare the journals for the accountant. My father fostered in me a desire to learn more about business and accounting. As a senior in high school, I enrolled at Southwestern Oregon Community College and began taking accounting courses. Although I earned a Bachelor of Science degree in Sociology, I returned to the discipline of business and earned a Master of Business Administration with an emphasis in accounting. For nine

years, I owned my own business. I still perform the accounting functions for my father's business.

SUMMARY

Adequate funding is currently a critical problem for community colleges. Administrators would benefit from additional information about how some institutions have been able to diversify their revenue streams by leveraging their land resources. My appreciation of numbers and accounting tied with my career in community college education has led me to this topic. When I read articles about the shortfall in funding for community colleges, I think about alternate funding streams that could be utilized to provide additional resources. I look at the problem through the eyes of an individual who has been employed in the private sector and has worked with budgets and diversified funding. In the following research, I constructed individual case studies of three community colleges in Oregon to describe and analyze how they are using their land resources to diversify their revenue streams.

CHAPTER 2: REVIEW OF LITERATURE

To provide a framework for this study, the review of the literature will be organized into three sections. The first section will be the literature supporting the perspective that community colleges are being inadequately funded by their respective states. The second section will be the literature on alternative revenue streams community colleges have developed to provide additional funding for various activities. The final section will be the literature describing how community colleges are currently using their land resources.

The purpose of the first section is to review the literature indicating that many community colleges are currently receiving inadequate funding from the state level. This section of the literature review is designed to inform the study regarding the financial impact that has been realized by community colleges as their funding from the state level has declined. Colleges are not receiving the amount of revenue from the state legislature that they need to maintain their mission. The section begins with the broad examples of colleges that are not being adequately funded. The section continues with literature describing how community colleges are competing with other state agencies for scarce resources. It then moves to concerns by some districts that they may have to close community colleges due to the decrease in funding available at the state level. The section ends with literature recommending that colleges cannot expect their states to continue funding them at the previous levels and explores the

construct that community colleges who are able to diversify their funding streams may become less reliant on their respective state for funding.

The second section of the review of the literature focuses on alternative revenue streams that have been developed by some community colleges. This phase of the literature review is designed to inform the study regarding alternative revenue sources that have been developed by community colleges to allow them to continue to operate within their mission statements. These alternative sources include an increase in tuition and fees, more efficient use of existing resources, growing alumni support through foundations, contracted training revenues, grant funding, partnerships, and building entrepreneurial activities. Community colleges can become locked into the paradigm that these are the only types of funding sources. This section will investigate alternative paradigms based on good business practices, building entrepreneurial activities, developing self-supporting programs and revenue streams not traditionally entered into by community colleges.

The third section will contain information on how community colleges have used their land resources to increase revenue. This section of the literature review will inform the study regarding how community colleges have used land resources to provide additional funding. This will include selling or leasing land, selling or leasing buildings, and the development of self-sustaining programs such as student housing.

INADEQUATE FUNDING FOR COMMUNITY COLLEGES

Many community colleges across the United States have experienced a decline in funding from both the state and federal level and at the same time are experiencing an increase in both enrollments and in their mission statement (Waller, 2003). During the current times of economic instability, community colleges are being particularly called on to provide unemployed workers with programs to improve skills or retrain them for other occupations. This increase of students at the community college is occurring at the same time that state funding is stable or being reduced (Humphreys, 2000; Merisotis & Wolanin, 2000; Roueche & Roueche, 2000). Merisotis and Wolanin (2000) state “the share of community college revenues from state and local government appropriations has shrunk from 70 percent of total revenues in 1980 to 50 percent in 1996” (p. 11). At the present time when community colleges need the money the most, the state funding level has declined.

At present, community colleges find themselves competing for public dollars against corrections, health, welfare, and other areas of public education (Henry, 2000; Nisson, 2003). Community college leaders lobby the legislature for additional dollars at the same time that these other agencies are also lobbying for dollars to keep their services at their current level. It is hard to cut funding to any of these agencies and yet it must be done during times of economic hardship (Hauptman, 1997). When these dollars are cut, it is hard for the institutions to respond to the shortfall. According to McLeod and Atwell (1995), “The best long-term fiscal planning is often insufficient to

deal with sudden short-term revenue short-falls, which often are both unanticipated and sometimes of short duration” (p. 3).

Caron (2002), in the following dissertation abstract, summarizes some of the problems being experienced by community colleges due to the decline in resources from both the state and federal governments.

Community colleges across the nation are struggling with income shortfalls. Traditionally, community college institutions secure their income from state and federal funding, foundations, and student tuition. Unfortunately, state and federal funds to community colleges have measurably decreased over the past decade. Over that same time period, while student tuition has steadily increased, adjusting for inflation, tuition as a source of income has actually lagged behind. Day in and day out, community colleges are asked to do more with far less. (Abstract)

The reduction in state support to community colleges is a concern to leaders regarding the future budgets for these institutions. Vorhees (2000), author of *Financing Community Colleges for a New Century*, states:

At the turn of the new century, the nation’s public two-year colleges stand at the financial crossroads. On the one hand, the need for the services and education they provide in a changing local, regional, national, and international environment continues to accelerate. On the other hand, community colleges now draw less of their total operating revenues from taxpayers than at any other time in their histories. If these recent trends are harbingers, the finance of community colleges will become even more critical in the foreseeable future. (As cited in the Center for Community College Policy, 2000, p. 51)

A recent article in the Denver Post stated that college presidents project state funding for colleges in Colorado will be so low in five years that the colleges will either be forced to close or to become private institutions (Curtin, 2003). An article in The Chronicle of Higher Education by Arnone (2004) reported for the 2003-04 fiscal

year that overall the dollars of state support for community colleges declined.

“Nationwide, money for community colleges fell at the same rate as for public four-year institutions, 2.1 percent, to \$10.95 billion. In general, the increases or decreases for community colleges in each state mirrored the changes in overall state appropriations” (p. A8).

According to Tambrino (2001) “...colleges precarious financial positions cannot accommodate declining state revenues. Colleges can no longer count on large increases in state allocations to offset rising costs and mounting deficits”(p. 29). In a dissertation by Kenton (2003), the following statement is made:

Public community colleges receive billions of dollars from the public every year to accomplish their missions. Because of recent state budget deficits and shrinking federal and state grants, limited public resources are now available. Community colleges must reconcile these external funding constraints with their missions. Currently, there is an increased demand for these institutions to be accountable and to use the limited resources to the maximum benefit. (p. 63)

Kenton (2003) agrees that funding shortfalls are having a negative impact on community colleges, but indicates that they must change their missions to make due with the current funding. While this may be one direction that some community colleges decide to pursue, another option is to look for alternative funding sources. Strauss (2001) agrees that colleges should consider diversification of funding as a solution to continue supporting their mission:

While fiscal challenges facing community colleges are difficult, diversifying funding sources and clarifying mission statements can help. Funding challenges may lead to greater community college representation in the federal and state discourse on post-secondary education, and subsequently greater visibility of community colleges. By clarifying the important role that community colleges play in

education and reeducating the workforce, community college representatives could facilitate their own funding, and continue to serve their targeted populations and fill the needs of the country as community colleges were intended to do. (p. 4)

Table 1 illustrates the percentage of revenue for public two-year institutions in the United States from 1918 - 1997. This information, provided by Cohen (2003) emphasizes the increase in public two-year institutions dependence on tuition and fees for revenue. It also emphasizes the decrease in local funding to community colleges. In 1918 local funds provided 94% of the total revenue received by two-year institutions in contrast to only 19% in 1997. According to data in the table, prior to 1942 institutions did not receive state funding. Income derived from sales and services did not occur until the late 1950's.

Table 1. Percentage of Income from Various Sources for Public Two-Year Colleges, 1918 - 1997

Source	1918 ^a	1930 ^a	1942 ^a	1950 ^a	1959	1965	1975	1980	1990	1997
Tuition & Fees	6%	14%	11%	9%	11%	13%	15%	15%	18%	21%
Federal Funds	0	0	2	1	1	4	8	5	5	5
State Funds	0	0	28	26	29	34	45	60	48	44
Local Funds	94	85	57	49	44	33	24	13	18	19
Private Gifts & Grants	0	0	0	0	0	1	1	1	1	1
Sales & Services	N.A.	N.A.	N.A.	N.A.	12	6	6	3	7	6
Other	0	2	2	2	2	7	1	3	3	4

^aIncludes local junior colleges only.

Sources: Starrak and Hughes, 1954; Medsker and Tillery, 1971; National Center for Education Statistics, 2001b.

Table from Cohen 2003, p. 143.

*The original source does not provide an explanation as to why the column for 1950 does not equal 100%.

Roueche and Roueche (2000) state “community colleges must make new friends in new places, become more entrepreneurial, and move to restore and expand public confidence” (p. 22). Community colleges need to take steps to secure additional revenue to help support their mission. As stated by Roueche and Roueche, becoming more entrepreneurial may be one way to stabilize finances. The decline in state and local funding has made an impact on these institutions.

In summary, this section of the literature review provided data indicating that community colleges are not currently receiving enough funding from the state level. The trend in Oregon has been a decline in the percentage of state funding since 1997. While the funding may not actually decrease, the overall funding will become insufficient because it is decreasing in real dollars. The cost of doing business is not keeping up with the revenue. There were examples of different strategies that are being used by colleges to address this shortfall. One strategy is to realign the mission with the current level of funding. Another strategy is to cut programs or consider closing colleges. Some institutions are exploring other opportunities to increase their revenue base. The following section will provide information on some of the alternative revenue streams for community colleges.

ALTERNATE REVENUE STREAMS FOR COMMUNITY COLLEGES

Community colleges have the flexibility to develop additional revenue streams to help support their mission. Some community colleges have done a better job at developing these alternate revenues than others. It is especially important during a

recession to have alternate funding sources when state funding is being cut. Colleges are encouraged to develop alternate funding for everything from academic programs to student assistance (Watkins, 2000). Per Lucas (2003), when interviewing community college CEOs, they responded that “resource development is a key component of their job description” (p. 44). According to Glass and Jackson (2000), “In today’s community college, fundraising is not an option; it is a necessity, vital to the current life and future of the college. The president must lead the way” (p. 586).

There are many different areas that can be explored by colleges when they are searching for additional revenue. These can include increasing tuition and fees, finding a more efficient use of existing resources, growing alumni support through foundations, contracted training revenues, grant funding, partnerships, and other entrepreneurial activities. Merisotis and Wolanin (2000) state that:

...since 1980, the fastest growing revenue categories for community colleges have been government grants and contracts – federal, state, and local programs for training and research – and private gifts from corporations and individuals. In fact, as a share of total revenues, these four categories grew from 2 percent in 1980 to 20 percent in 1996, a tenfold increase in less than two decades. (p. 1-2)

As stated above, some community colleges have been able to expand their revenue base from various sources. The following section will look at individual revenue sources that have been successful for institutions. The categories that will be further explored are: tuition and fees; foundations; contracted training or corporate education; grant funding; partnerships; and entrepreneurial activities. Land resources will be explored in the final section of the literature review.

Tuition and Fees

Tuition and fees are often the first items that are raised when a college realizes that they will not have the resources needed for the academic year. In the mid-1990's, California tried to use a differential fee structure for students who had already obtained a baccalaureate degree. These students were charged a higher tuition than students who did not hold a baccalaureate degree. This differential fee structure led to a 50% decrease in students with a baccalaureate degree (Burstein, 1996). California reversed this practice because of its negative impact on both the students and the colleges.

Loosely associated with the raising of tuition and fees is the opportunity to create more income through offering on-line or distance education classes. By creating on-line opportunities, students are able to take classes while working full-time or while living outside of the college district. Some colleges, such as Portland Community College, now offer entire degree programs online enabling students to complete their education without stepping onto a college campus (Grayson, 2003). This process helps to increase the number of students that the college is able to serve and does not require formal classrooms, thus cutting down on the cost of bricks and mortar. It is important to note that there are additional expenses attributed with distance education, but this topic will not be explored in this dissertation.

Foundations

Foundations in community colleges are not new, but have not been considered as a serious source of revenue in community colleges until recently. According to Van der Werf (1999b):

Over the last decade, almost every one of the 1100 community colleges in America has become a fund raiser. The money is supplementing operating budgets, but community colleges are also beginning to build endowments. While the amounts raised are much smaller than those given to four-year colleges and universities, community colleges are surprising even themselves with their success. (p. A42)

Foundations are becoming an essential revenue source for community colleges (Burnett, 2003). They use a variety of tools to raise revenue. These may include annual giving campaigns, targeted fundraising, or an annual event. Springfield Technical Community College, located in Springfield, Massachusetts, hosts an annual event called the Western Massachusetts Entrepreneurship Hall of Fame. This event, “recognizes men and women from the present and past of the region who have not only achieved business success but also donated time and resources to improve the quality of life in Western Massachusetts” (McCabe, 2003, p. 54). This event is generating close to \$100,000 a year to the foundation and is now a sell-out event.

Monroe Community College, located in Rochester, New York, has used several different techniques to raise funds for the college foundation. They successfully used the poor economy and the importance of training students at the community college as a tool for “local-area business getting out of the economic slump” (Grayson, 2003, p. 37). Donations were up 36% in 2002 over the previous year. The college has also used internal fundraising events such as auctions to raise

additional revenue (Grayson, 2003). Finally, Monroe Community College hires students to call parents to request additional donations for their foundation (Grayson, 2003). This has been successful since the parents frequently know the students and are more likely to donate money.

Greenville Technical College, located in Greenville, South Carolina, has focused its fundraising on the larger donors. They use the formula “focus 80 percent of your time on the 20 percent of donors who give you 80 percent of your money” (Grayson, 2003, p. 38). Greenville was also successful in receiving a larger donation from a donor after publicizing the initial donation in the local media. The donor voluntarily came back and donated more money. The college then turned around and created a “campus naming” event for those who would donate a minimum of \$2 million (Grayson, 2003).

Unfortunately, foundations do not always provide a major source of funding to the community college. Often, the income is used for items such as student scholarships, staff development, or faculty excellence awards. According to de la Garza (2000), foundations account for:

...only 1.1 percent of public community college revenue nationally. This source of revenue, however, is growing rapidly. In 1987, 53 percent of public community colleges had established foundations to raise outside funds. A 1997 survey showed that 88 percent had active foundations while another 4 percent were planning to establish a foundation. (p. 7)

As the viability of foundations continues to increase, this may become an important area of revenue generation for community colleges.

Contracted Training or Corporate Education

Contracted training or corporate education refers to programs that have been developed by community colleges to provide training to private industry. This training can be supplied to private industry at a different cost than the traditional community college courses because the training is provided at the time the business needs to have it completed and may or may not include the same content as courses currently held at the college. This training may be targeted specifically to the industry. While traditional college classes are offered on a term basis, contracted training can be offered whenever a business has a need for the class. The length of the training can also vary. Instead of keeping it within the traditional 11 week term, the training can be a short-term 40 hour per week class or a longer 20 week class. The location of the training can also be flexible and may be held at the college or at the business.

One potential weakness to customized training pointed out by Hauptman (1997) can be the reputation of the college: “But to the extent that businesses become dissatisfied with the performance of the community college and seek alternative providers or decide to train their own employees, the financial foundation of the community colleges erodes”(p. 33). While most of the data does not support this image problem, it is a potential concern that may need to be addressed if colleges want to continue to successfully provide contracted education to business and industry.

Examples of successful contracted education programs for business and industry are as follows: Central Piedmont Community College in North Carolina

reports that “40% of the school’s continued ed enrollments are for corporate ed” (Grayson, 2003, p. 39); and Valencia Community College in Florida provides contracted training to Walt Disney World staff for culinary arts (Grayson, 2003).

A side benefit to community colleges from contracted training can be the donation of equipment from business and industry for the purposes of ensuring that employees are being trained on the most up-to-date technology. Motorola and Intel have donated equipment to Maricopa Community Colleges in Arizona to use for customized training. They have been donating equipment to the college for the last two decades which has ensured that their employees are being trained on the equipment that they will use in the workplace (Van der Werf, 1999b).

Grant Funding

According to Keener (2002) one area that has not been sufficiently targeted for revenue generation is the importance of government grants and contracts to support programs at the community college level. Grants and contracts can be used to help existing programs stay up-to-date with technological advances, expand an existing program, or to help finance a new program. Community College Week has a column entitled Grants and Gifts to raise awareness of the potential grants and gifts available to community colleges. Specifically, this column lists the various grants that have been received in community colleges. These grants are provided by private industry, federal programs, state programs, and other sources.

Partnerships

There are many different types of partnerships that can be formed between community colleges and business. “In a true partnership, a corporation sees itself as an integral part of the college’s educational mission through financial investment in some program or priority” (Perez, 2003, p. 4). Perez contends that this happens by the college building good relationships with the community and business. He states that it is essential that community college leaders make themselves both visible in the community and let business leaders know what the college is involved in. “More specifically, corporations must see that they will benefit from the college’s work to create a better-educated regional talent pool with appropriate skills and the college’s commitment to the life-long-learning and training-upgrade programs on which businesses rely” (Perez, 2003, p. 4).

Partnerships in community colleges can be formed with businesses for a variety of reasons. As stated in the significance section of this dissertation, Southwestern Oregon Community College has a partnership with a variety of public agencies in a One-Stop center. This partnership not only helps clients obtain needed assistance for services such as food stamps and employment, but also is a direct link to help potential students learn about various classes and retraining programs. Ultimately these partnerships can be a transition point for students to earn a GED or enter a college program.

Another type of partnership has been successful in North Carolina at Piedmont Community College. According to Kelly (2003), local businesses have been asked to

“adopt a class” to help the college pay for part-time instructors. The benefits are not just for the college, but also for the business from the publicity that they receive for their donation.

Partnerships are being forged in the health care industry between hospitals and local community colleges. This type of partnership may help by providing work experience sites for nursing programs, pay for the cost of full-time faculty, or both. The colleges and hospitals both benefit from this type of agreement.

Partnerships have also been established to provide equipment to colleges. While these type of partnerships may not provide cash revenue, they may provide equipment donations that are valued at more than half a million dollars (Lucas, 2003).

Entrepreneurial Activities

There are a variety of entrepreneurial activities that can raise revenue for community colleges. According to Burstein (1996), California community colleges have found additional revenue streams by: “Increasing business ventures: licensing products with college logos and mascots, accepting corporate sponsorship for athletic championships, and marketing college event radio and television broadcasting rights” (p. 4). Another source of income can be generated by signing exclusive contracts with such companies as Coca-Cola or PepsiCo. Community colleges in New Mexico collaborated to negotiate a contract for beverages. By teaming up, they were able to get a better incentive than if they had signed individually (Van der Werf, 1999a).

Summary of Alternate Revenue Streams for Community Colleges

In summary, the above section has included potential revenue sources for community colleges from such areas as increased tuition and fees to developing partnerships with business and industry. Zeiss and Paneitz (2003) state that developing alternative revenue streams is now part of the job description for the college president and the board of directors.

College presidents and their boards must realize that raising money from a variety of sources in numerous and innovative ways is now an integral part of a college's financial strategy. As institutions raise more money, they also will gain more control of their destinies, and having increased financial independence will certainly be to the benefit of the students served by community colleges. (p. 5)

Having more control over the amount of finances received at the community college level is important for the health of the institution and ultimately will benefit the students. How this can be achieved can be a stumbling block for the board of directors and the president. One idea is the use of land resources to generate revenue. Building on this section, the following will explore how community colleges have leveraged their land resources to provide an additional type of revenue stream.

THE USE OF LAND RESOURCES IN COMMUNITY COLLEGES

Land resources are becoming increasingly valuable for community colleges. Unfortunately, the literature on this revenue source is lacking. When speaking with community college leaders, information may be provided about an institution that is using land resources to raise revenue, but the actual details of the venture are rarely published. Bender (1987b) states that "there is an extensive literature on land as a

resource as well as land use policy; however, little of it addresses higher education” (p. 1). This lack of available information does not allow community college leaders to gain valuable information from other successful ventures for revenue growth. If more information were available, community colleges might be able to develop strategies and implement them in revenue creation.

This section of the literature review will provide information on how some community colleges have used their land resources to increase revenue. This will include selling or leasing land (Cohen & Brawer, 2003), selling or leasing buildings, and the development of self-sustaining programs such as student housing.

Bender (1987a) describes the challenges and steps that may be taken by community college leaders to help determine if they should consider utilizing land resources:

The first challenge confronting community college land use is to conduct a comprehensive analysis of land use, maintenance costs, and the relationship of alternative potential uses to the institution’s short and long-range goals. Colleges need to know the actual costs of every acre (for every square foot, really) of campus-owned land. Then, an appropriate land-use plan can be developed. Take the time to develop a comprehensive plan accepted by the community. The plan should include: (1) a philosophy of land use reflecting the tradition, values, and goals of community and college; (2) an appropriate governance structure related to local and state requirements and to the objectives of the land-use plan (particularly where income generation is involved); (3) a land-use program relating to the mission of the college and contributing to its educational program; and (4) a locus of accountability including audit provisions where income-generating operations are involved. (p. 37)

Community colleges that are successfully creating alternative revenue streams have incorporated planning into their models and are working with their communities

to maintain good working relationships. An example of a successful community college revenue stream is at Johnston Community College in Four Oaks, North Carolina. Johnston Community College was the recipient of 2,800 acres of land located approximately 15 miles from the campus. This land is now being used for many different types of activities all of which raise money for the college. Timber is harvested, there is an annual wild pig hunt which is so popular that individuals must enter a lottery and be selected to participate, bow hunting for deer, wild turkey hunt, hunter-safety classes, and a training site for local law enforcement agencies (Yates, 2003).

Los Angeles City College was another community college that analyzed its land and developed a partnership with a business to benefit the college. The infrastructure of the college was beginning to decay. There was a large piece of land at the entrance that was being used for discarded pieces of furniture and equipment. Through extensive planning and work with the community, the college partnered with a local business to develop a golf course on the property. The business was also able to build additional parking for the college. According to Tyler (2002):

By engaging in this innovative venture, the college leadership proved that the school could create new and brighter visions. The project served as a catalyst for new improvement on the campus and changed the culture so that people began to believe things can change for the better. In many ways, it is, therefore, a symbolic statement in addition to being a good business decision. (p. 28)

McDowell and Lindner (1989) wrote about land development at Schoolcraft College in Livonia, Michigan. In the article, they describe the sale of a portion of land to an airline company for a ticket distribution center. In a follow-up personal

communication with the community college, I learned that this venture was never realized. According to Conway Jeffress, President of Schoolcraft College:

In spite of this deal falling through, we became increasingly interested in the prospects of utilizing land which exceeded projected use by the College. In 1986, the College Board of Trustees established a separate Schoolcraft Development Authority which was a necessary legal step to handle real estate investments. After interviewing several developers a parcel of 17 acres was identified and P. R. Duke Realty Corporation was selected. Eventually the space was filled primarily with office buildings and one restaurant. The College receives income from that lease, including participation in the rents and the restaurant income. This provides \$300,000 to \$400,000 income each year to the College. The Board has elected to set this sum aside (as opposed to commingling it with general operating funds) for the purpose of major capital investment. Over the years this project has developed sufficient revenue to allow the College to build a new building and to do so without floating bonds or borrowing money. The building opened debt-free. In 2001, we decided to lease property at the other end of the campus for similar purposes. Concurrent with that activity the College decided to build a second structure and, again, use the cash flow from our land development to fund the structure. The second land development is now in progress and because of inflation and other factors yields just under \$1 million a year in revenue. The second building, a \$30,000,000 structure, was opened in 2003; again, fully paid for at the ribbon cutting. (Personal communication)

Providing dormitories or student housing can provide revenue to the college.

Collin County Community College in Plano, Texas sold a parcel of land to a company that built student housing for the college. According to Lords (1999), Collin County Community College is able to share the profits with the builder.

Examples of additional land resource activities being used at community colleges are “Metered parking lots, sale of ornamental/foilage plants, or sod from campus lawns and rental for a cable TV tower and studio...” (Bender, 1987b, p. 13). At Southwestern Oregon Community College, land resources are being used in the form of leasing office space to tenants to generate revenue. Specifically,

Southwestern overbuilt to not only house some of its programs, but to have additional space available to lease. They were able to secure the leases before building and the money from the leases is used to pay for the debt on the building.

SUMMARY OF LITERATURE REVIEW

According to Bender (1987b) “Community colleges simply do not know much about their land, its cost, or its potential. The second finding naturally results: community colleges do not have comprehensive systematic land use plans” (p. 23-4). This may be why there is not a sufficient amount of data regarding community college leveraging of land resources.

In this chapter, I have referred to community colleges that are using their land resources through such ventures as leasing land or buildings or through the development of self-sustaining programs. In summary, there is not enough literature regarding the use of land resources in community colleges as a source of revenue. Occasional articles may describe a single venture, but rarely are the details or planning included in the article.

This dissertation will describe and analyze strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. There is a need for further research in resource development to assist community colleges in the research, planning and possible implementation to build future revenue streams.

CHAPTER 3: RESEARCH DESIGN

Chapter 3 will provide the primary methods used to collect and analyze the research for this study. I used qualitative research, specifically case study methodology, for my research. The design section will include the methodology of the study and the rationale for this approach; the data needed; the study participants; the data collection procedures; the data analysis procedures; strategies to ensure soundness of data, data analysis, and interpretation; and strategies for protection of human subjects.

METHODOLOGY

I used qualitative research because according to Creswell (2002) it “examines a research problem in which the inquirer explores and seeks to understand a central phenomenon. An exploration means that little is known in the literature about the phenomenon of study and the researcher needs to learn more from participants” (p. 52). As stated in the literature review section, there is not enough information about how colleges are successfully using their land resources. The qualitative method allowed me to learn more about this issue through data collection at community colleges currently utilizing land resources.

I subscribe to the postpositivist epistemological doctrine. Gall, Gall, and Borg (2003) define post-positivism as the following: “social reality is constructed and that it is constructed differently by different individuals” (p. 15). In other words, external

reality is subject to our own biases and views. Postpositivists also believe that there are no absolutes in theory and that the conception of knowledge and values affect theories. Gall, Gall, and Borg (2003) state that “postpositivist researchers attempt to avoid the problems created by quantification of features of the social environment by focusing their investigations on the study of individual cases and by making “thick” verbal descriptions of what they observe” (p. 21).

Within the qualitative, post-positive research perspective, I chose to use a case study method because I wanted to describe and analyze strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. “A case study is an in-depth exploration of a bounded system (e.g., an activity, event, process, or individuals) based on extensive data collection (Creswell, 1998). “‘Bounded’ means that the case is separated out for research in terms of time, place, or some physical boundaries” (Creswell, 2002, p. 483). For my purposes, the bounded system was a process with physical boundaries where community colleges identify land that can be or has been used for revenue generation.

As stated in the literature review section, some community colleges are successfully using land resources to generate additional revenue. Additional information is needed about the process that is used by these community colleges to generate revenue. A case study provides a method to explore the process that is being used by community colleges that allow them to provide revenue streams. I used the method of a case study because of the way it allowed me to gather information that I needed to analyze.

We study a case when it itself is of very special interest. We look for the detail of interaction with its contexts. Case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances (Stake, 1995, p. xi).

According to Merriam, “An innovative program may be a case” (p. 28). The literature indicates there have been innovative programs developed by community colleges to assist them in generating revenue by using their land resources. The examples of the golf course developed at Los Angeles Community College and the variety of fund raising activities from one piece of land being used at Johnston Community College are both significant and innovative.

I used case study research to describe strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. The case study provided a mechanism to research individual community colleges to find information that may be useful to other community colleges. I performed a collective case study by choosing to examine three different community colleges. After the case study was complete, the data was analyzed for each individual community college. I then compared and analyzed the data for the three community colleges to determine common elements that will be useful information that can be shared with other community colleges.

DISCLOSURE STATEMENT

My business background helped me to choose the method of case study for my research. I enjoy details and the ability to understand how things work. Interviewing individuals and learning how ideas became a plan and how the plan was implemented

are exciting for me. I analyzed data and developed a set of decisions that were made by the board of directors and college administrators that led to the development of a revenue stream using their land resources. My background in business helped me with the analysis of these decisions. As I stated in the focus and significance section, I have always had a love for numbers. Going to college and receiving a Masters Degree in Business Administration and then continuing my educational requirements to become a Certified Public Accountant are important attributes for this study. I enjoy analyzing data and look forward to sharing information on how community colleges can develop alternative revenue streams.

DATA NEEDED

Data was collected from each of the three community colleges in the form of interviews and supporting documents. The majority of information was gathered through interviews with the chief financial officer at each site. Part of the information was obtained in advance by speaking with the president of the community college. The following five questions are the abbreviated research questions that were listed in the focus and significance section of this paper:

1. How are community colleges using land resources to enhance revenue?
2. What are the advantages and disadvantages of these revenue-enhancing strategies?
3. How much revenue is added in the short and long range (i.e., total dollars, percent of college budget)?

4. What process and policies guide the use of land resources?
5. What changes would improve these strategies and policies?

Additional questions that were asked when applicable were:

- the initial cash outlay;
- when the college began the activity;
- what is the debt service;
- where are the resources being allocated (general fund, auxiliary fund, etc.);
- the projected use of funds;
- how long will the project continue (lease, sale);
- what happens when the project is completed;
- the maintenance on the facility or land;
- related policies and procedures, things that the college would do differently if they started the process at this point in time; and
- other questions that will be identified during the interview process.

STUDY PARTICIPANTS

The criteria used to select the study participants included innovative programs, an activity that has been established for three years or more, and an activity that is ongoing. I identified three community colleges in Oregon that are using land resources to generate revenue. I chose three community colleges because I wanted an opportunity to study more than one community college, but wanted a manageable

number. According to Creswell, “Typically, however, the researcher chooses no more than four cases” (p. 63).

I also considered what was reasonable in respect to time and expense. Three case studies appeared to be acceptable for both time and expense since I planned to visit each site more than once.

My initial contact with each community college was through a letter sent to the college president (Appendix 1). I originally contacted five community colleges in Oregon; only three were willing to allow me to use their college for my research. One college declined stating that they did not want to share what they were doing with others. The other college declined because they did not believe they created enough revenue to be of assistance in the study.

I followed up with the three remaining colleges with a phone call to the president. I explained the research I was planning to complete, answered additional questions, and requested permission to contact the Chief Financial Officer at the college.

I originally planned to contact board members at each college. I was specifically asked not to speak with the board members at each site. I was told that they were not available or that they would not have the information needed to assist me with the study.

At the beginning of each interview, I explained the process I would use during the interview. Each participant completed an informed consent document (Appendix

B). I also requested permission to record the interviews. All interviewees agreed to the recording and initialed the box on the consent form as approval for this procedure.

DATA COLLECTION PROCEDURES

The focus of the study was on interviews and the collection of documents. I informally spoke with the president of each community college. I interviewed the chief financial officer and other individuals as were recommended by the chief financial officer. I collected documents regarding specific plans. After the interviews were completed and the documents collected, I wrote a case study for each community college. The case studies and the data analysis are in Chapter 4.

I used an interview guide approach to prepare for the actual interviews.

According to Patton (1990):

Topics and issues to be covered are specified in advance, in outline form; interviewer decides sequence and wording of questions in the course of the interview. The outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent. Logical gaps in data can be anticipated and closed. Interviews remain fairly conversational and situational. (p. 288)

I prepared an outline of the interview questions before the interview. I tailored the sequence and wording of the questions to the actual interview. This allowed for flexibility in the process. Although I prepared general questions in advance, I added questions as needed to further clarify information. I did not ask all interviewees each of the questions. I asked questions specifically tailored to the interviewee's position and knowledge of the activities at the college. I used field notes and a voice recorder to collect the data.

DATA ANALYSIS PROCEDURES

The data was analyzed by first performing within case analysis and then performing cross-case analysis. Yin states that “In a multiple-case study, one goal is to build a general explanation that fits each of the individual cases, even though the cases will vary in their details” (p. 112). The first step for a cross-case analysis is to provide a detailed description of each case and the setting. The case is analyzed by reading documents, the field notes, listening to the recorded interviews, and looking for patterns and consistency within this data. Specifically, I looked for a set of decisions that were made to determine whether or not a project should be pursued. I also looked for information that would be useful to other community college leaders who may want to consider this type of revenue source. This information is presented in Chapter 4 by first outlining the activities of each of the three community colleges in a case study.

Triangulation was used to compare data between case studies. Triangulation is used when data needs to be confirmed or if there are key interpretations that need to be confirmed. It was used to ensure soundness of the data by comparing the process that occurred at each of the selected cases with the other cases. After the completion of each of the three case studies, themes were identified and confirmed by cross-case analysis. Examples of themes that I looked for include themes about the advantages and disadvantages of the activity, how the activity was developed, and the policies that were used to guide the activity or any changes in policies that had to be made to

enable the activity to be implemented. These themes were developed by looking at the data of all three cases. According to Merriam (1998):

Ultimately, cross-case analysis differs little from analysis of data in a single qualitative case study. The level of analysis can result in little more than a unified description across cases; it can lead to categories, themes, or typologies that conceptualize the data from all the cases; or it can result in building substantive theory offering an integrated framework covering multiple cases (p. 195).

In summary, in the cross-case analysis I looked at themes as stated above and built a strategy of how community colleges are using land resources as a way to enhance and diversify revenue. The strategy was then used to help develop a set of decisions that may be used by other community college leaders who are interested in expanding their resources through the development of their land.

STRATEGIES TO ENSURE SOUNDNESS OF DATA, DATA ANALYSIS, AND INTERPRETATION

In order to ensure the soundness of data, data analysis, and interpretation, I incorporated the following practices into my study. According to Merriam (1998), validity, reliability and ethics are all important aspects of the study. Internal validity ensures that the findings contain real information. Merriam (1998) also states there are six strategies that should be used to determine if internal validity is present: triangulation; member checks; long-term observation; peer examination; participatory or collaborative modes of research; and researcher's biases.

Merriam (1998) defines triangulation as “using multiple investigators, multiple sources of data, or multiple methods to confirm the emerging findings” (p. 204).

Member checks occur when the researcher asks those who were originally interviewed or provided information for the study, to review the material that has been written to ensure that it is accurate. Long-term observation is the process of gathering information over a long period of time to ensure that it remains valid over time. Peer examination is the process of asking colleagues to review the material and provide comments on the validity of the findings. Participatory or collaborative modes of research occur when the individuals involved in the interviews or those providing the data participate during the entire process; from determining the parameters of the study to the final writing of the document. The last strategy is disclosing researcher's biases which can be defined as "clarifying the researcher's assumptions, worldview, and theoretical orientation at the outset of the study" (Merriam, 1998, p. 205).

In my research, I used triangulation and member checks to ensure reliability. These methods were defined in the paragraph above. Triangulation can be used to show reliability as well as internal validity. Each community college was provided with a copy of their case study for review. All case studies have been read and approved for accuracy in describing the activities for each community college. An audit trail was used to ensure reliability specifically by keeping details of data collection methods, how the data was analyzed, and keeping good records of how the study was conducted.

Reliability refers to the ability to replicate a study. If the study were done by another researcher at another institution, would the results be the same. In qualitative research, reliability in the above defined manner is not practical. Instead, reliability

has been defined by Merriam as “...rather than demanding that outsiders get the same results, a researcher wishes outsiders to concur that, given the data collected, the results make sense – they are consistent and dependable” (p. 206). Merriam identifies three techniques that can ensure that the results are dependable: the investigator’s position; triangulation; and audit trail. All three of these were important for my study. In order to maintain an audit trail I kept a log of all of the documents that I received and the voice recordings of the interviews.

The final area is ethics. I will adhere to all of the guidelines of the Oregon State University Institutional Review Board (IRB). Please see the following section.

STRATEGIES FOR PROTECTION OF HUMAN SUBJECTS

The Oregon State University Institutional Review Board (IRB) has guidelines that must be followed by Principal Investigators (PIs). I have an ethical and legal responsibility to protect the human subjects that assisted me with my research. I complied with all of the provisions in the IRB handbook.

CHAPTER 4: FINDINGS

INTRODUCTION

This chapter will address the research findings and be divided into two sections. The first section will present summaries of the three case studies. The second section will address the research questions that were proposed in Chapter 1.

SECTION 1 - CASE STUDIES

Three case studies were constructed to research how community colleges are using land resources to enhance their revenue streams. In these case studies, interviews were held with individuals associated with community colleges in Oregon. The community colleges will be identified as A, B, and C. The interviewees will be identified with designated numbers such as A1, B1, or C1, with A1 representing person 1 from community college A. In order to maintain confidentiality of the college and the participants, demographical information will not be divulged.

The community colleges that were used for the case studies were at various levels in generating revenue by using their land resources. Community College A is actively pursuing this goal and beginning implementation to create additional resources. Community College B is creating only minimal revenue at this time, but has been successful in the past with two projects. Community College C has a significant level of activity and is successfully creating revenue by using land.

In the following pages, I will first present a scenario about each of the community colleges including some information about the relationship between the interviewee and the college. I will describe activities the college is currently involved in or pursuing.

COMMUNITY COLLEGE A

Community College A's Board of Directors determined that one of the goals for the president was to increase revenue by using land resources. I held an informal interview with the president of the college to obtain background information and to receive permission to interview various individuals who have assisted him with this goal. I formally interviewed a total of 4 college employees and private citizens who have become involved in assisting the college to develop alternative revenue streams. The interviewees will be identified as A1, A2, A3, and A4.

Interviewee A1

Interviewee A1 has been involved with Community College A as a former director of the foundation. He assisted the college in business recruitment for unused land and for other projects that have currently been completed. In this role, he has been able to introduce the president to people in the community who could assist the college in their endeavor. Interviewee A1 also serves as a sounding board for the president. He assisted the college in his role as the president of an organization that was able to fund a study of their unused land.

Interviewee A2

Interviewee A2 is a director of business development with a local firm that specializes in architecture, engineering, and planning services. He was involved in site selection in the county to determine if any were suitable for economic development. The college site was not the first choice, but when another site fell through, he started working with the Community College A. He initially became involved with the project through a connection he had with Interviewee A1. A2 has worked with other community colleges in the state on potential business development plans. One of the questions he asks is “What role should community colleges play in economic development?”

Interviewee A3

Interviewee A3 is the Chief Operating Officer at Community College A. He has a good understanding of the needs for additional revenues for the college. He is a supporter of the efforts being made by the college to increase the revenue streams. It is important to him to leave a positive legacy for the future of the college.

Interviewee A4

Interviewee A4 is a private developer. He is a proponent of education and was introduced to the president of Community College A at a Chamber of Commerce function. Interviewee A4 worked with the college to support two bond measures. He believes the college is doing a wonderful job and is one of the biggest revenue creators

in the county. He stated that if the college did not exist in the community, the students would leave to go to school and not come back to the community. Instead, the college is providing a good education and an opportunity for students to have profitable careers. Companies come to areas with an existing well trained workforce and he stated that Community College A is providing that service. His personal views are that education in Oregon is under funded. He believes that the state should support education at an adequate level so that management does not have to devote time to raising money. Educators should spend their time with the business of education and the mission of the institution. He would like to see the legislature fund education in the manner it needs to be funded and stop providing subsidies to businesses for development. He stated that businesses are given large tax breaks to move to an area, but it is important to remember that businesses come and go. Since education is not being properly funded in Oregon, he is working to assist educational institutions in his community to find ways to increase their revenue. His ideas include: private donations; public-private partnerships; and utilizing resources available on the campus that might not fit a conventional model of school.

Overview of Projects

Community College A has excess land that has not been developed. There is interest in exploring partnerships with other organizations to expand their physical plant. The current president brought skills and knowledge to the job and a willingness to pursue the vision set forth by the Board of Directors. He also recognized the charge

and importance of the sustainability of projects and the importance of enhancing the programs being offered at the college.

When I began my research, the college had already identified excess land that could be used to create revenue. The college had also recently had two failures when it went out to secure \$70 million in bonds from the voters. With over \$200 million needed for repairs to its current facilities, the community college needed to begin to look at other options.

Community College A - Project One

The Nursing program had an immediate need for expansion and was one of the departments that would have received part of the \$70 million bond had it successfully passed. At about the same time, the local school district was building an alternative high school that they would share with a private company. The high school and the company were going to work together to provide opportunities for the students to enhance their education through internships. The partnership fell through and the high school was faced with no one to lease the unused 16,000 square foot space. A private developer knew the college had a need to upgrade their nursing program and provided the connection between the two educational organizations. This partnership was successful and the two educational organizations are sharing space. The college will be able to create revenue through leasing the simulation lab to local businesses. The cost for the college to become involved in this partnership was an initial \$1.6 million with an additional \$1.5 million for build out. This money was obtained by borrowing

with a Full Faith and Credit Obligation which was obtained with the approval of Community College A's Board of Directors.

Community College A - Project Two

The college has a large piece of industrial zoned land that is currently unused. Even though the land is adjacent to the current facility, whether or not this land could be used efficiently as part of the campus is questionable. A feasibility study has been conducted by a private company to identify potential uses for this acreage. This study was not paid for by the college, it was the result of the county identifying developable land for economic development. At this time, the land is worth approximately \$10 - \$16 million. The college is not interested in selling the land, which takes it out of the land normally desirable for developers. Instead of selling the land to a developer, the college wants to explore alternative ways to generate revenue from this parcel.

Since developers normally want to own the land and the college is unwilling to sell it, the college will need to develop a relationship with the builder. The business deal would need to be structured in a way that works with the developer. The developer could develop a ground lease situation with the college, perhaps even a 99-year lease. Some ideas for the use of the land might include a business incubator, light manufacturing, electronics, or medical research facility.

The feasibility study provided important information to the college to help them market this piece of land. Unfortunately, the college did not receive any responses to the development proposal they issued to attract business to the site.

The college's goal to ensure the project aligns with their mission will also be an issue and make the project more challenging. The college would like to have the business be compatible with one of their programs so students would benefit from the location by using it for internships or a lab for a professional technical program.

Community College A did look at housing; such as an assisted living facility for this site. Again, the college may need to choose between income stream or a related program in order to form a partnership. If they choose just one of these factors, it would be much easier than having both of these requirements.

One of the positive factors that came out of the study was that the piece of land was identified and placed on the governor's list of project ready sites. The importance of this designation is that the land is identified as being shovel ready, or ready for a business to obtain permits and start to build. The site will receive additional marketing through the State's Economic and Community Development Department. Whether the certification is of any benefit or not is yet to be seen since it is a new program. The theory is that sites will be development and permit ready so everything will move quickly. The hurdles of due diligence issues, wetlands, and infrastructure have already been completed so everything should move quickly. This means that the land should be more competitive in a broad marketplace because it is ready for development. Whether or not this status will be important or not is yet to be determined because this statewide designation program is too new to gauge the benefits and outcome.

Community College A - Project Three

Community College A is exploring the possibility of creating a university center. This was one of the projects identified in the failed bond measure. The college sees the need to create a partnership with four-year institutions. At this time, the four-year institutions do not have a presence in the community. People in the community tend to be landlocked and do not travel to continue their education. The college has been in contact with both developers and four-year institutions to consider partnerships for this project. This project is compatible with the academic goals and mission of the institution and would create revenue for the college.

The model for this project would be to build a building that would be attractive for businesses and education. The college would own the entire building which would probably be about 80,000 sq. feet and be 3 stories tall. Construction should be between \$185 sq. ft. to \$200 sq. ft. The goal would be to have businesses lease the space and have their leases meet the debt service. The college would use part of the space for college programs. A market study would not need to be conducted because the universities would become partners in the project. The additional community college student enrollments would pay for the operational costs of the building.

There are several obstacles with this project that need to be addressed. One of disadvantages is that the college is not on an easily accessible public transportation line. The college may want to build the university center at another site to provide easier access for the students. Another potential obstacle is that some universities are limited to 5-year leases. The community college needs 20-year leases with partners in

order to have the commitment needed to solidify the project. Another hurdle is the possible mixed use of the facility. If the college owns the building, they will need to be careful not to risk their tax exempt status by mixing commercial with public debt. One possible solution would be to set up an entity that would handle the project or to partner with a developer where the developer would own the building and the college would own the land. This project is still in the planning stages and all of the details have not been addressed.

Community College A - Project Four

The fourth project at Community College A is an administration building to be developed on a corner of the existing campus. The site is an asset for the college since it would be developed on a corner lot with good visibility in the community. Corner locations tend to be strong locations for businesses. The college is considering building a four-story building that could have commercial development on the first three floors and college administration on the upper floor. A developer has recommended that a market study be conducted to minimize and quantify the risk. The college acknowledges that they are in the business of education and that they know education, but they are not in the commercial world. The college would need assistance with this type of plan to make it successful. Another hurdle to be faced would be to request a change of zoning for the land from residential to light commercial or retail.

Summary of Community College A Case Study

Community College A has successfully created one partnership that will lead to additional revenue being generated for the college. The additional three projects are at various stages. Community College A has a good grasp on the next steps. The college has been able to ensure that they are connected with the right people in the community to help them achieve their goals.

COMMUNITY COLLEGE B

Community College B has been minimally involved in revenue creation through land resources. It has been successful in a land sale and a land swap, but the majority of their involvement in this arena is with the rental of their facilities. I held informal interviews with both the President of Community College B and with the Associate Vice President, Finance. After speaking with both of them, they referred me to three additional members of the staff for official interviews who will be identified as B1, B2, and B3.

Interviewee B1

Interviewee B1 is the Manager of Accounting Services at Community College B. In her present role with the college, she plans, organizes and directs the accounting and auditing functions at the college. For the purposes of this study, she was able to provide me with information regarding the rental of college facilities.

Interviewee B2

Interviewee B2 is a Project Accountant at Community College B. Part of his work for the college is with property and depreciation documents. Before we started the official interview, he stated that the college is not a real estate investor. The main goal of the institution is to provide education and that creating revenue is secondary to the main goal. He also indicated the need for the college to keep up with current educational demands. He said it is important to provide students with up-to-date equipment and facilities.

Interviewee B3

Interviewee B3 is the Vice President of Administrative Services at Community College B. In this role he works closely with the president regarding all of the administrative services at the college. He has a background in private business and was extremely helpful in providing information about the rules governing community colleges and the use of land.

Community College B - Project One

Community College B is involved in several different rental projects. They currently rent out space for cell phone towers. They also rent out facilities such as the performing arts center, the swimming pool, and meeting spaces. Basically all of the facilities at the college are available for rent.

The college would like to increase the amount of money from facilities rentals. A goal has not been set for the target, but there is pressure to generate revenue outside of the traditional streams. Although occasionally someone has recommended making a certain building self-supporting, that has not been achieved. According to Interviewee B1, it is almost impossible because of utilities, infrastructure needs of the buildings, and other costs associated with the property. There also has not been a definition created for what is meant by self-support. Areas that need to be explored if they want to pursue having self-supported buildings is an understanding of the components of the expense including overhead and personnel costs.

At this time, the money from rentals is placed in auxiliary funds. In theory, the account is to be used to support the building. Historically, it has been used for anything that is currently needed, including equipment. At this time, the college does not have a viable capital equipment replacement schedule, so the money has been used as needed for items such as computers.

Interviewee B1 provided a good overview of Unrelated Business Income Tax (UBITs) which is governed by the IRS. The college is currently working on providing written documentation to those involved in facilities rental about the rules that must be followed. The importance of understanding the UBITs is to ensure that the college does not earn money that is taxable, or if it does earn taxable dollars, that they report and pay taxes on it. Examples of how this affects facilities rental are as follows:

- When facilities are rented, both custodial and security can be included, but if the college provides catering, that portion of the bill becomes taxable income.

An exception to this would be if the college had a culinary arts program. If culinary students prepare the food, it is part of an educational program and is consistent with the mission of the college, so the services are not taxable. In the absence of a culinary arts program, the college could provide a list of approved outside caterers. In that case, the income would not be subject to UBITs.

- Regarding a cell phone tower, if the tower belongs to the outside company, it is not taxable. If the college owns the cell tower and rents it out to a company, it would be taxable.
- Rental of space and services to other governmental jurisdictions or nonprofits are not subject to UBITs.
- If a private company operates a sports camp and rents a gymnasium from the college, this activity is subject to UBITs. If on the other hand, the college hires a director of the sports camp as a faculty member and then signs up the participants as students, it is not taxable because it fits within the mission of education.
- Another example of a sports camp would be to run one for grade school students. If the college has service learning opportunities and students assist in running the camp to complete their service learning projects, then it isn't taxable.

Community College B earned approximately \$300,000 on facilities rentals during the last fiscal year.

Community College B - Project Two

Project Two is the sale of an excess piece of property to provide additional funds in support of a bond program which was approved in November 2000. In early 2001, the college started planning for the implementation of the bond and researched the needs for the college in the future and how the bond resources should be deployed. The administration also ensured that the plan matched the one approved by the voters. In most cases, the bond goals and the dollars strongly matched. One item that became apparent was that the plan that had gone to the voters did not fully address additional land that needed to be acquired. The detail to the voters was good, but there was less detail about how the project would be completed. As the college started to look at the scope of the bond program, it realized that it needed to convert unused resources to cash. This would lead to aggregating more resources to the bond program. The parcel that ultimately was sold was one that would have been difficult to develop and was one that was not adjacent to current college property.

At the same time that the college was beginning to consider the sale of this property, another governmental agency was considering condemnation of the property because of their need to use it for a public project. Probably due to the fact that the college had already been thinking about selling the land, they were able to quickly approach the governmental agency and sell the land to them. The \$1.6 million from the sale was placed in an account to be used to supplement bond dollars.

Community College B – Project Three

A third project that was successfully completed by Community College B was the acquisition of land to build an educational center. This process is interesting because it shows how public agencies can be responsive if they choose to do so. The original plans presented to the voters were to renovate an existing building. The existing building was inherently inefficient due to the configuration of the space. The monies needed for investment to complete the planned renovation could only do so much good based on the condition and layout of the building itself. In addition, the site was landlocked. If at some point, the college wanted to continue to expand, they would have been unable to do so because the adjoining businesses were successful and probably not willing to move.

A college employee told Interviewee B3 that there was an abandoned big box store in the area. Interviewee B3 was able to meet with a member of the Board of Directors of the college, who was a senior manager in city development, to discuss the feasibility of the plan. He believed it was a good plan and encouraged the college to work on it. Ultimately, the college decided it was interested in purchasing this property and moving the current educational center to the new location. The plan would be to tear down the big box store and build the new center built in its place.

At the same time the college became interested in the property, the company who owned the property went into bankruptcy. No assets would be able to be disposed of without the approval of the bankruptcy court. Meanwhile, a real estate developer was also pursuing the property. The developer was bidding up the price to

force the college out of the competition. After approximately 15 months, the college was able to convince the developer that if he acquired the property, the college would condemn it and acquire it from him. The college was also able to convince the current owner of the land that despite their interest in getting top dollar for the property or potentially redeveloping it, the college would condemn the property. Ultimately, the college did prevail and purchased the property. Community College B also sold their current piece to another company.

Interviewee B3 provided a lesson in how condemnation of property can occur. The standard is that the public agency has to show that the condemnation is in the public interest. That is not just a set of words that in and of themselves will suffice. The college has to have real plans, the ability to obtain a permit, and the funding to back the plan. The courts are mindful that the acquisition of property takes it off the tax rolls. If it is not completed correctly, it can represent a blockage to redevelopment and could impede private and public investment. The burden of proof is that it must be in the public interest and the plans must be credible with money to back it up. Per Interviewee B3, “Condemnation is more painful to think about than to do – if done right – it can be a win-win.”

If the college had been unable to obtain additional funds by selling property for the bond project, they would have had to change their plans. Having the additional funds allowed the college to make modifications that were beneficial to the students and provided a state of the art learning facility.

Summary of Community College B Case Study

Community College B is creating a very small amount of revenue through the lease of space. They have successfully been able to supplement their building projects due to the sale of land, but they do not have significant sustainable projects. They plan to increase the amount of revenue generated from leasing building space in the future.

COMMUNITY COLLEGE C

Community College C is currently using land resources to create revenue streams. It has been involved in projects involving land swaps and purchasing additional property for over 15 years. It currently has property that is bringing in revenue that the college uses to build new buildings and to maintain existing buildings. I held an informal interview with the President of Community College C to obtain permission to use the college for one of my case studies and to receive permission to interview staff members. I interviewed three staff members who will be identified as Interviewee C1, C2, and C3.

Interviewee C1

Interviewee C1 is the Vice President and Chief Financial Officer of Community College C. He has a business background, is a prior law enforcement officer, and at one time was the Chairman of the Board of Directors for Community College C. He looks for staff members who are creative and have a positive mind set.

He encourages employees to be creative and be willing to put together new initiatives. Interviewee C1 stated that one of the benefits to this model is that there is less of a burden on the tax payer. His perception is that colleges need to take care of themselves because traditional government funding will not be sufficient. His goal is for all building maintenance costs to be paid for with funds generated through using land resources to create revenue, instead of coming out of the general fund.

Interviewee C2

Interviewee C2 is a Property Manager for the college. He has a real estate and broker background, has sales and management experience, and has owned both small and medium size businesses. He is good at negotiating and trusts his intuition when working with clients. His position has evolved from one that was tied to the business office to facilities management. He spends the majority of his time as an Ombudsman working with real estate and services.

Interviewee C3

Interviewee C3 is Director of Facilities and Operations at Community College C. His education began in the area of surveying, but he ended up with a Masters in Higher Education Policy and Management which he obtained after he accepted his position at the college. He has also taken architecture classes to assist him in his job. He is certified in the International Facility Management Association which is a private sector association. He believes that since he spends so much of his time working with

the private sector, he needs to be involved with private sector peers. He has good relationships with the private sector including developers and land use attorneys.

History

When Community College C first started to acquire additional property that was used for enterprises not normally associated with the community college, faculty and staff were concerned about the legality of the acquisition and questioned the decisions being made by management and the board of directors. Peers from outside agencies teased those involved that they would write to them when they were in jail. There was misunderstanding and a lack of trust in the direction the college was moving. Initially, there was concern among employees and outside agencies that the activities were not appropriate for community colleges. Community College C has now taught other non-profit institutions how to legally acquire and manage additional land resources.

Community College C became involved in land acquisition and swaps when it was no longer able to continue leasing a space from a local school district. The college did not have the financial resources to purchase land and build a building. They were able to work with a local agency who was willing to sell a building that currently was not in ADA compliance to the college for \$1. The college now had a building, but no money to remodel or to furnish it. They were able to obtain a matching grant, but did not have the money to match it, so they gave one floor of the

building to the county and counted the money the county spent remodeling their floor as the college's match.

Another early project for the college was the acquisition of an old high school that was located on property adjacent to the main campus. The high school had been leased out to another agency that was not keeping up with their payments. The college approached the agency to see if they could rent unused space and the agency was not willing to do so. The college ended up purchasing the land and building and assisted the agency in finding another place to lease.

At the same time, the CFO of Community College C was on the board of directors of a business who wanted to open a new office near the college. The college was able to issue a Certificate of Participation (COP) to obtain the funds to build a building on the newly purchased land. In addition to the building, the college was able to add more college parking, change the entrance to the college, and charge all of the costs to the new building. The second floor of the building was designed for offices and leased out to a non-profit organization.

The academic mission of Community College C is to operate centers in nearby communities. The vision for the future of the college comes from the Board of Directors and the President. In one community, their current educational center is rapidly outgrowing its space. The goal was to find land available now that could be developed in the future. They were able to purchase a large piece of land, a factory outlet mall, larger than the college believes it will ultimately need. Since buildings already existed on the property with current leasers, the college continued the leases

and uses this income to partially pay for the acquisition. Other buildings were remodeled and leased to new tenants. When the college is ready to develop the property, they will have the option of terminating the lease or building additional facilities on the land.

Strategies

Community College C develops a relationship with prospective tenants and is up front with them that the college will not compete on price. The college may offer a higher quality product such as quality carpeting and fixtures that are durable or offer additional services to the tenant, but the college will not undercut a developer's costs. There have been cases when a developer complained to a lobbying organization and ultimately to the legislature with the request to stop the college from working on a project, but that has been rare. The college is extremely sensitive to this type of issue. As a result, there is a tendency to issue Requests for Proposals (RFP's) more than the legal requirement. The college has also referred prospective tenants to private developers for leasing of hundreds of thousands of square feet.

Community College C builds relationships with key people. Their practice is to get to know tax assessors, city planners, and attorneys, and to sit at the table with them. At the onset of planning for a real estate transaction, the President, CFO and Director of Facilities and Operations sits down with the city manager. Their strategy is to have buy-in from the key decision makers, and then the transaction will move along smoothly. They also try to utilize local people in the projects.

Other strategies are to make sure employees who are involved in the real estate operations have a business mindset, not a governmental mindset. Community College C has learned to react to opportunities using a business model instead of the more typical government model which is too slow and cumbersome. It is important that the college stays competitive in the market place and keeps pace with the rent scale. The employees also need to know how to speak the same language as the developers.

Community College C has developed a relationship with a private company owned by the college foundation to oversee the entrepreneurial activities of the college and to ensure that the funds from leasing and service ventures are not mixed. Leasing is done by the college. Provision of services for tenants as well as services to other non-tenant customers is provided by the corporation. Each project is considered to stand alone. In addition, the college sets up spreadsheets to determine the cost of supporting the building. No additional services are paid for out of the college funds such as: janitorial services, maintenance, taxes, utilities, and garbage, which are covered with the leases. In order to not compete with private companies, the college is careful to ensure that the tenants pay city rates. In some instances the college acts as its own company, i.e., garbage collection, enabling the college to have a reduced price for the service.

Benefits to Community College C

One of the goals of Community College C is to plan partnerships that will benefit the students. An examples would be a partner who can provide an internship

to the student. Another project that has provided a benefit to students is the building of a teen parent program on the main campus. The students are exposed to the college environment and begin to interact with college students. Community College C believes this has caused an increase in the number of students who continue on to college level courses once they have completed their GED.

Another benefit of these projects is that the revenue is used to not only pay off the COP's, but is used for maintenance and services in the building. The money does not go into the general fund for general college expenditures, but is kept for building projects. As the college continues to grow and expand, if they decide to move into an area where acquisition costs are not yet amortized, the college would need to buy out the lease in order to move into the space. A third benefit has been the ability to build several buildings on the campus with earnings from development operations. These buildings include a faculty office building, a student center, and a winery and conference center.

Summary of Community College C Case Study

Community College C is successfully able to use land to create revenue for the college and to support the mission of the college. They do this by forming partnerships with other businesses and governmental agencies that need new space or are looking to expand. The direct benefits to the college have included additional buildings, parking lots, a new entry to the college, the ability to operate centers in neighboring communities, and money set aside to continue with the maintenance and

upkeep for the projects. The ultimate benefit has been to the taxpayer who has not been asked to foot the bill for growth.

SECTION 2 - QUESTIONS

As stated in Chapter 1, there are five research questions that will be addressed using information from the three case studies. The research questions are:

1. How are community colleges using land resources to enhance revenue?
2. What are the advantages and disadvantages of revenue-enhancing strategies using land resources?
3. How much revenue can be added in the short and long range using land resources (e.g., total dollars, percent of college budget)?
4. What process and policies guide the use of land resources?
5. What changes would improve the policies for using land resources?

These questions will be addressed in the following paragraphs.

How are community colleges using land resources to enhance revenue?

Nationally, community colleges are using land resources in a variety of ways to enhance their revenue stream. Examples from the literature review include leasing land or buildings, harvesting sod or timber, or through the development of self-sustaining programs.

In the case study research of three community colleges in Oregon, their use of land resources to enhance revenue falls within the national trend. Primarily the three colleges in Oregon are leasing land and buildings to create revenue.

Community College A is working on partnerships with both private and public agencies to lease space on a more permanent basis. They are also working on potentially leasing land for revenue. Community College A is only in the beginning phase of their projects. At this point, they have not developed the projects to the extent where they are receiving revenue.

Community College B primarily leases land and rooms to create revenue. At this point, the revenue from the leases is not significant. It appears that there will be an increased focus on finding alternate ways of increasing the lease of rooms to create additional revenue. In addition to the leasing of space, Community College B was also able to sell a parcel of land to provide additional revenue for a bond project. While this is not a sustainable event, it did provide them with additional resources without needing to borrow additional dollars or utilize dollars set aside for other expenditures.

Community College C is successfully leasing buildings and land to create revenue. They have been able to generate revenue through partnering with non-profit agencies and private business. They also sell services with their leases to provide additional revenue.

Of the three community colleges, College C has been the most successful. They have been able to generate significant revenue that has been reinvested in the college. They have also been innovative in their approach to using land resources.

What are the advantages and disadvantages of revenue-enhancing strategies using land resources?

The advantages of revenue-enhancing strategies using land resources are the additional dollars available to community colleges to assist them in reaching their mission. Community colleges can determine their priorities for spending and choose to spend the resources in that manner. At this time, Community College C is primarily spending the additional revenue to maintain the buildings. They have also been able to build additional buildings on the campus. As mentioned in the case study, at the onset of these activities, managers and faculty were concerned about the activity, but once they saw the benefit that could be derived for the college, they became supportive of the activities.

Community College B has used the additional revenue to support equipment needs and to help with the maintenance of the buildings. They also used the revenue to supplement a bond issue. This additional funding allowed them to build a new building instead of remodel an old one.

Community College A is at the very beginning of this type of activity. They are looking forward to having additional resources for maintenance. They are also looking forward to building new buildings that will be partially occupied by the

college. This will give them additional space and will help them to continue to grow and serve students.

There are several possible disadvantages of revenue enhancing strategies using land resources. Although none of the colleges in the case studies have encountered any of these issues, they have thought about them and made decisions based on possible scenarios.

One disadvantage would be if a college builds a building and is counting on a certain level of revenue in order to support it. If they are unable to lease the space, they could end up unable to pay the debt on the building. This was a concern expressed by Community College A when they attempted to form a partnership with 4-year institutions. The 4-year institutions could not commit to a long-term lease. If the college goes ahead and builds the space anticipating the lease will be held for a certain number of years, and the lessee is unable to continue leasing, the college will find itself with a debt and without income to repay it.

A partnership formed between Community College A and a local school district when the school district lost its potential lessee. The school district originally had an agreement with a private company to lease space. The company had agreed to lease part of the building when it was built. The school district built the building and the private company decided it could not lease the space. The school district did not have any formal documents on hand from the business, so they were left without a tenant and without the ability to penalize the business. Although this particular scenario represents a lease between a public school and a private company, it also

highlights the potential disadvantage that could occur for a community college who does not take appropriate steps to protect against defaulting on a contract. The public school district did not have a contract in place, so they were unable to hold the defaulting company accountable.

Another possible disadvantage is the sale of land. Community College A has considered selling land. The disadvantage would be that while the income could be used very quickly to upgrade and repair facilities, once it is gone, the land and the potential for growth or additional resources will also be gone. They would be unable to build and lease out space in the future or lease the land to a company who would build and then pay the land lease each year. In the case of Community College B, the sale of land was beneficial because the land would probably have been condemned and eventually taken by another agency if they had not sold it. Community College B turned around and reinvested the money into another piece of land to build a center.

Additionally, leadership challenges for community college presidents might include a board of directors who lack the vision for this type of activity. The president might not have the background and training to visualize the opportunities available through land leveraging. The environment of the college may not be conducive to non-traditional methods of revenue generation.

How much revenue can be added in the short and long range using land resources (e.g., total dollars, percent of college budget)?

The amount of revenue that can be added to the budget in the short and long term is a diverse range. Community College A occasionally leases a lab. The revenue

is less than 1% of the budget. Community College B rents space, but the dollar amount also does not come close to 1% of the budget. Neither Community College A nor Community College B uses the revenue in its general fund. It is used for special projects.

Community College C primarily uses the money to maintain existing facilities. When asked about the total dollars or percent of the college budget, they stated that it would not be possible to determine the amount or percentage because each project has its own account. They do not use the additional revenue for general fund expenses. They did indicate that the revenue being added is assisting the college with growth and helping it to achieve its mission. They also stated that they were able to build additional buildings just for college use with the revenue generated from land resources.

What process and policies guide the use of land resources?

Community colleges in Oregon do not have specific policies concerning land use. According to the Chief Operating Officer at Community College A, “As with any other college asset, such as use of property or equipment, as a public agency, we have to assure that the element of open and fair competition is adhered to.” He stated that this is generally satisfied by listing a public announcement in a newspaper or recognized trade journal.

The Vice President of Administrative Services at Community College B stated “Probably the question I have most consistently been tested on by our attorneys as we

have gone through our various real estate transactions over the last 4 years has been around the public purpose to be served by the transaction.” He also stated that at Community College B, the board approves all real property transactions and that its primary drivers for the decisions include the impact on: the academic plan; the operating cost structure; and the political environment.

According to the Vice President and Chief Financial Officer at Community College C, “The Oregon Revised Statutes (ORS) on community colleges are real brief on property, they just give us the authority to buy and hold. The detail stuff is spread out in purchasing and contracts and not very specific to property.”

Bond issues by nature provide policy which the community colleges are required to follow. When preparing the bond issue, General Obligation bonds need to be written with enough flexibility to embrace unanticipated opportunities that may arise during the life of the bond. Existing bond issues may actually limit entrepreneurial activity due to lack of foresight and flexibility. The most successful community college in my study, Community College C, owes part of their success to intentionally writing the bond descriptions to be general in nature. As an example, they emphasize results instead of specifics, such as, instead of using the phrase “computer building”, it would state “science and technology center”. Colleges have to have a balance between honesty to the bond issue and being responsive to the needs and conditions that exist when the college begins designing and building.

The process and policies that guide the use of land resources for community colleges do not present problems for the institutions. They are able to buy and sell

land, lease buildings and land, and swap lands while adhering to the same policies and process as other entities in Oregon.

What changes would improve the policies for using land resources?

During all three of the case study interviews, interviewees stated that there are problems with current policies that preclude them from moving quickly when working with their land resources. According to the Vice President and Chief Financial Officer at Community College C, “Every jurisdiction we deal with has different comprehensive plans and zoning rules, not to mention system development costs. It would save us time if they were more universal.”

The biggest obstacle was zoning issues. Occasionally one piece of property is not zoned compatible with another piece of property, even though they are located next to each other. In order to continue with plans, the zoning must be changed. This can take several years. It becomes a marketing handicap because the college finds itself unable to quickly respond to an opportunity or to plans that it has for growth.

Land use problems can also occur when the land crosses a boundary line. An example would be when a piece of land is in two separate cities or counties. Each city and county may have separate policies that must be adhered to. The community colleges must be aware of the different policies and meet with both regulating agencies and adhere to the policies, before they may move forward with their plans.

Development is also subject to environmental impact assessments, such as traffic, off-street parking, sidewalks, set-backs, wetlands, and infrastructure. This can

also slow down a project. Again, if the piece of property is in more than one city or county, two sets of agencies must approve the development before the project can proceed.

In order to assist community colleges with their ability to leverage their land resources, the issues of zoning and environmental assessments need to be improved. Community colleges need to be able to react quickly to development and not have to wait several years for bureaucratic policies.

SUMMARY

The three case studies are unique in that each community college is in a different stage of using their land resources. Community College A is beginning to develop plans to use their lands. Community College B is primarily leasing available rooms or land. Community College C is successfully leasing land and buildings and has hired managers who can pursue these activities.

The five questions addressed by this study provide information on the benefits and barriers that may be encountered by other community colleges that will pursue options for revenue producing opportunities. Chapter 5 will address the conclusions and implications for further research.

CHAPTER 5: SUMMARY, BENEFITS, CAUTIONARY NOTES, RECOMMENDATIONS FOR FURTHER RESEARCH, AND CONCLUSION

Chapter 5 will contain the summary and benefits on how community colleges can learn to successfully use their land resources to create additional revenue streams. This chapter will also contain recommendations for further research.

SUMMARY

Community colleges in Oregon are using land resources to create additional revenue streams. The extent to which they are using these resources is varied. Community College C has been able to successfully create additional revenue to the extent that they are not just maintaining their projects, but able to add buildings to their campus. In addition, they have been able to add parking, change the entrance to the campus, and acquire land for future development.

Community Colleges A and B are also using their land resources to create additional revenue, but at a much lesser extent. Community College A has formed partnerships that will ultimately have a positive impact on their revenue. While Community College B has been successful with selling and purchasing land, it does not have plans for sustained activity.

Community colleges can learn to be successful in using their land resources to create additional revenue streams. According to my research, the factors involved to be successful include:

- Hiring employees with appropriate credentials and up-to-date industry training.
- Willingness by the community college board of directors and president to take calculated risks and form unique partnerships.
- Involvement in the community to meet and work with individuals in private business and industry.
- Ability to react quickly to opportunities.

These four factors will be described below.

Hiring Employees with Appropriate Credentials and Up-to-Date Industry Training

Community College C has purposefully hired employees with the needed background who can act as property managers and Ombudsmen to meet the goals of leasing buildings to outside agencies. These employees are excited about the role that they are playing in assisting the college to have additional resources.

Community colleges interested in pursuing the goal of using land resources to create additional revenue streams need to have the right employees in key positions. These employees must have the credentials and training from business and bring these skills to the college. The employees also need to be in positions where their skills and training match their employment at the college.

Willingness by the Community College Board of Directors and President to Take Calculated Risks and Form Unique Partnerships

Community College C has been willing to take risks when working toward their goal of developing and obtaining additional land. They strategically plan and set long-range goals that include land acquisition. They have been willing to take the risk of overbuilding projects so they could lease out space to other businesses that in essence are paying for the building. Having a board of directors and president who are willing to be creative in their use of land is essential to having successful growth.

Community College A is also fortunate to have members of its board of directors who are not afraid to take risks and build partnerships. The president has been willing to step out and try new ideas to meet the goal set for him by the board of using the excess land to create revenue that is available at the college.

Community colleges interested in pursuing alternative revenue sources by using their land resources need to have a board of directors and a college president who is willing to take calculated risks and form unique and nontraditional partnerships. The right players must be at the table for this to be successful.

Involvement in the Community to Meet and Work with Individuals in Private Business and Industry

All three community colleges have been working towards becoming acquainted with individuals in the community who may be able to assist them with growth. Colleges need to seek out businesses and political entities that are

educationally friendly. Colleges also need to learn to work with agencies and be able to demonstrate that it is in their best interest to become a partner.

Community College A carefully cultivates relationships with developers who also have a strong belief in the importance of education. These community members have been willing to step in and assist the college as they look at development of their land resources.

Community College B has a board member who was able to assist in the purchasing of additional land for the relocation of one of their educational centers. Community College C has worked to cultivate relationships with board members and other members of the community who can assist with the development of their land. As stated in chapter 4, the Vice President and Chief Financial Officer of Community College C is a former board member. His educational background and involvement in the community have been assets for the college.

Community colleges interested in pursuing using their land resources to create additional revenue streams need to be involved in the community. The board members, president, and management team must be involved in creating partnerships with business and industry. They need to build relationships with key players in the community.

Ability to React Quickly to Opportunities

Community colleges need to be able to react quickly to opportunities without the typical bureaucratic constraints. Community colleges tend to speak in

“educational” language not “business” language. They also tend to be disdainful of business practices. Colleges need to be able to speak the same language as business and fully understand the implications of the proposed partnership. One of the challenges for community college leaders is to change the mindset of those involved to one that understands and embraces the benefits of partnering between business and college.

Another challenge is to identify land in advance that is underutilized or could be better utilized. Being proactive and having a plan will assist the college in reacting quickly to opportunities.

When Community College C was approached by a business in the community that was interested in opening a branch near the college, it was important that an understanding be developed between the college and the business. The college also had to be able to react quickly to this opportunity.

Community colleges tend to form committees and spend years discussing opportunities before reacting. In order to be successful in the business environment, the college must be able to study the opportunity and to either act or decline. Colleges must be proactive and use strategic planning. If a college wants to become involved in this type of enterprise, they should think about the type of partnerships they would like to be involved in and begin strategic planning. Colleges should also be flexible and ready to adapt as the situation might dictate.

At the same time, lessons can be learned from the example given earlier regarding a school district and a business. In this example, the school district did not

complete a contract with the business. When the business changed its mind, the school district was left with a partially vacant building and not enough financial resources to pay for the debt. It is important to work out the details of the partnership on paper so a contract is formed between the business and the college. Again, this leads back to having employees with the background and credentials on board to minimize the risks to the college.

BENEFITS

There are benefits for community colleges who want to increase their revenue through the use of their land resources. Some of these are:

- Expansion of educational programs.
- Less reliance on taxpayer dollars.
- Development of community support.

These three benefits will be described below.

Expansion of Educational Programs

The benefits to the college are the ability to expand their current facilities which can also include expanding their educational programs. Community College A needed to expand its nursing program. In order to expand this program, they needed a larger building and up-to-date facilities. They were able to partner with another school district to obtain this space. Unfortunately the college does not own the

building, but they are able to lease out one of their new state-of-the-art labs to other community members which provides revenue to the college.

Community College B was able to expand their current facilities by selling and purchasing land to build a new center. The new center is larger, up-to-date and they can provide more classes because of the additional space.

Community College C has also been able to expand their programs because of the addition of buildings. They have been able to add space both on their main campus and future space in outlying communities.

Less Reliance on Taxpayer Dollars

Another advantage is to the tax payer. In the example provided by Community College C, the money allocated from taxes to the college, is being used mainly for educational expenses, not for facilities. This means that the money allocated for education would be able to be spent on education and allow the college to expand their course offerings.

As stated with Community College A, they currently have a need for over \$200 million in repairs to their current facilities. If they already had developed additional revenue streams, part of these repairs could be made with this new money. Instead, they are faced with the need to once again go to the voters and ask for bond money to upgrade their facilities. They also must rely on current funding from the taxpayers to maintain their facilities.

Development of Community Support

The importance of the president and board members of the college knowing business leaders in the community is crucial. Community College A has been able to develop plans for the utilization of their land resources by meeting people in the community who are supportive of education. One developer, who is a supporter of education, assisted the college during their bond campaigns.

CAUTIONARY NOTES

Before proceeding, community college presidents must have the support of their boards and at a minimum, various major supporters within the community. Without this support, the likelihood of success decreases. Prior to proceeding, the president should ensure that his/her team is in place and well-prepared for the proposed endeavor.

RECOMMENDATIONS FOR FURTHER RESEARCH

This study explored how three community colleges in Oregon are using their land resources to create revenue. Additional research should be done to provide a broader understanding of the extent to which colleges are generating revenue.

Additional research would include:

- Community colleges in Oregon are not unique in their use of land resources to create revenue streams. Research is lacking in how community colleges throughout the United States are creating revenue

streams. Additional research should be conducted in community colleges across the United States.

- It would also be helpful to have a broader sample of community colleges in Oregon. I requested to use five different colleges in Oregon and received permission from three. It would be helpful to research all 17 colleges in Oregon.
- One of the five colleges I contacted did not want to participate in the study because it did not want to share information with the competition. How can we cultivate an environment where colleges can share best land use information with other institutions?
- Another area of interest would be to look at how community colleges are using non-land resources to create additional revenue. Examples could be food services and book stores. Is there significant revenue being realized and what is the revenue being used for?
- Community colleges also have foundations that are providing resources to colleges. In the past, the foundations for community colleges have not been considered as serious sources of revenue. This may be changing. I would recommend a study looking at community college foundations and their ability to add resources to colleges.
- Contracted training or corporate education is another potential revenue source for community colleges. It would be helpful to research colleges

with successful programs and share this information with other colleges interested in growing in this area.

- If community colleges become more entrepreneurial and more creative in the usage of their land, could other planning become less creative? Would there be a paradigm shift from other planning and opportunities to focus specifically on land use and if so, how would that change affect the institution?
- What leadership qualities does it take to be a risk taker or to pursue entrepreneurial ventures as a community college president? Is there something required in the personality of institutional leaders to be risk-taking and adventuresome? What type of risk taker would the president need to be to pursue generating revenue through the use of land resources? What are the implications for community college leaders who decide to pursue the use of generating revenue through the use of land resources?
- Does the development process of community college administrators weed out creative administrators before they reach a level to have a significant impact on the college?
- How do institutional leaders garner support from the board of directors when presenting nontraditional ideas to board members who may not have the experience to fully understand the entrepreneurial process?

- What are the ethical standards for land use leveraging? There are opportunities for further study in developing ethical standards as community colleges begin to move toward land leveraging.

CONCLUSION

Community colleges in Oregon can use their land resources to create additional revenue streams. This is an exciting opportunity for Oregon's community colleges to become less reliant on tax dollars and more reliant on creating partnerships with other entities. Providing the additional revenue will assist our students by spending the tax dollars directly on education and by providing state-of-the-art facilities for learning.

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APPENDICES

APPENDIX A

LETTER TO POTENTIAL PARTICIPANTS

School of Education
Community College Leadership Program
Oregon State University
Corvallis, OR 97331

November 22, 2004

Address

Re: Cheryl L. Scott, OSU Graduate Student

Dear President _____:

I am a graduate student at Oregon State University in the Community College Leadership Program. I am also employed as the Dean of Business and Humanities at Portland Community College.

I am preparing to conduct a research study analyzing strategies whereby community colleges use land resources as a way to enhance and diversify revenue. I am interested in your college as one of three community colleges in Oregon to use for my study.

If you are willing to be considered as one of the three colleges, I would like to ask the following preliminary questions. I will select the three colleges after I have collected the following data:

1. Does your college engage in activities that produce revenue directly from land usage?
2. Please describe the activity that the college engages in.
3. When did the college begin the activity:
4. How long is the activity projected to continue?
5. What is an estimated percentage of the college budget derived from the revenue from land usage?

6. Are you willing to have your college participate in a doctoral research project that will focus on describing and analyzing strategies whereby community colleges are using land resources as a way to enhance and diversify revenue?

If you are willing to participate in the study, I would like to interview the following individuals at your college: president, chief financial officer, marketing director, foundation director, and board members. I would plan to visit your college for approximately two days to conduct the interviews.

Please let me know if you have any questions regarding this research. I can be reached at 503-466-4795 or clscott976@verizon.net. Thank you.

Sincerely,

Cheryl L. Scott
OSU Graduate Student

APPENDIX B – INFORMED CONSENT DOCUMENT

**School of Education
Community College Leadership Program
Oregon State University
Corvallis, OR 97331**

INFORMED CONSENT DOCUMENT

Project Title: **Enhancing Community College Revenue Sources by Leveraging Land Resources**

Principal Investigator: **Dr. Larry Roper, School of Education**

Research Staff: **Cheryl L. Scott, OSU Graduate Student**

PURPOSE

This is a research study. The purpose of this research study is to describe and analyze strategies whereby community colleges are using land resources as a way to enhance and diversify revenue. The significance of the study will be shown in three ways: (1) decline in funding of community colleges by state governments; (2) importance of diversification in funding sources; and (3) leveraging land resources may increase revenue generation. The purpose of this consent form is to give you the information you will need to help you decide whether to be in the study or not. Please read the form carefully. You may ask any questions about the research, what you will be asked to do, the possible risks and benefits, your rights as a volunteer, and anything else about the research or this form that is not clear. When all of your questions have been answered, you can decide if you want to be in this study or not. This process is called “informed consent”. You will be given a copy of this form for your records.

We are inviting you to participate in this research study because you are the president, chief financial officer, marketing director, foundation director, board member, or hold a position at a community college that will enable you to provide information for this research project.

PROCEDURES

If you agree to participate, your involvement will last for approximately two hours. The interview will take place at the community college and will be tape recorded.

The following five questions are the abbreviated research questions:

1. How are community colleges using land resources to enhance revenue?
2. What are the advantages and disadvantages of these revenue-enhancing strategies?

3. How much revenue is added in the short and long range (i.e., total dollars, percent of college budget)?
4. What process and policies guide the use of land resources?
5. What changes would improve these strategies and policies?

Additional follow-up questions may be asked. The participant can decline to answer any questions.

RISKS

The researcher anticipates no risks to the participants.

BENEFITS

There will be no direct benefits for the participants. Each community college may benefit from this in-depth research for the utilization of land resources to enhance their revenue stream. There may also be a benefit to other community colleges who are interested in expanding their revenue streams by leveraging land resources.

COSTS AND COMPENSATION

You will not be compensated for participating in this research project.

CONFIDENTIALITY

Records of participation in this research project will be kept confidential to the extent permitted by law. However, federal government regulatory agencies and the Oregon State University Institutional Review Board (a committee that reviews and approves research studies involving human subjects) may inspect and copy records pertaining to this research. It is possible that these records could contain information that personally identifies you. Anonymity and confidentiality cannot be assured in this study because of the small number of community colleges in Oregon and the public nature of this study, however, no college will be identified by name.

Audio or Visual Recording

By initialing in the space provided, you verify that you have been told that audio recordings may be generated during the course of this study. The audio recording may be made to assist the researcher in gathering data during the interview. The recordings will only be accessed by the researcher. The recordings will be stored until the research has been completed and will be destroyed after that time. The recordings may or may not be transcribed. If the recording is transcribed, it will be transcribed by the researcher.

_____ Participant's initials

VOLUNTARY PARTICIPATION

Taking part in this research study is voluntary. You may choose not to take part at all. If you agree to participate in this study, you may stop participating at any time. During the interview, you may stop answering questions at any time or skip questions that you prefer not to answer. If you decide not to take part, or if you stop

participating at any time, your decision will not result in any penalty or loss of benefits to which you may otherwise be entitled.

QUESTIONS

Questions are encouraged. If you have any questions about this research project, please contact: Dr. Larry Roper, 541-737-2739, Larry.Roper@orst.edu or Cheryl L. Scott, 503-466-4795, clscott976@verizon.net. If you have questions about your rights as a participant, please contact the Oregon State University Institutional Review Board (IRB) Human Protections Administrator, at (541) 737-3437 or by e-mail at IRB@oregonstate.edu.

Your signature indicates that this research study has been explained to you, that your questions have been answered, and that you agree to take part in this study. You will receive a copy of this form.

Participant's Name (printed): _____

(Signature of Participant)

(Date)

There is a chance you may be contacted in the future to participate in an additional study related to this project. If you would prefer not to be contacted, please let the researcher know, at any time.

RESEARCHER STATEMENT

I have discussed the above points with the participant or, where appropriate, with the participant's legally authorized representative, using a translator when necessary. It is my opinion that the participant understands the risks, benefits, and procedures involved with participation in this research study.

(Signature of Researcher)

(Date)