CHRISTIAN HIGHER EDUCATION: A CASE STUDY OF FINANCIAL CONSTRAINTS AND INNOVATIONS

by

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(Under the Direction of Robert K. Toutkoushian)

ABSTRACT

Christian colleges and universities are a small but important subset of higher education institutions. Financial pressures at these private four-year institutions continue to drive institutional leaders towards innovation and new sources of revenue in an attempt to achieve financial security. This study applies resource dependence theory as a lens to better understand why and how institutional leaders approach innovation in light of their financial constraints. Employing a qualitative case study design at two protestant evangelical Christian colleges and universities, this study investigates how leaders perceive their institution's financial position and how they are acting to strengthen that position through innovation.

INDEX WORDS: Christian higher education, Evangelical, Protestant, Colleges, Universities, Financial constraints, Innovation

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TABLE OF CONTENTS

Page

LIST OF TABLES

CHAPTER 1

INTRODUCTION

The history of American higher education is one of diversity. The earliest institutions were established by different denominations, and today's colleges and universities are increasing in diversity across multiple spectrums, including a variety of types, sizes, and financial positions.

One hallmark of this diversity is the variety of institutional types represented among American colleges and universities—public, private, land grant, all women's, HBCUs, and faith-based institutions. Within these institutional types, however, no two are the same. Some colleges have operated for more than a century with enrollments never topping a thousand while others, in only a few decades, have garnered enrollments in the tens of thousands. These differences in turn lead to significant variation in institutional finances across higher education.

While some American colleges and universities enjoy financial strength, managing endowments in the hundreds of millions and even billions of dollars, others have virtually no endowment, and enrollment changes of as few as ten to twenty students can make or break their budget (Ballard & Brown, 2011). Many institutions find themselves somewhere in-between, navigating a difficult and ever-changing financial climate including competition for students, flagging government support, stock market volatility, rising costs and pressure on tuition (Brown, 2011; Hearn & Warshaw, 2015). As these pressures increase, colleges and universities across the board are seeking means to attain and/or protect a strong financial position.

The options can be more limited, however, for institutions founded with a specific mission. For instance, if an all-women's college desires to increase revenue, can they consider admitting men? Or, may a historically black college admit a majority of nonblack students? To what extent can a liberal arts college pursue technical curriculum? This study addresses how Christian colleges and universities are innovating their models to adapt to financial constraints.

For the purpose of this study, when I reference *Christian colleges*, I am referring to mainstream evangelical Christian colleges and universities. When I refer to the term *Christian,* I am using it in an ecumenical sense—broadly inclusive of western protestant traditions. While Catholic higher education is a significant component of Christian higher education, it is not addressed in this study. The Catholic system is differentiated enough from protestant schools that generalizability between the two is difficult.

Statement of Problem

Leaders of Christian colleges and universities find themselves in unique circumstances as they negotiate a difficult financial environment while remaining faithful to their institution's religious mission. Like other mission-driven institutions, this environment often includes limited revenue streams, a weak endowment, a competitive student pool and rising costs all of which impact an institution's financial health and ability to respond to unforeseen financial events (Brown, 2011; Hearn, 2003; Toutkoushian & Paulsen, 2016).

For Christian colleges and universities, the faith mission influences culture and processes across the campus from faculty hiring, student life, and programmatic offerings to student pools, board composition, and stakeholders. This can create both financial opportunities and challenges for leaders. For example, a religious institution's view on issues such as same sex marriage may put them at odds with prevailing political and cultural sentiments. Since the federal government is a key stakeholder in Christian higher education through Pell grants and federal loans, these schools may find themselves having to decide between fidelity to their faith mission and federal financial aid revenue (Davids, 2012).

In fact, a number of religious colleges have voluntarily forgone federal aid to avoid government control through Title IX and similar regulations that may conflict with their religious commitments. Others have requested religious exemptions from Title IX—to do so, they must demonstrate they are controlled by a religious organization with a conflict of belief (Caputo & Marcus, 2016; Warbelow & Gregg, 2016). As seen in Table 1, the rising number of religious colleges and universities applying for a religious exemption, reflects the growing tension around this issue.

Table 1

Title IX Exemption Requests by Religious Colleges and Universities, 2010-2015

Year	Requests
2015	43
2014	13
2013	1
2012	1
2011	0
2010	0
Total	58

Note. The US Department of Education stopped publishing this data in 2015. Adapted from *Religious Exemptions Index*, Office for Civil Rights, US Department of Education, 2016 (https://www2.ed.gov/about/offices/list/ocr/docs/t9-rel-exempt/z-index-links-list-2009-2016.html).

When it comes to federal financial aid, faith-based leaders must decide how they will plan for the future. If they choose to forego federal aid, how will they innovate their model in a way that allows financial independence from government aid? If they choose to apply for religious exemption from title IX, how are they preparing their campuses for a day when this exemption may no longer be available?

In developing a strategic plan, institutional leaders are faced with not only finding new approaches to strengthen their financial position. They must carefully weigh the political, religious, and financial ramifications of their strategic plan as it may force many institutional leaders to make high-stake decisions about their finances and mission. In the past, these pressures have led some Christian colleges and universities towards secularization in search of more stable footing, others towards closure (Ballard & Brown, 2011; Marsden, 1994; Parker & Ramirez, 2009). However, for those unwilling to surrender their mission or close their doors, they must pursue innovative means to strengthen and diversify their revenue and/or cut costs (Hearn & Warshaw, 2015).

There have been a number of valuable contributions to the study of Christian higher education and its unique environment which will be discussed in greater detail in Chapter Two. However, as Taylor (2012) points out, this research has largely focused on the problem of integrating two cultures—faith and higher education—and "comparatively few accounts emphasize the material [financial] dimension of evangelical Christian colleges" (p. 2). Additional research in this area is needed because colleges and universities must identify effective means to leverage their material resources.

Taylor asserts that as Christian colleges and universities address the problem of integrating faith with cultural norms in higher education, their approaches will look different depending on their financial stratification. Since there is relatively little research on what strategic innovations being pursued to bolster their financial positions, leaders of these institutions must look to the experience of other sectors, to their peers, or must chart their own course. However, as with all data-driven decisions, if we can increase the data unique to these institutions, leaders will be able to make better decisions. This research is intended to contribute to that data so that institutional leaders can learn from the experiences of peer institutions and others in their sector.

Purpose and Significance

The Council for Independent Colleges (CIC) is devoted to serving the needs of "small and mid-sized, independent, liberal arts colleges and universities in the U.S." (CIC, 2015). Represented among their member institutions are a variety of institutional types: historically black colleges and universities (HBCUs), religious colleges, and single sex colleges, to name a few. As such, many CIC member institutions were founded as mission-driven colleges and universities; yet, over the years, financial constraints and national culture shifts have jeopardized their ability to carry out their founding missions.

Introducing her research on college closures and near-closures, Brown (2011) recounts the difficulties many CIC institutions face. She writes:

> Small, poorly endowed colleges face threats from within and without: crises in financial aid; competition for students; shifts in student mobility; changes in student expectations (wealthy institutions offer enticements with housing and services comparable to those at luxury resorts); increased debt loads; low returns on endowments; reduced annual giving; escalating overhead costs (health care benefits, utilities), and a public growing increasingly critical of institutions of higher education and less willing to provide public support to them. (p. 3)

These issues are a pressing reality at many small institutions. In fact, according to the National Center for Education Statistics (NCES, 2019), 69 four-year, private, non-profit higher education institutions closed between 2009 and 2019, with over half of those in the last three years. Given

Brown's (2011) list of constraints and the number of closures in the past decade, it goes without saying that the leaders of higher education today have their hands full with a complex and often conflicting set of constraints.

HBCUs, for example, have been the focus of media attention in recent decades as some find themselves considering closure or government bailout in reaction to their financial and regulatory pressures (Lynch, 2015). In addition, many single sex colleges have buckled under financial constraints, leading some to transition towards coeducation, e.g. Wells College and Randolph College, and marking a fundamental change to their mission (Powers, 2007). In fact, between 1990 and 2015 the number of women's colleges dropped from ninety-four to forty-five (Brown, 2011; Women's College Coalition, 2014). Others, like Brenau University, have attempted to preserve its Women's College by creating alternative revenue through coeducational graduate and professional degrees (Moltz, 2008). Regardless of the approach, closures and near-closures like Sweet Briar College in 2015, an all-women's college which debated whether or not to pursue coeducation and decided against it, provide stark reminders of what is on the line (Kratzok, 2010; Surluga, 2016).

Overview and Research Questions

The primary intent of this study is to elicit practical knowledge which can be useful to the professional as well as scholarly field. As such, the aim of this study focuses on how Christian college presidents and senior leadership (vice presidents, directors and deans) understand their institutions' financial pressures as well as the strategic and innovative approaches they are taking to strengthen their position. I employ resource dependence theory as an explanatory framework connecting issues of financial constraints and innovation (Pfeffer and Salancik, 1978). Within this study's higher education context, this approach highlights issues of revenue diversification, tuition discounting, campus building projects, satellite campus optimization and new curricular pursuits.

While qualitative inquiry and case studies are sometimes critiqued for lack of generalizability, Merriam (2009) argues that those who read case studies can decide for themselves where to draw application and generalize to their own institution. She also notes that case studies are "an especially good design for practical problems—for questions, situations, or puzzling occurrences arising from everyday practice" (2009, p.43), which supports the practical aims of this research.

The following research questions guide the study:

1. How do senior leaders at the case institutions perceive their present and future financial position?
2. As they prepare for the future, what strategies and innovations are they pursuing to ensure greater financial strength and sustainability?

To answer these questions, this research follows a case study approach at two Christian colleges. Document analysis and campus observations support the primary data gathered through interviews with faculty and administrators. Together, these data are coded into themes using Nvivo which answer the research questions and paint a picture of the financial condition facing the schools as well as the strategies campus leaders are taking to strengthen their positions. The findings and implications show how differing institutions both share common strategies and pursue innovations unique to their situations. For the purposes of this study, innovations refers to any strategic initiative that falls outside the normal practices. For instance, this could involve deviating from a liberal arts curriculum, starting a new athletic program, or more heavily investing in an advancement/development office. The implications ultimately show that innovative approaches must be pursue if these institutions wish to compete in a highly competitive education market.

CHAPTER 2

LITERATURE REVIEW

Issues related to financial and cultural constraints at mission-driven institutions have been a topic of research in nonprofit and organizational studies (Bennett & Savani, 2011; Davis & Cobb, 2009; Froelich, 1999; Pfeffer & Salancik, 1978; Weisbrod, Ballou, & Asch, 2008). However, almost none of this literature has focused on how Christian colleges, in particular, are working to ensure financial stability. Benne's (2001) *Quality With Soul: How Six Premier Colleges and Universities Keep Faith with their Religious Traditions* is often cited for its treatment of these issues. However, Benne's work focuses primarily on the student affairs side of these institutions and not how innovations are being driven from financial need. Furthermore, this work is becoming dated, reflecting Christian institutions of the 1990's.

A few studies have tracked closures of faith-based colleges. In studying private college closures between 1975 and 2005, Porter and Ramirez (2009) found that religious colleges were less likely to close than their secular peers, but they did not know why this was the case. Some speculated that though religious colleges have a smaller student pool, the students are more likely to enroll, thus providing a higher yield (Jasnik, 2009; Koon, 2009). However, a more recent study prepared for the Tennessee Independent Colleges and Universities Association by Lyken-Segosebe and Shepherd (2013) found religious colleges in their sample at greater risk of closure, positing the 2008 recession as having changed the playing field for these institutions.

Resources and assistance are available these Christian higher education institutions through associations and membership to peer groups. Many Christian liberal arts colleges are members of the Council for Christian Colleges and Universities (CCCU) and the Council for Independent Colleges (CIC). These associations provide support through research publications like the CCCU's recent three-part study, *Assessing the Denominational Identity of American Evangelical Colleges and Universities* (Rine, Glanzer, & DAvignon, 2013). Likewise, in 2015, the CIC commissioned a report on the future of private colleges which is applicable to many Christian colleges but does not discuss them specifically (Hearn & Warsaw, 2015).

The journal *Christian Higher Education* is another important resource. In recent years publications from this journal have provided important research related to the operations of Christian institutions. For example, Rine (2019) has written about the trend of tuition discounting and its relationship to higher sticker prices, and how this impacts, for both good and bad, Christian colleges and universities; Trudeau, Hammond, Moser, Eversol and Smith (2019) have contributed research on how campus traditions support the overall faith-mission; Etzel, Jones, Jackson and Cartwright (2017) have written on how teaching online can maintain a Christian distinction; Dahlvig, Dahlvig, and Chatriand (2020) have analyzed how institutional expenditures at faith-based schools impacts student graduation and retention; Daines, Randall and Richards (2022) have joined the conversation about secularization by researching what Christian colleges are doing today to remain on mission.

While these associations and publications provide valuable research are a milieu of topics, comparatively little is known about how the average Christian college and university is weathering the economic constraints of higher education in the 21st century. Reviewing every article from *Christian Higher Education* from the last four years, which includes five annual publications, no research was presented which address either the financial constraints facing Christian institutions or the innovations and strategies being employed to remain competitive in the changing higher education landscape.

The following two subsections discuss key issues and literature related to the study. They are an overview of financial constraints and trends facing small, private, Christian colleges and universities, and a discussion of resource dependence theory and its relevance to the topic.

Financial Trends

American higher education has a diversity of sectors—non-profit and for-profit, public and private, technical and liberal arts, and community and regional colleges—and their financial environments can differ drastically from one to the next. For example, each sector can vary in the number and type of revenue streams they have as well as their relative dependence on those streams. According to the National Center for Education Statistics (NCES), in 2017-2018 public institutions drew 20 percent of their total revenue from tuition, compared to 30 percent at private nonprofit ones. Furthermore, investments at public colleges accounted for only four percent of revenue, while accounting for 20 percent at private nonprofits. The most obvious difference, however, is in their reliance on government grants, contracts and appropriations—comprising 41 percent of revenue at publics versus 11 percent at privates (NCES, 2019). These differences highlight the common revenue streams and their relative strength in two broadly defined sectors.

Within each sector, however, there can be vast differences between institutions themselves. For example, within the private sector, one finds Harvard University with an endowment over $40 billion (2019) alongside John Wesley College at roughly $54 million (2019)—and everything in between. In fact, the ‘John Wesley Colleges’ far outnumber the ‘Harvards’ when it comes to endowment and financial resources (Thelin & Trollinger, 2014). And yet, much of the research continues to focus on the elite private and public research universities, highlighting their ballooning endowments, grant awards and corporate partnerships.

An understanding of the economic environment at small and mid-size colleges and universities like those represented by the CIC and CCCU provides an important basis for understanding the context of this study's case institutions. In their book, *Economics of Higher Education* (2016), Toutkoushian and Paulsen discuss the five primary revenue sources for higher education institutions: students and families (tuition), government, donations, investment income and non-instructional services. While these are the most common and dominant revenue sources, their proportion and influence can vary widely within a sector due to the "sharply hierarchical" nature and stratification of higher education (Winston, 1999, 2004). These five revenue sources provide a framework to the following discussion of financial trends at these colleges and universities.

<u>Tuition</u>

While students are the primary consumer of education, they are neither the only stakeholder nor payer. A student's tuition and fees are significantly subsidized and influenced by other sources of revenue and financial trends. The following subsections address the concept of tuition dependency, tuition discounting, the increasing price of tuition, and recent enrollment trends.

<u>Tuition Dependency</u>

Tuition dependency is not a new trend but remains a primary constraint on private colleges. Whereas a number of elite institutions could provide free tuition to students without jeopardizing their mission and operations (Miller, 2014), a far greater number of institutions, often the small to mid-size, independent colleges, are characterized as tuition dependent (Hearn & Warshaw, 2015).

For these colleges and universities, tuition is their lifeblood, and it is requiring more and more of it to stay alive.

Tuition dependency occurs when the vast majority of a college or university's revenue comes from tuition. Such institutions may find that fluctuations in tuition price or enrollment can drastically alter their operations (Van Der Werf, 2002; Moody's Investors Service, 2013). These colleges and universities tend to have little donative revenue, low or no investment income, and little state, federal or grant funding (Levine, 2011).

For some small, independent colleges and universities, the absence of multiple strong revenue sources can leave them one storm away from an emergency, and enrollment changes of 10-20 students can have important consequences on the operating budget (Astin & Lee, 1972). In such cases, presidents may get weekly updates on the incoming class's yield and assign call-lists to deans and faculty members (Levine, 2011, p. 23). In light of this difficulty, some institutional leaders have sought enrollment growth as a panacea their financial problems. While this seems logical on the surface, it can lead to undesirable outcomes. For instance, it may be that expanding a student pool could attract students not directly connected to the mission, i.e. men at an all-women's institution, non-Blacks at an HBCU, or non-Christians at a religious college. Moreover, some research shows that increasing enrollment can hurt certain institutions' finances; others show no effect or limited positive effects (Meyer & Sikkink, 2004; Rine & Gutherie, 2016). This may imply that revenue diversity, and less tuition dependency, is a stronger approach.

Tuition Discounting

Tuition discounting is a growing trend in higher education finance which escalated after the 2008 economic crisis as a means to meet enrollment goals (Hillman, 2010; NACUBO, 2017; Rivard, 2014). This is the practice of giving students institutional financial aid to subsidize the cost of tuition. The discount is often distributed to students with a lower ability to pay. In this way, students from more affluent backgrounds pay more than those with financial need. Alternatively, it can be used as a recruiting tool for students with desirable characteristics or abilities, e.g. athletic, academic, music and arts (Hearn, 2003; College Board, 2009). According to the 2016 NACUBO Tuition Discounting Study, the 2016-17 discount rate for first-time, full-times students rose to an estimated 49.1 percent—a record high.

Winston (1999) discusses the practice of institutional aid as paying a 'wage rate' to a student. Since the student is both a consumer and an input, they pay the college a price and based on the quality or desired characteristics of the students they are given a 'wage rate.' Some have noted concern about this growing practice, including the fear that need-based aid might be jeopardized and that it causes difficulty for students wishing to know the true cost as they compare across institutions. As more institutions practice tuition discounting, and the discount percentage continues to increase, the system as a whole becomes more complicated and less transparent.

An important distinction in the practice of tuition discounting is whether the institutional aid is funded or unfunded. Funded tuition discounting occurs when the aid is subsidized by another revenue source, often the endowment. Unfunded tuition discounting, which is very common among small independent colleges and universities, occurs when the institution offers financial aid by simply charging some students less (Levine, 2011). The discounted portion is not covered by any other revenue source. However, in theory, students paying the full sticker price are providing enough tuition revenue to subsidize those getting a discount.

A related practice is that of price differentiation. While tuition discounting is typically applied to individual students based on their specific characteristics, differentiation can take place on a variety of levels. For instance, students might pay different tuition rates depending on the program or department in which they seek enrollment, i.e. the business school vs the philosophy department. An institution may also charge different rates based on the number of credit hours taken, the course level, time of day, location, instructional costs, or residency status (Hearn, 2003). The latter is the most commonly practiced form of differentiation.

Rising Price of Tuition

According to the NCES (2021), the cost of tuition, room and board at private nonprofit institutions rose by 19 percent in the ten years between 2008-09 and 2018-19, adjusted for inflation. As Winston (1999) points out, tuition can rise for one of two reasons, or both: the costs increase and/or the subsidies decrease. The most recent tuition increases are due to both.

When the costs of higher education increases, tuition dependent colleges and universities may have few options other than to raise tuition prices. As fears that price sensitivity will drive students and families toward less expensive alternatives rise, these institutions find themselves in a difficult balancing act. Thus, for many such colleges, the imperative to diversify and strengthen alternative revenue streams is a matter of survival. The question on the minds of many leaders, administrators and researchers is where are these alternative streams and how can institutions tap into them?

Government

The government at the federal, state, and local levels plays an important role in financing higher education. As Toutkoushian and Paulsen (2016) point out, from an economic standpoint, the government is like any other funding source in that they consider the expected costs and benefits of providing financial support to higher education and weigh that against other funding opportunities. A reoccurring question for policy makers and individuals is whether higher education is a public or private good and who should be responsible to pay for it.

At the federal level, revenue is distributed in two primary ways: 1. As research funding to colleges and universities through organizations like the National Institute for Health (NIH) and the National Science Foundation (NSF), and 2. As direct aid to students through grants and loans, e.g. Pell grants and Stafford loans. Federal funding is usually available to both private and public institutions, though the bulk of research funding is concentrated at a relatively small number of elite research universities.

At the state level, most aid to higher education is distributed as bulk institutional aid. More than 90 cents of every dollar of state aid to higher education is given in the form of bulk institutional aid (Toutkoushian, 2012; Winston, 1999). This funding is given to colleges and universities with the expectation to reduce the price of tuition, fund research projects, and support public service initiatives of the institution within the state. State-level institutional appropriations are primarily allocated to state, public institutions.

States may also provide aid to students directly as either need- or merit-based aid. Programs like Georgia's HOPE scholarship originally began as need-based aid but has shifted towards a merit system. Depending on a state's policy, private colleges and universities may be eligible to receive some part of this aid in a voucher or similar form.

Over the past 15 years, government funding to higher education has continually fallen as a percentage of the whole. This shift has had the greatest impact on public colleges and universities since they have traditionally been the primary recipients of government funding. While the trends are varied, in general, government subsidized loans are becoming more available while grants are becoming less so. Merit-based aid is outpacing need-based aid, especially at the state level (Toutkoushian & Hillman, 2012). Federal research dollars remain an important part of institutional funding, but the majority of this revenue is concentrated at the top among relatively few research institutions.

The issue of providing government funding for religious colleges is controversial. On the one hand, they may not have to adhere to same legal and ethical standards as public institutions—they can have religious ideologies that seem at odds with public money. On the other hand, students and families attending private institutions have paid taxes and may feel entitled to some assistance. Furthermore, private colleges help the state by increasing capacity and by educating the public at a lower cost than if the state had to manage on its own.

One of the more contentious issues for Christian colleges and universities with respect to government funding involves discriminatory practices. While legally institutions with religious exemptions are allowed to discriminate upon religious grounds, it has led some to question their eligibility to receive federal financial aid as well as their tax-exempt status. Those in opposition to this believe that federal aid should not be given to institutions that discriminate against who they hire or how they accommodate students, faculty, or staff of various sexual preferences, gender identities, or marriage practices.

These questions and concerns come at a time when the public is particularly critical of higher education as a whole. They are asking questions about the value of higher education, learning outcomes, graduation rates, and job readiness upon graduation. Given the extent of public money allocated both directly and indirectly to higher education, policy makers at the state and federal level are looking more closely at what the industry is accomplishing with the public's money. The growing public attention to higher education has resulted in increased regulation and reporting measures which in turn has led some institutional leaders to question whether the burden of regulation is worth the value of dwindling government resources. Indeed, as stated before, a handful of Christian colleges have bypassed these issues by foregoing federal aid and the exemption process all together (Maputo & Marcus, 2016).

Investments

In today's culture, capital campaigns in the billions of dollars have become a point of competition at top universities where endowments are a key indicator of an institution's financial health and prestige (Aronson, 2008; Thelin & Trollinger, 2014). Endowments are created from financial gifts to an institution from many sources, including individuals, organizations, and foundations. The funds are then held in interest bearing accounts and a portion of the revenue from these investments is used to cover expenses, e.g. institutional operating expenses, faculty salaries, and student financial aid. The National Association of College and University Business Officers' (NACUBO) report on endowments is a valuable resource for understanding this revenue source and related trends.

Donative revenue is often restricted by the donor who may require it to be spent immediately for a particular purpose or set aside as an endowment from which only the investment income will be spent—leaving the capital untouched. In some cases, however, the gift may be unrestricted, allowing the institution to use it as it sees fit. Private and corporate foundations also give grants and/or donations to a college. These funds are important in assisting with student services, innovations in pedagogy, or research projects to list a few.

As Winston (1999) writes, nonprofit institutions of higher education rely on both donative and commercial revenues. Private colleges, in particular, are highly dependent on donative revenue because they do not benefit from the same levels of government subsidy as public colleges. That said, with the reductions in government funding, public colleges have begun to see the importance of a strong development office as well (Desroches & Wellman, 2011).

College and university endowments range in size from essentially nothing to portfolios in the billions of dollars. The vast differences in wealth accumulation in the form of endowments may be one of the greatest influences on price, cost, subsidy and competition among colleges and universities (Thelin & Trollinger, 2014; Winston, 1999). A strong endowment acts as a safeguard and source of stability during times of change and uncertainty, but the vast majority of Christian institutions have either modest endowments or virtually none at all (Rine & Gutherie, 2016; Levine, 2011). As Thelin and Trolling (2014) write:

> Perhaps the most significant implication of the endowment rankings, whether by gross or per capita reports, is the missing institutions as one proceeds down the list. The drop-off in per capita endowments is swift and steep even among academically prestigious institutions […] The constructs generated by endowment data reinforce the financial fact of life that colleges and universities with modest or low endowments rely disproportionately on year-by-year revenues from student tuition and fees. Hence, they tend to forfeit the discretionary resources that provide enduring sources of institutional confidence and innovation. (p. 96)

Moreover, of those that have endowments, their actual financial strength and ability to direct the funds towards the most need may be limited by restricted gifts.

Proper and Caboni (2014) point to a “rich literature on the role of various leaders in institutional fundraising” including presidents, trustees, and faculty, but such studies do not directly address how a president and her board decided if, when, and how to begin an endowment. These are important questions for institutions, and especially Christian colleges, that are considering if and how to build an endowment.

Institutions have come under scrutiny for their management of investments. In particular, they have been criticized for not spending enough of the revenue generated. While spending rates vary, five percent is often discussed as the normal level of spending. College and universities have argued for a low spending rate as a way to safeguard the money for future generations and as a conservative measure against market fluctuation. As the 2008 recession demonstrated, this revenue source can be volatile.

Non-Instructional Services

Revenue from non-instructional services is typically a small portion of total revenue. Recent trends in this area include the commercialization of parts of the university including athletic events, required meal plans, the growth of technology transfer offices, facility rentals and the outsourcing of operations. While outsourcing is technically a cost savings strategy, the result can be increased revenue in areas like capital campaigns, facilities and dining (Hearn, 2003). This is an important area for faith-based colleges and universities, which is further explored in the following case studies.

While not a non-instructional service per se, an alternative strategy that some colleges are experimenting with is decentralized budgeting. Under this system, colleges, departments, and even programs may control their own finances and pay a tax to the central administration. Some argue that this approach helps incentivize efficiency and experimentation to increase revenue and cut costs. Furthermore, it can add to a more transparent budgeting system and provide a check on central administration spending (Hearn, 2003).

Revenue Diversification

Navigating the changing dynamics of tuition rates, government funding, donative and investment income, and auxiliary services is essential to establishing a strong financial basis for a college or university. A common approach is to diversify an institution's revenue streams, making them less dependent on any one source (Hearn, 2013). Diversifying revenue streams reduces the impact of a change to any one source, providing more stability to the overall financial picture.

Hearn and Warshaw's (2015) findings point to innovation and revenue diversification as a key strategy to survival at small and mid-size independent colleges. However, there are a few dangers to revenue diversification. Hearn (2003) suggests two dangers: 1. If a college or university is good at revenue diversification, the government may reduce their funding and 2. Revenue diversification can threaten an institution's mission and identity. In regard to the former, a college or university does not want to appear so financially self-sufficient that their donors decide there are other institutions that need the aid more. In support of the second point, Froelich (1999) discusses the implications and constraints of various revenue sources pointing to the potential for goal displacement as well as process and structural constraints. Froelich's research is of particular importance for mission-driven institutions like faith-based colleges who want to remain in control of their mission.

Froelich finds that goal displacement is most prominent with donative revenue and to some extent government funds. Interestingly, Froelich finds that commercial revenue is not as threatening to institutional mission as many think. In fact, the funds often provide greater flexibility. Donative revenue, however, may come with restrictions or require the college to start a new initiative, while government funds may constrain institutional mission as colleges attempt to remain eligible. Both of these concerns are relevant to Christian colleges as they seek to increase their endowments through donative revenue and consider the political implications of their religious beliefs.

While goal displacement is most common with donative revenue, process and structural constraints are most pronounced with government funding and corporate/private foundations

(Froelich, 1999). These revenue sources often strongly influence institutions which in turn mimic their structure and processes. This is evidenced in university financial aid offices and campus development offices. She warns that revenue diversification can lead a nonprofit into a complicated financial situation with a complex flow of funds, managing different fiscal periods, and delayed contract payments which can entangle the institution.

Expenses

The cost of higher education is also increasing due to rising expenses at the institutional level. Healthcare costs and rising cost expectations, including those associated with technology, student services, athletics and even parking (Hearn, 2003; 2015) have contributed to rising university expenses. To some extent, expenses have risen due to the expectation that universities not only be centers of education but should increasingly provide amenities for entertainment and recreation. Moreover, as colleges and universities are heavily dependent upon highly specialized human capital, the costs of providing healthcare and retirement benefits continues to be a significant expense. Toutkoushian and Paulsen (2016) discuss the role of costs and expenses in the larger scope of the economics of higher education. In addition to this, Weisbrod, Ballou, and Asch (2008) discuss how faculty costs can become a point of stress for universities and, depending on the mission, universities may look to increase their contingent faculty rather than carry the cost burden of tenure-track faculty. Bowen (1980) addressed many of the growing issues with the trend of rising costs across the industry. His work attempts to look at both the societal and institutional issues at hand to determine what is driving costs, as well as the economies and diseconomies of scale in higher education. Other works covering the costs in higher education include Baumol and Blackman (1995) and Paulsen and Smart (2001).

Small Private Nonprofit Four-Year

While relatively little may be known about the financial situation facing Christian higher education, more is known about small, private nonprofit four-year institutions. As previously mentioned, Brown (2011) wrote that these institutions face difficulties in financial aid, student mobility and competition, increasing debt, and low endowment returns to name a few. Others like Townsley (2009) and Marcus (2013) have provided thorough analysis of these issues. Data on four-year college closures from the Digest of Education Statistics 2017 confirms the challenges they lay out; the 2016-17 academic year saw the most closures in over 20 years and on a steadily rising trajectory since they hit a low in 2012-13, indicating that the pressures are growing for these institutions. Nonetheless, reports from the CIC like *The Financial Resilience of Independent College and Universities* challenge the narrative that these institutions are in dire straits. In this report, Chessman, Hartley, and Williams (2017) provide a longitudinal look at 559 institutions over 14 years to asses their CFI scores. Their conclusion is that while the narrative around these institutions raises questions about their financial sustainability, in fact, the majority of those included in the study maintained very high CFI scores. Likewise, another CIC study by Hearn, Warshaw, and Ciarimboli (2016) looked at innovations at nine CIC member institutions and found that

> Currently, the conventional wisdom for independent four-year colleges points toward a decline in coming years. That narrative, however, may presume heedless emulation of familiar models in those institutions. In the 1980s and 1990s, astute four-year colleges disrupted an earlier, widely accepted narrative of decline. They survived and, in fact, many institutions in the sector have subsequently prospered. Evolving contexts and emerging challenges do not necessarily compel mission abandonment or collapse.

These reports from the CIC provide even greater impetus for this study's look into Christian higher education to see if the innovation being employed there will have similar implications and pull them from a narrative of decline and instead contribute to prosperity.

Resource Dependence Theory

This study applies resource dependence theory (RDT) as a lens through which to approach and analyze the study's research questions. This theory originated in the 1970's as a way to understand how and why organizations are shaped in their pursuit of financial resources. Pfeffer and Salancik (1978) are considered the originators of resource dependence theory. In the early days, it was used as a tool to understand corporations and for-profit organizations, but it later came to be applied to non-profit organizations including educational institutions (Davis & Cobb, 2009; Froelich, 1999). Gumport (2012) has written that organizational theories can be appropriate for application to higher education because of the field's magnitude, complexity, and decentralized leadership. In the context of this study, it will provide a framework for understanding how financial difficulty at case institutions encourages leaders to look towards innovation as a mean to find additional revenue.

The basic principle underlying RDT is that in order for organizations to survive, they must acquire and maintain resources. Not only that, but they must manage—rather than be controlled by—their resource lines, also referred to as dependencies. To do this, organizations must constantly adapt to their environment. Change is not always easy, and as Hearn (2009) notes, change in an internal or external environment can either threaten an organization or create opportunities for it. Thus, in the pursuit and maintenance of their resource dependencies, institutional leaders are continually guiding their organizations through change and, for the purposes of this study, towards innovation. Froelich (2001) summarizes the challenge of resource dependency writing:

> [resource management] is problematic due to environmental conditions of scarcity and uncertainty; broadly speaking, resources are not adequate, stable, or assured. Ultimately, the resource imperative results in the adaptation of organizations to requirements of important resource providers (p. 247).

Thus, resource dependence theory highlights how organizations adapt to acquire and maintain resources. It posits that organizations often seek to acquire resources that are neither "adequate, stable, nor assured" (Froelich, 2001; Buckley, 1947). Adapting to this kind of market means organizations must adapt (innovate) to acquire new resource providers. Managing the influence of these resource providers is important for the institution's autonomy. For small colleges and universities, the challenge of acquiring resources is parallel to shrinking student pools and weak donor bases, while managing dependencies is demonstrated by attending to their strongest resource providers. This can be expressed through accommodating the wishes of students, denominations, donors, and government while protecting their institutional autonomy.

In reviewing the history of RDT, Davis and Cobb (2009) highlight three basic assumptions of the theory: 1. Social context matters, 2. Organizations act strategically to protect their autonomy and pursue their interests, and 3. Power, not just rationality and efficiency, is important for understanding the internal and external actions of organizations. Thus, for resource dependence theory, the social setting of faith-based colleges and universities within the context of higher education matters. RDT's second and third assumptions provides greater explanatory power to changes and innovations taking place at the case institutions—some changes may be pursued based on efficient use of resources, but others, perhaps less economically rational, may be sought because of how it affects the institution's autonomy.

Thus, resource dependence theory can offer insight into how and why resources are deployed at Christian colleges and universities the way they are and how they attend to their strongest resource partners. Indeed, RDT's focus on power draws attention to how a faith-based college attempts to maintain their autonomy. Depending on where the sources of power exist at a faith-based institution, it could find itself drawn towards making decisions based upon denominational priorities, student desires, or governmental expectations. Meanwhile, the theory's attention to resources will help explain how a scarce and uncertain resource environment pushes leaders towards innovation and new dependencies.

To that end, Hearn and Warshaw's (2015) study sheds light on strategies and tactics employed by small and mid-size colleges and universities to manage their dependencies. Commissioned by the Council for Independent Colleges, this study is a part of a larger exploration of the future of independent colleges. In particular, the report seeks to understand mission-driven innovation at CIC member institutions. Their research does not draw upon resource dependence theory, but it does highlight issues of resource constraint and innovation. Though not the focus, faith-based colleges are among those surveyed in the report and, as such, would also benefit from further investigation with this theory as well.

Hearn and Warshaw (2015) found: 1. evidence of mission-driven adaptability, 2. support for innovation on campus, and 3. presidents remained generally optimistic of their innovations and financial future (yet unaware of the difficulties). Furthermore, they report that nearly all responding presidents indicated that their institutions had innovated in one of two ways: Firstly, they implemented cost cutting and containment measures, and/or secondly, they sought revenue enhancement and diversification. Other innovations included changes to financial aid, admissions, and athletics.

In line with Hearn and Warsaw's (2015) findings, resource dependence theory proposes that institutional leaders can take three approaches to managing their dependencies: 1. They comply with demands from major sources, 2. They avoid losing power by co-optations or acquisition, or 3. They seek alternative resources (see also Pfeffer & Salancik, 1978; Davis & Cobb, 2009). The data collection and analysis of this study sheds light on how and where these theoretical propositions are being manifested among the case institutions, particularly how and where they seek alternative resources.

For the case institutions, complying with the demands of their dependencies could mean adopting a "student as consumer" mentality and adding new degree and football programs to match student demand. Alternatively, the major resource provider could be a denomination that demands greater control over the faith-based mission in order to lend their resources (financial and/or students). Finally, if the federal government decides to stop giving religious exemptions to allow discriminatory practices, institutional leaders will have to decide whether to comply with government policies (giving over their power in exchange for resources). When it comes to avoiding co-optations or acquisitions, the case institutions have board composition requirements which protects against "take over" campaigns. Lastly, both institutions are in pursuit of diversified funding sources, e.g. capital campaigns, student recruitment, and corporate partnerships, which provides a broader foundation and decreases the risks associated with any single source.

Summary and Restatement of Research Questions

The direction and future of higher education is difficult to predict as new technology and markets in higher education are changing the landscape and challenging traditional models—

creating opportunities for some and challenges for other. Growth in online education and job-based training reflect changes in demand. Competition and expectations have increased; government funding has decreased; and the stock market has proven to be a volatile, though very profitable investment. In all this, many private institutions—e.g. HBCUs, women's and men's colleges, faith-based colleges and universities—are finding their path ahead to be one of innovation.

These resource constraints and corresponding innovations are particularly important issues because there is little understanding about why and how they are being navigated at Christian colleges and universities across the U.S. These institutions deserve scholarly research because: they reflect nearly 1000 or more institutions; their existence contributes to an ideologically and pedagogically diverse higher education system; all of America's founding colleges were Christian; in general, private colleges relieve states of the cost and capacity issues they would otherwise face. As such, this is an important sector of American higher education.

This study builds on the related literature through broadening our knowledge of how faith-based institutions are navigating the ongoing financial constraints through adaptation and innovation. The following research questions will guide the study:

1. How do senior leaders at the case institutions perceive their present and future financial position?
2. As they prepare for the future, how are these leaders are making strategic changes and innovation to strengthen their financial situation?

CHAPTER 3

METHODOLOGY

As Creswell (2014) states, a research approach tends to be qualitative, quantitative, or mixed. They are not wholly discrete approaches but exist on a continuum and may overlap. Still, selecting an appropriate research approach, whether qualitative, quantitative or mixed methods, can begin with understanding the philosophical worldview a researcher operates from—i.e. post-positivism, constructivism, pragmatism, or transformative. Alternatively, the research problem and questions themselves can point to a particular approach.

This research study incorporates both post-positivist and pragmatist assumptions while addressing the social, historical, and political contexts influencing the environment. As the research problem and questions seek to understand the environment, as opposed to explaining a relationship through narrowly controlled variables, a qualitative design is the best fit. The open-ended questions and emergent patterns of qualitative research help to understand a broad context of what is going on at the case institutions. As Creswell (2014) writes, if a concept or phenomenon needs to be explored and understood because little research has been done on it, then it merits a qualitative approach. In other words, qualitative research is exploratory and appropriate for faith-based institutions which have yet to be studied in detail.

While some data in this study are quantitative including enrollment numbers and the institutions' financial resources, it is not enough to justify a mixed methods design. The research questions seek to collect participant meanings and perceptions about the environment and study the setting of the participants. More objective data points relating to finances and policies will inform those discussions and allow for generalizations to other contexts.

Case Study

There are a variety of qualitative research designs which have their own inherent methods, e.g. phenomenology, ethnography, narrative theory, grounded theory and case study. Case study research is unique among these because it does not have its own methodological tools but may draw upon whatever methods are useful, even quantitative. The particular methods used in this case study are document analysis of website and marketing materials which focus on how the institution leverages its identity and innovations to strengthen its market potential. Campus observations are an additional case study method which provides an essential component of the study. While phone interviews were possible, the added benefit of touring the campus, conducting interviews in offices, and eating in the dining halls, provides essential qualitative data as these institutions are attempting to make their campuses more desirable to students. Finally, interviews make up the most time intensive method in which interview protocol were designed, emailed to participants ahead of time, and engaged participants in dialogue to fill in details of the research questions.

Yin (2013) defines case study as an empirical inquiry into a contemporary phenomenon involving an in-depth study situated within a real-world context. As such, a case study allows a researcher to collect data on the fixed realities of an institution's situation as well as the qualitative meaning associated with them. This is particularly fitting for this study as the research questions deal both with the financial climate of higher education institutions and the perceptions of its leaders.

Merriam (2009) notes that case studies have been demonstrated to be useful when the topic of inquiry is practical, having "proven particularly useful for studying educational innovations, evaluating programs, and informing policy" (p. 51). The research questions have the potential to address each of these areas—innovation, evaluation, and policy changes. In addition to practical issues, Merriam (2009) also writes that case study "offers a means of investigating complex social units consisting of multiple variables of potential importance in understanding the phenomenon" (p. 50). Based on this explanation, case study methodology is equipped to handle the complex historical, social, religious, and political issues that are interwoven and influence an institution's finances.

Yin (2013) offers the following criteria for when a case study may be appropriate: 1. The primary research questions are 'how' and 'why' questions, 2. The researcher has no control over the study, and 3. The issue is contemporary. In regard to the first point, he notes that it is especially useful when the 'how' and 'why' questions require a detailed description of the context. This research asks two 'how' questions 1. How do senior leaders at the case institutions perceive their present and future financial position? 2. As they prepare for the future, how are these leaders are making strategic changes and innovation to strengthen their financial situation?

The second criteria address the types of control typical of an experimental design where the researcher can control different variables. In a case study, the researcher typically has no such control but is a guest in the environment. Finally, Yin points out that the issue needs to be contemporary, or within living history. Otherwise, it runs the risk of becoming an historical research design in which the methodology and data collection may differ. Thus, the study focuses on a contemporary topic of current financial pressures and innovations.

Merriam (2009) and Yin (2013) agree—case studies are well-suited to research involving a complex social setting and multiple variables. These are manifested through the curriculum, politics, social issues and faith mission of Christian colleges and universities, which are often deeply rooted in the institutional culture and require in-depth analysis to understand their influence on the college's financial environment.

Research Design

A research design is an integral part of case study research. In short, it is the plan that guides a researcher from their research questions to their findings. There are multiple approaches to case study that ought to be considered at the outset of the research design phase—descriptive, exploratory, and explanatory. The research questions being asked and related literature on the topic helps determine which type of case study is best suited to the topic. For instance, the focus of this research is to explore and describe the relationship between financial constraints and innovations and to determine if and how they align with Resource Dependence Theory.

The plan—or research design—includes four main parts: the research questions; unit of analysis and data; the logic connecting the data to the propositions; and a strategy for analysis (Merriam, 2009; Yin, 2013). The strength of the research design will determine the overall strength of the study. As such, it is essential that rigor and trustworthiness be built into it from the beginning (Yin, 2013). The following subsections describe the case selection, data collection, and analysis processes.

Case selection

There are a number of considerations to make when approaching case selection. Case studies can follow a single or multisite design and their units of analysis can be either embedded or holistic. Yin (2013) strongly advises against single case designs because he argues they compromise too much on internal and external validity and notes that if the case turns out to be different from expected, it may foil the entire study.

Multisite case study designs are more difficult to manage and consume more time and resources, but they help to build greater trustworthiness into the study. Creswell (2009) writes that sometimes a multisite study is justified simply because of the different perspectives it will afford. Merriam (2009) suggests that the best way to approach a multisite study is to take them one at a time. There may be variation between the first case and the last, but hopefully the variations are due to appropriate refining of research questions and data collection procedures. If a researcher opts for this type of study, Yin (2013) encourages a separate protocol be devised for each case. For the purposes of this study, a multisite design was chosen because the research questions aim to contribute knowledge about Christian higher education more broadly than the particular experiences of one institution and the interview protocol has been slightly customized for each institution.

Another consideration when planning a multisite case study is how the various cases will be chosen. Yin (2013) advises against purposive sampling which relates to more statistical approaches. Instead, he proposes reproduction logic in which cases are chosen based on their literal or theoretical reproduction. Literal cases should have similar characteristics and serve the purpose of reproducing a study or experiment. Alternatively, one could choose theoretical cases. This approach would select cases that have a few different variables in order to test how the changes affect the findings. Yin (2013) notes that even two cases can add significant rigor to a case study, but the most robust case studies will have two to three literal cases as well as a few theoretical cases. However, the time and resources required to do the latter study is often prohibitive. According to Yin's reproduction logic, this study's two cases follow a theoretical reproduction.

As is be described in more detail later, they are bound by certain characteristics but vary in others. This allows for greater transferability to other colleges and universities.

The unit of analysis can vary according to the design. Yin (2013) warns against confusing the unit of analysis with the level of data collection. For instance, collecting data from an individual may be for the purposes of an organizational level analysis. One's interview questions should be appropriately tailored. Yin uses the metaphor of a patient who sees a doctor. The doctor is asking patient-level questions (to determine symptoms) but these questions are to answer the bigger question of diagnosis. Furthermore, if the unit of analysis is an organization, all of the data cannot be from individuals. Yin (2013) provides a useful table which indicates that an organizational analysis should collect data from multiple levels, i.e. information from individuals about the organization and information from the organization about the organization. This study uses interview data from faculty and staff as well as organizational data—financial, enrollment, policies, etc.

Finally, one must decide whether a holistic or embedded design is most suited to the research questions. Holistic designs tend to be better suited for the organization level while embedded designs may be more appropriate if there are key elements within a larger structure that require special attention. Yin (2013) notes that embedded designs can incorporate qualitative and quantitative data collection and analysis more easily. He recommends that researchers take care not to let a holistic design become 'unduly abstract.' The study's research questions follow a holistic design because it seeks to examine the practices and finances of the whole college, not a particular department. As such, the data collection draws from multiple parts of the organization.

Bounding and Sampled Cases

Differentiated from other qualitative methodologies, case studies are characterized to a greater extent by the unit of analysis—the case. A case represents a bounded system which provides the context for in-depth study and analysis. As Stake (2006) writes, "A case is a noun, a thing, and entity" (p. 1). As nouns—persons, places or things—the case is embedded with boundaries that keep the data collection and analysis contained.

Bounding is an important aspect of the research design related to case selection. The way in which cases are bound makes it clear what is of immediate importance to the study (within bounds) and what the context is within which the case is situated (outside the bounds). This also serves an important purpose by confining the data collection and analysis, without which there would be no end to either. In a multisite case study, the different cases will share common characteristics—being bound by similar criteria (Creswell, 2009). Furthermore, Creswell (2009) notes that it is also important to bind a case study for time—not only contemporary but a particular time period. In some cases, it can be difficult to know when to begin or end, but that is all the more reason to pay attention to how it should be bound. For the purposes of this study, data is primarily from 2015 to 2018. Where applicable, data may be used prior to 2015 in order to depict ongoing trends. This approach provides a wide enough window to analyze a variety of innovations and indications of their success or failures. A shorter time frame would not give attempted strategies or innovations enough time to judge their effect, and a wider window might allow for more issues than could adequately be treated in this multi-institutional study.

This study follows a multiple case study design, assessing two Christian colleges and universities of varying financial and organizational positions. The institutions are bounded within a particular denomination which is generally reflective of mainline protestant evangelicalism. This approach follows Stake's (2006) assessment that multisite cases "are somehow categorically bound together. They may be members of a group or examples of a phenomenon" (pp. 5-6). Their denominational status connects them in ideology and, to some extent, funding and oversight.

The denomination has multiple colleges and universities in the United States and Canada. For the purposes of controlling institutional type and location, only institutions in the United States were chosen as potential cases. Of the remaining institutions, two were selected which maximize the diversity between institutions within the denomination, which according to Merriam (2009), contributes to greater external validity and transferability. Drawing the cases from the same denomination does not, however, mean findings are generalizable only within this denomination's higher education system. Instead, these cases are generalizable within a protestant evangelical context. This is supported by the multi-denominational makeup of the student body at these institutions. Moreover, while faculty must be devoted Christians, they are not required to be members of the same denomination. As such, the school is not proselytizing its denomination to its faculty and students; instead, they see themselves are Christians first and members of a denomination second.

The institutions represent two distinct geographic regions—Midwest and Northeast —as well as institutional sizes and revenue. Of the two, Whitfield University's enrollment is the largest at 15,000 students, while John Wesley College enrolls just over 900. Furthermore, these institutions differ in their pursuit of satellite campuses, online education, and graduate education.

Access to these institutions was negotiated through contact with their respective presidents. Based on relationships with key church and college leaders, access was granted to the campuses, personnel and limited financial data, provided that the study reasonably protect the identity of the institutions and participants. For this reason, the identity of the denomination, institutions, or respondents have been excluded or changed.

Data Collection

Data collection in case studies can be either qualitative, qualitative, or both. Within a qualitative design, the researcher is the primary instrument of investigation and data collection. This is useful because the topics investigated through case studies often require in-depth description of a real-world context. A qualitative design posts the researcher closest to the context without inserting a survey or other instrument between them. While institutional finances are an important element of this study, the research design remains a qualitative one. As such, quantitative data is limited to the extent to which it informs the qualitative research questions, i.e. understanding the perceptions of key leadership on the problem, strategies being pursued, and their perceptions of success.

There are two key facets that must be accounted for during data collection: 1. There must be sufficient engagement with the data, especially as it relates to the main points. This data should have multiple sources and converge on the same findings. 2. The researcher should collect data on rival explanations (Yin, 2013). Throughout data collection, this study followed-up on themes with multiple respondents in order to confirm convergence of data.

While case studies are not limited in the types of data available, when following a multisite design, it is important to keep the data collection consistent across all cases as much as possible. A good protocol helped facilitate this. My research and interview protocols were tailored to each institution while maintaining as much consistency as possible. Data collection and fieldwork was conducted at the two institutions over the course of two months, and I spent up to a week on site at each campus. Interviews, document analysis, and observations provide the basis for data collection.

Interviews

Interviews were conducted in-person with institutional leaders including presidents, vice presidents of financial aid, development, and enrollment management, as well as deans. These administrators were selected for their knowledge relating to the research questions. They followed a semi-structured protocol in which predetermined questions and topics guided the interview and provided consistency across cases, but follow-up questions and natural deviations occurred as needed. The interview protocol varied depending on the role of the respondent and their relation to the study's research questions, i.e. the questions asked of a president differed from those of a director of development. Interview participants were given the protocol and questions at least two weeks prior to the interview. Each interview lasted approximately one hour and was recorded using the digital recording application Temi. The following table lists the title of faculty and staff interviewed at each campus.

Table 2

Interview Participants at Case Institutions

Participant Title	John Wesley College	Whitfield University
President	President	President
Provost	Provost	Provost and CAO
Vice President	Student Life Advancement Finance	Exec. VP and President of Seminary Chief Financial Officer Advancement Operations [Residential Campus]
Dean	Business [interim] Health Sciences	

Consistent with a qualitative design, the analysis was iterative and the study evolved during the data collection. Therefore, interview protocol at the first case differed slightly from what was used in the last case as emergent themes refined the study's research questions and data collection procedures. None of the changes, however, were significant.

<u>Documents</u>

While documents were requested, and the institutions agreed to provide financial data concerning overall budgets, endowments, and revenue streams, these were either not provided or not provided consistently. In addition, enrollment information, practices of tuition discounting, federal aid, and other pertinent materials were requested, but little was provided after multiple requests. Instead, document analysis was left to general marketing materials, published news articles, policy manuals, website materials, and publicly reported data. To the extent possible, documents were be reviewed prior to interviews in order to help anticipate issues and tailor questions to the specific interview. This practice also limited the time spent explaining what could have been learned through prior research.

Observations

Each campus was visited for one week in the summer of 2018 during which time interviews and observations were conducted. Observations do not provide the bulk of data for this study but contribute nuance to distinguish between cases. Each campus was toured, including student buildings, dormitories, academic buildings and athletic facilities. This data is unique in its ability to reflect the culture of the institution not easily accessible from documents or interviews.

Data Analysis

Analysis was approached inductively and occurred iteratively throughout the data collection process, continuing into post-collection analysis and writing. Over 15 hours of interviews were transcribed using Temi, an automated software application and then manually cleaned and reviewed for accuracy.

Interview coding and analysis was conducted using Invivo. Each transcription was imported and closely read. Quotes pertaining to research questions were placed into “buckets” according to their topic. This process was done for both cases, and resulted in some overlapping themes between them, which was expected, while other themes applied only to one case. Once this process was complete, I assessed whether any of the buckets were related enough that they could be combined. For instance, buckets for “online education,” “experiential learning,” and “career-based programs” were grouped as subthemes under a broader theme of “Programmatic Innovation.”

After doing this for both cases, I evaluated the strength of each theme based on the number and quality of data points. Topics that were only mentioned in a limited capacity were excluded as themes. After this process was complete, clear themes had emerged for each case with some overlap between the two. These themes were generally related to two main topics, as guided by the interview questions—financial position and strategies for innovation. These themes, and their subthemes, provide the basis for the study's findings.

The findings are presented in two separate, case-specific chapters employing thick, rich description of the cases, data and findings.

Trustworthiness and validity

There are a number of ways to build trustworthiness into a research design and by doing so, add rigor to the study. Quantitative research has its own measures of trustworthiness that have become common practice; however, qualitative measures have less consensus—at least in the terminology. Lincoln and Guba (1984) propose an alternative to the classical measure of internal and external validity and reliability by using the concepts of credibility, transferability, reliability, and dependability.

The essence of credibility is showing that, given the data, the findings match reality. Since reality is constantly changing and can never be grasped perfectly, this serves as more of a goal than a final product. There are four techniques to strengthening a study's credibility: 1. the four tools of triangulation, 2. member checking, 3. rival explanations, and 4. reflexivity. The first proposes that triangulation from multiple data types (i.e. interviews, documents, and observations) adds to a study's credibility. Furthermore, triangulation should include not just the type of data but multiple sources converging on the same point. This is be achieved by conducting interviews alongside document analysis and observations from varying units of analysis. Multiple investigators was not possible, but member checking was used throughout.

Member checking helps to account for a single researcher by involving participants throughout the research process. Creswell (2009) says that it is the single most important way of guarding against misinterpretation and bias on the part of the researcher. This is especially important in qualitative work when the researcher is the primary instrument. Thus, participants were invited to review interview notes and discussed the emergent themes as the surfaced. Reflexivity operates in a similar fashion in that it provides a check to researcher bias. To do so, a research journal was used of during data collection, and a subjectivities statement considered the researcher's influence on the study.

Lincoln and Guba's (1984) concept of transferability attempts to address the issue of generalizability, or more traditionally, external validity. Most qualitative researchers resist notions of generalizability in its statistical form (Yin, 2013) and instead think about how the study can be applied to other situations, i.e., transferability. Various scholars have proposed alternative concepts, including working hypothesis, extrapolations and analytic generalization (Yin, 2013). Merriam (2009) writes that for qualitative case studies, it is up to the reader to determine if and where the research is applicable to their own situations. The burden on the researcher is to provide a sufficient level of detail and description of the cases to help the reader make those determinations. This study accounts for transferability through intentional selection of cases so that similar institutions can draw application from its findings.

Finally, reliability is a qualitative approach to the quantitative idea of reproducibility. Yin (2013) says it is essentially impossible to reproduce a case study (since environments are always changing) in the same way that an experimental design can. Instead, qualitative case studies need to prove they are reliable by following the elements of credibility and adding to that an audit trail. This study's research design and proposal ensures reliability through detailing the steps taken as well as keeping a research journal during site visits. Audit trails describe everything the researcher does and why they do it throughout the process. The more transparency that a researcher can provide about how the case study was preformed and why it was done that way, the more trustworthy and reliable their study will be.

The following section, a cross-case comparison, lays out basic descriptions of each institution, providing context for understanding the individual cases as well as the similarities and differences between them. The findings of each specific case are then presented in their own chapters—four and five—according to the central themes that surfaced during interviews and are organized according to the following subsections: institutional background, financial position, strategies for innovation.

Limitations

When a researcher is the instrument of data collection, there is always the potential for error. However, to guard against these limitations, this study employed a strong interview protocol alongside notes, interview recordings, and member checking procedures. These techniques strengthen the overall reliability and trustworthiness of the resulting themes. Transferability is strengthened in this study by a multi-case approach. While the case institutions belong to the same denomination, they vary by enrollment, geography, non-traditional programs and students, and revenue. Moreover, the parent denomination is reflective of many evangelical protestant denominations as evidenced by the many students and faculty who represent other denominations. The variety between institutions, and the denomination’s similarity to other protestant evangelical colleges, increases the transferability of the study. Administrators at other Christian colleges may be able to find at these institutions innovations that they have not considered, or it may lead to further investigation into the long-term benefits of the identified innovations.

A limitation of the case study design for this topic is that it lacks a robust quantitative analysis of the financial trends across this sector and at the institutions in particular. Furthermore, it does not provide analysis of whether these innovations provide long term financial benefit or whether they negatively impact the Christian-mission.

Finally, there is always the risk that senior leaders will present their institution in the best light possible. This study's focus on interviews with senior leaders could have been strengthened if additional time was available to interview students, alumni, and former employees.

Subjectivities Statement

I am interested in the topic of Christian higher education because of the role both have played in my life independently. I use the term 'independently' because I have never attended a faith-based college or primary school, but my Christian faith and worldview is an important part of my life and community. My educational background in English literature (B.A.) and world religions (M.A) was at public research universities, and I have taught English and religion at the public college and university level.

I believe the homogenization of higher education in recent decades is threatening the diversity that American higher education purports to value and that a healthy higher education system is one which allows for a diversity of institutional types and missions (Brown, 2015). Thus, I see value in maintaining a sector of higher education that operates within a Christian worldview, and I hope that my research can support their endeavors.

The scope and substance of academic freedom, a hallmark of American higher education, is still being defined by the courts and public opinion. While Christian higher education is no longer the establishment, it remains to be seen what place it will take in the twenty-first century.

I believe it is important that a wide variety of faith- and mission-driven institutions continue to carry out their distinctive roles into the twenty- first century.

Cross-case Comparison

This chapter provides an overview of the two institutions, surveying their similarities and differences, to provide context for the subsequent case-specific chapters. First, a side-by-side comparison of key benchmarks such as the colleges' finances, location, and enrollment are tabulated. From there, a brief narrative description of each case offers additional color and context for the individual institutions. After laying a general overview of the institutions in the cross-case analysis, chapters five and six explicate the thematic findings of each case.

Side-by-Side Comparison

While both institutions were founded with essentially the same core mission and institutional structure—to educate predominately Christian students through undergraduate residential programs—the individual approaches taken over the past few decades have resulted in significant differentiation between them. In fact, it appears that each institution's current size and financial health is correlated to how early and to what extent the institution innovated its traditional model, in part through expanding beyond liberal arts curriculum or by enrolling non-residential students. The following tables provide descriptive information on enrollment, budget, endowment, and general characteristics for the two institutions. Unless otherwise stated, the data reflects fall 2018.

Table 3

Summary Statistics of Case Institutions

Characteristic	Whitfield University	John Wesley University
Region	Midwest	Northeast
Carnegie Class	Master's Colleges and Universities: Larger Programs	Baccalaureate Colleges: Arts & Sciences Focus
Campuses	18	1.5
Annual budget	$220,000,000	$30,000,000
Total enrollment	13,500	1,000
Residential campus enrollment	3,000	1,000
Online/satellite enrollment	>10,000	<100
Endowment	$150,000,000	$50,000,000
Published in-state tuition and fees (2017-2018)	~$25,000	~$30,000
Notable Athletics	New Football Program New Swimming Program	New Football Program
Notable Fields of Study	Nursing, Seminary	Music, Equestrian

Note. Financial and enrollment statistics are rounded to maintain confidentiality. Adapted from interview responses and IPEDS data.

Aside from their common faith-based commitment and shared denominational identity, the colleges have more differences than similarities when looking at non-traditional student enrollment, satellite campuses and budget. These figures do not, however, highlight the financial health of the institutions, which is a key component of the study. This is partially observed in the Department of Education's Composite Financial Index (CFI) which serves as an indicator of overall financial health. The score is comprised of three ratios—the primary reserve, equity and net income ratios—which combined indicate an institution's liquidity, ability to borrow, and profitability. Scores range between -1 and 3, and according to the Department of Education, scores between 1.5 and 3 suggests a basic level of financial health. The following chart provides the CFI for each institution from 2014 to 2018 and supports the financial narratives presented in the following chapters.

Table 4

Composite Financial Index (CFI) Scores of Case Institutions, 2014-18

Year	Whitfield University	John Wesley University
2014-15	3	3
2015-16	2.7	2.2
2016-17	3	2.3
2017-18	3	2.2
Average	2.925	2.425

Note. Adapted from the U.S. Department of Education's Composite Financial Index. Retrieved from: https://studentaid.gov/data-center/school/composite-scores

While still within the Department of Education's limits for financial health, the declining scores for John Wesley highlight the recent financial challenges facing the institutions. These financial challenges are largely due to declining enrollment, particularly for John Wesley who lacks a profitable online program to subsize the less profitable divisions. Figure 1 shows the declining undergraduate enrollment trend from 2009 to 2018.

Table 5

Undergraduate Fall Enrollment Trends of Case Institutions, 2009-18

Year	Whitfield University	John Wesley University
2009	10331	1311
2010	11004	1256
2011	11161	1268
2012	11013	1147
2013	10766	1081
2014	10392	1043
2015	10187	1064
2016	9752	1043
2017	9374	1030
2018	9169	988
Percent change	-12%	-25%

Note. Adapted from IPEDS data sources.

This trend is a key factor in the financial stress at each institution and a primary driver of innovation. As such, they are discussed in more detail in each case's corresponding chapter. The following subsections provide a brief narrative background which builds upon and contextualizes the tables above.

Descriptive Comparison

Whitfield University

Beginning in the 1980s, Whitfield University was the first of the case institutions to significantly alter their traditional model. During this time, the university—then just a 900-student residential college—was facing financial difficulty. Under pressure to strengthen and diversify their tuition streams, the college began offering degree completion programs aimed at non-traditional students. Over time, this grew into a range of adult and graduate programs available at satellite campuses across a four-state region which is reflected in the number of satellites campuses depicted in the figure above.

In the mid-1990's, the university took its next major step and introduced online programs. In 1997, a fully online MBA degree established them as an early adopter of online education. This new suite of offerings contributed to significant growth for both residential and adult and graduate studies programs, such that the president said, "Our given here is [Whitfield University] has grown for 30-something years." As of 2018, the school of business is their largest school with just over 5,000 students, followed by the school of nursing with 2,500—a significant shift for a once liberal arts college.

In 2009 the university established a seminary. This represented a continuation of university leaders' effort to meet market demands while also strengthening their commitment to its liberal arts and faith-based foundations. Nevertheless, while the seminary has grown, the university's overall enrollment peaked only two years later and has declined every year since.

This enrollment decline has resulted in an annual budget deficit for the residential campus, which is now being subsidized by the adult and graduate studies (AGS) unit. The chancellor of the residential campus pointed to the recent addition of new athletic programs—swimming and football— as well as other developments which are discussed in chapter six, as efforts they are making to increase enrollment and balance their budget.

In spite of recent enrollment declines, WU's dedication to innovation has provided them with a profitable operating model that helps to alleviate the financial pressures they experienced in past decades as a traditional residential college. As of 2018, the university enrolled over 14,000 students and had an operating budget of over $220 million. Compared to CCCU institutions, their size would place them among the largest schools represented in the association and among the among the highest for tuition price. What was founded as a residential college is now operated as essentially three separate business units—residential, adult and graduate studies, and the seminary—which are overseen by the president's administrative and shared services offices. The following units can be summarized as:

1. *Residential*—a traditional, residential campus enrolling approximately 3000 undergraduate and 150 graduate students with an operating budget of $105 million (Spring 2018).
2. *Adult and graduate studies*—responsible for non-residential programs (online and satellite campuses), which enrolls approximately 10,000 adult and non-traditional students. Programs offered range from associate to graduate degrees. Its operating budget is approximately $110 million.
3. *Seminary*—enrolls 500 students, 90 percent of which are online, with an operating budget of $5 million.

John Wesley College

John Wesley College has maintained a strong adherence to its traditional, undergraduate, liberal arts model over the years, choosing to protect its residential identity which is distinguished by its endowed school of music and its equestrian program. As a result, the college has experienced comparatively few organizational changes and little enrollment growth during the same period. The institution has persistently struggled to achieve long-term financial stability. Even in years of seeming stability, the current president said the college was never covering depreciation, and the previous leadership team lacked a "systematic vision of what their economic model is and what they need to do going forward." This weakness was first evidenced in the early 1990s when the institution began to have enrollment concerns which have yet to be resolved. As of 2018, the college enrolled just under 1000 students, compared to the 1300 enrolled in 2009. Given this trend, the college is facing a budget deficit requiring immediate attention.

These challenges, however, have begun to soften the historical resistance to change among the faculty and staff. As a result, the college is slowly experimenting with new academic programs including business and engineering. Online offerings have yet to be a significant enrollment driver—enrolling no more than a handful of students— but the administration is redoubling its efforts to grow online programs in such a way that they can meaningfully contribute to the college's overall enrollment. Finally, the most significant change to the institution in recent years is the construction of a multipurpose athletic facility, partially funded by a major donor, which paved the way for a football program in 2018. The hope is that this program will bolster the residential campuses enrollment through student athletes and by strengthening the campus experience.

CHAPTER 4

WHITFIELD UNIVERSITY

The following chapters—five and six—present the findings for Whitfield University and John Wesley College respectively. The cases are divided into two primary subsections: financial position and strategies for innovation. Together, these findings depict how each universities' financial circumstances have encouraged the senior leadership team to explore a variety of innovations and new approaches.

Whitfield University is by far the larger case. Its organizational structure is divided into three revenue units, which are governed and supported by the administrative and shared services unit. Due to the case's size and organizational complexity, this chapter's format is modified slightly. The university's financial position, while still presented first, is divided into subsections for each of the three units—the residential campus, adult and graduate studies, and the seminary. From there, the discussion of strategies and innovation is also broken into subsections for each unit. This approach was chosen due to the decentralization and independence of the units and mimics how the institution's administration manages the units—as three separate business entities which make up the whole. As the president said, "The complexity of this university—the size and the differentiation we have in our programs—means you have to treat each of those units as an entity. It's like a business unit in and of itself."

Financial Position

University Wide

As a whole, the dominant theme of the university's present financial position is 'cautiously strong.' As will be seen in the following discussion, the university has experienced a decline in enrollment and corresponding revenue over the past few years, but even so, net revenue is strong. The university operates with an annual profit margin of $10 to $15 million dollars a year which is invested in research and development, capital improvements, and the endowment. In fact, twenty five percent of the total excess revenue is invested into the endowment which totals $150 million (2018) and a million dollars is given back to AGS each year for program development. Thus, the president described their current state as "very strong financially."

While their finances are strong, cost containment remains a key initiative to ensure they maintain a competitive price and serve students who are less affluent. The director of online enrollment emphasized that as culture is questioning the value of higher education, the costs of a private, residential campus experience is especially difficult for families to justify. The responsibility lies both with the residential unit to keep costs low, as well as with AGS to provide affordable and accessible alternatives; otherwise, he said, "[Christian higher education] is going to be an experience only for the affluent." The following subsections provide a closer examination of the financial environment at each of the three revenue units—residential, adult and graduate studies, and the seminary.

Residential Campus

Historically, the residential campus has operated on a balanced budget; however, in 2011 it started operating at a loss largely due to low enrollment. The campus enrolls close to 2900 students, down from its peak of 3200, which has contributed to an annual shortfall of $2 to $3.5

million on a $105 million budget. To fill the gap, excess revenue from adult and graduate studies has subsidized the residential campus.

In 2014, three years into the decline, the university brought in a new CFO, and after providing updated financial forecasts to the board, the residential unit was granted five years (2015-20) to work their way back to a balanced budget. The five-year window allows leaders to implement a plan that avoids cutting good people or programs and instead focus on enrollment and revenue strategies.

While five years seemed generous, the board also limited the amount the university could increase tuition—tying it to cost of living increases. This challenged campus leaders to be innovative in their approaches. The chancellor described the financial situation saying:

> As salaries, benefits and health insurance increase, how do you start paying for that as well as the campus that we built? What you do is you have modest increases, which is what the board has allowed us to do, and then figure out how to cover what we have left in creative ways.

Some campus leaders, however, down-play the seriousness of the unit's budget deficit. Instead, they point out that the board has directed them to invest a portion of their annual earnings in an endowment for campus care. Beginning in 2008, the unit has set aside $3 million to $5 million annually into this endowment to ensure future funding is available for facility and infrastructure maintenance. In 2018, the unit contributed $4.3 million, bringing the campus care endowment to $60 million. Those who down-play the seriousness of the budget shortfall argue that their $2 million deficit could easily be covered if not for the commitment to invest so heavily in the endowment. They see it as a constraint that most institutions do not have, and one that points to their financial health despite the apparent deficit.

Adult and Graduate Studies

The adult and graduate studies unit, which operates online and satellite campuses, has the strongest bottom line of the three revenue units. They operate on eighty percent of their revenue and return the remaining twenty percent back to central administration. Looking forward, university leaders expect the maturing of the adult market and increased competition in online education to be an ongoing challenge for this unit. This trend has already had an effect as evidenced by a decline in enrollment in recent years at the satellite campuses. As a result, the unit has seen a corresponding drop in revenue. According to the president, “The unit has continued to function extremely well financially. They've done that with declining enrollments over the last five or six years, but long-term that needs to stabilize.” As a result of the declines, the unit has implemented strategic reductions in places where demand has dried up, but they have not needed to make cuts beyond what they describe as healthy realignments.

Seminary

As the youngest of the three revenue units, the seminary has been given extra financial support—subsidies—to build their programs and establish a financial footing. For instance, the university has passed on the denomination’s financial contribution, about $1.1 million a year, to the seminary’s operating budget. Additionally, unlike the other units, the seminary is not required to contribute earnings back to the university; rather, they are allowed to invest any excess revenue, which, over the past nine years, has fluctuated between $600,000 to $800,000 annually, into their endowment. The result is a $7 million endowment. According to the CFO, it is a great start but, she said, “they are going to need longer to build that up for it to throw off the kind of money they need.”

This is especially true since the university decided to wean the seminary off the denomination's support by $50,000 a year. Thus, in 2018, the seminary received $900,000 of the original $1.2 million—a gap intended to be filled by development efforts. At the time of the interview, however, institutional leaders were considering slowing this annual reduction, since the seminary's development office is not operational.

The seminary president commented on the strength of the seminary's financial position saying, "It's highly unusual for a seminary to be operating in the black. They typically operate at a deficit and the cost per student is usually quite high. We are one of those unusual seminaries in that we operate in the black and our cost per student, we keep relatively low." Aside from the denominational subsidy, this is made possible by having a debt free building, which WU and a major donor built, and by leveraging many of the university's resources and personnel as shared services.

<u>Summary of Financial Positions</u>

In short, each of the three units is distinct in its present financial position. 1.) The residential unit is facing a budget deficit due to low enrollments but is working their way back to a balanced budget. 2.) adult and graduate studies is profitable but also experiencing enrollment declines which impact its overall revenue. 3.) The seminary, while doing well, is young, small and still getting established. A common theme that surfaced across the three units was the idea that WU has a high standard for defining financial health. For example, health is not only having a balanced budget but also the ability to invest four percent of the residential budget into an endowment for campus care.

Summarizing our financial discussion, the president said, "The big picture of where we stand financially is very strong, but at the same time we are having to watch carefully and need to stabilize the enrollment patterns so that we move forward with long-term health." The provost provided a similarly balanced perspective saying, "We may not have as much excess revenue as we used to have, but we still have excess revenue […] It's not as financially stable as it was 10 years ago, in 2008, but it is so much more financially stable than the bulk of Christian Higher Ed institutions presently." Their high standard of financial strength, coupled with declining trends in recent years, contributes to an overall theme of a 'cautiously strong' financial picture.

Strategies for Innovation

University-wide

According to the president, Whitfield University's biggest danger when it comes to innovation is depending too much on their past success: "Success over time becomes your enemy because you do something, you have a lot of success with it, and so you want to keep doing that. But meanwhile things change." For instance, when adult and graduate studies grew from 4,000 to 12,000 students, they built a new set of systems to support it. With so much time and effort invested, people can get protective of it and not want to change again. "After a while," the president said, "that becomes an exoskeleton that constrains the institution. And even the innovative part of us can't innovate anymore because we're afraid to break up the systems and processes we needed when we had 10,000 students but which won't let us get to 20,000." As president, he reminds the faculty, staff and board that the world is changing and they need to build new things—systems, processes, buildings, programs—to stay relevant.

University-wide innovation and new strategic priorities are overseen by the central administration which maintains a written plan for allocating each dollar of net revenue the units return back to them. Excess revenue is invested into both the endowment and into ongoing strategic initiatives like capital projects and athletic programs. The CFO is a strong believer that the university should not spend every dollar it generates in a given year. “This is how universities get in trouble,” she said, “People say we have a profit, but we take every dime of that and put it right back into the university […] If you don’t have margin you are going to be in trouble.”

Every proposal requiring financial investment is put through a financial model first. The CFO described the process saying:

> Before we make decisions, we flow them through a financial model to see the long-term impact. So, when they have conversations, let’s say, on the residential campus around their cabinet, they're like, 'Can you flow that through the financial model? We'll see the impact.' Just yesterday, I was in a meeting where the associate vice president on the residential campus, the financial person, said, 'Oh, just ignore that tab and the five-year plan. I'm playing around with the idea of what would it mean if we froze tuition for students when they came in.' Well, that's healthy to me. They're thinking strategically. They're thinking ‘what would it mean?’ and they’re blowing it through a financial model versus saying, 'Hey, it'd be a great recruiting thing if we could freeze tuition for all incoming students. Wouldn't that be awesome?' How many schools have done that and have no idea the impact that it has on them?

This process of financial analysis and careful planning resulted in twelve proposals for the university’s last strategic plan. Five of those were approved for immediate action including a football program which the president described as one of the ‘big bets’ they are taking to strengthen the residential experience. The remaining seven proposals will have to wait until funding is available, including a highly anticipated engineering program.

Fundraising

According to an assistant dean at the college of arts and sciences, if you were to poll the faculty on what they need to be sustainable ten years from now, they would say “we’ve got to grow the endowment." At $150 million, the current endowment would rank among the top of member institutions in the CCCU. It provides modest funding for student scholarships, but it is lacking in endowed professorships, programs, and buildings. The few endowed professorships they have include two fully endowed positions and few that are partially funded. These endowed positions alleviate pressure on a personnel-heavy budget, especially for the residential campus.

For better or for worse, the profitability of the university during the past three decades meant that the university did not need to lean heavily on financial campaigns to fund initiatives or grow the endowment. As the president described, decades of financial success, led by growth in AGS, resulted in a weak advancement office and minimal donor engagement:

> We have a really interesting and problematic relationship with fundraising here because we have, for so many years, you know, we've raised money, but we haven't had to raise money to build our buildings. We haven't had to have regular campaigns going on.

In fact, the president was advised that the university could not successfully raise money because they did not have financial need. "Why would anyone give you more money," he was told. Based on that assumption, a small advancement office was viewed as an opportunity for cost savings. The result is WU has an under-built advancement office which does not reflect the size or caliber of institution they have become, much less for what they want to become.

Reversing this trend is one of the president's goals for his administration. "My goal is to build a really strong [fundraising] department," he said, "because I think we're at that point where, to become a truly great Christian university, you have to have those kinds of friends to help you do that." To that end, 2017 was the advancement office's best fundraising year in six years. The success is due, in part, to their current campaign to fund a football program. Rather than pay for it themselves, they are using the campaign to build enthusiasm, excitement, and financial support for athletic scholarships and a facility.

Traction for fundraising is slowly growing at the unit level. As a new institution, the seminary's immediate goal is to raise more in the current year than the previous one. The difficulty for the seminary, as for any small schools, is development office turnover. Much of a development officer's time in the early years is spent building relationships, and initial returns are slow. When key personnel leave, it can set a small institution back years as each new hire begins the relationship building all over again. In fact, the seminary's first development officer started in 2016 and resigned after 18 months to sell insurance. Thus, the president said, "In terms of a foundation for a development office, we really are starting from scratch with our new hire."

The new development officer's main task is engaging their alumni, something they have never done. As most of their alumni are not major wage earners, their goal is to grow a base of alumni who give small annual gifts and to use the alumna's personal networks to connect them to potential major donors.

Thus far, the seminary's endowment has grown primarily through reinvested earnings, and the denomination's funds, not gifts. As university leaders are reducing denominational funds by fifty thousand dollars a year, the expectation is that the development office will cover the difference through fundraising.

Ultimately, the seminary would like to triple its $10 million endowment and have an annual fund between $250,000 and $500,000 in revenue a year, but the president acknowledges that achieving this goal is 10 or 20 years away. Ideally, such growth would fund endowed professorships and free up the budget for more marketing. With twelve full-time faculty on a small operating budget, having one or two endowed professorships would create opportunity for other initiatives. After endowed professorships, the endowment would prioritize funding student scholarships, in particular, the denomination's pastors and international students who are unable to pay.

The nursing school participated in Give Day for the first time this year. They, along with five other divisions, reached out to alumni and generated support for the one day give campaign. It was a positive experience, and they plan to increase their involvement in the future. In addition, a major donor approached the nursing school with a proposal to give $800,000 each year for four years to support 25 new nursing students at $5,000 a year. The donor's intent is to increase the cohort by 25 students who would not otherwise be able to attend. This requires an innovative solution to meet the donor's vision while also ensuring a stable program after the donor leaves.

With a greater emphasis on fundraising across the board, the CFO is asking the administration to reconsider their strategy on how to invest excess funds. Historically, it has been heavily weighted towards the endowment. Now, at over $150 million, she is wondering whether it is time to pause and look at other investment options. For instance, they could invest more into adult and graduate studies' marketing budget to expand their online growth potential. She shared her thought process saying:

> So, how are you going to allocate that fixed pile of dollars? What's the biggest way, what's the best way, you can invest those dollars to achieve the mission? To me that's the question. There's a lot of good ways, but what's our priority? And that's the whole point of strategic planning […] But what we didn't do two years ago when we did strategic planning was we didn't question the underlying foundational philosophy of that excess revenue, and that's what we're going to do this summer. So, it could be some great conversation having everybody in the room—board members and staff. To me, this will be the most

> controversial thing—how we're putting $20,000,000 into our endowment. That's a lot of money. That's lot of money. Is that the best use of our money?

Questioning the underlying philosophy of how they use excess revenue is at the heart of an innovative culture.

As the provost pointed out, where they choose to invest resources will result in different expressions of innovation. The residential campus can be slower to innovate and is more focused on revamping current programs—new programs are secondary. For adult and graduate studies, program development evolves more quickly and is focused on new programs. The seminary is focused on innovation in culture and transformational education. Each unit's approach to innovation and to strengthening its bottom line is discussed in the following subsections.

Residential Campus

As a tuition driven institution facing a budget deficit, the residential campus is directing innovation towards growing enrollment. The chancellor is asking his team, "What are the things that we can start doing to make us attractive and desirable for students who may not otherwise think so?" To this end, they are reevaluating how their residential experience aligns with students' desires and how they can make it a more attractive place to live. Pointing to a new, upcoming generation of students who have different learning styles and technology preferences than previous generations, the interim chancellor said, "We know that higher education has to change, that the traditional model has to change to be relevant in the future." This generation of students is already in the higher education pipeline, and the college is looking for ways to engage them beyond the traditional model of classroom lectures. The chancellor expects they will have residential students in the near future who say, "I want a residential campus experience, but I want to take most of my classes online." The interim chancellor is not alone; many on campus are supportive of changing the model to fit a new type of student. The dean for the college of arts and sciences said, “We have more faculty that want to be innovative than less, and we have more people willing to think creatively about education than we do otherwise.”

Thus, the challenge is not overcoming resistance but prioritizing innovation under a tight budget. Once the campus care endowment reaches its goal, funding innovation will be less challenging as a considerable amount of funds will be available to redirect to more expensive projects. The following subsections discuss how the residential campus is pursuing innovation in order to increase its appeal to prospective students.

Cost of Attendance

Addressing the cost of attendance is key to engaging the next generation of students at the residential campus. The interim chancellor described it as the elephant in the room. He is concerned that the institution could become too expensive for students to attend especially considering their average student is from the lower-middle class and prone to price sensitivity. The director of enrollment has similar concerns. He said, “private Christian institutions need to get their house in order. They have to become much more price sensitive or it's going to be an experience only for the affluent.” This pressure is leading the campus administration to look for opportunities both to better control costs and to better communicate value to a price sensitive and skeptical market. However, as enrollment continues to decline, raising the cost of attendance remains a tempting—if not short sighted—revenue fix.

For example, in 2018, residential enrollment dropped by sixty students; however, to ease the loss, the campus reduced the discount rate by five percent. As a result, net revenue increased by nearly $2,000 per student and by $250 thousand for the campus—all with fewer students. However, this is a potentially dangerous path, both financially and missionally as the lower discount rate and higher cost of attendance may deter price sensitive students which goes against their overall pricing strategy. It will be the board's job to provide guidance on how to prioritize revenue, access, and overall size. However, based on their restrictions around tuition increases, the board may push back against a tactic that uses the discount rate to effectively increase cost of attendance.

One proposal to address the rising cost of attendance comes from the director of enrollment management. Using a marketing metaphor of red and blue oceans, he said Christian higher education is a red ocean—a highly competitive market—with each Christian institution fighting to take enrollment from another Christian institution. Last year, however, he noticed that a neighboring state university set a new enrollment record, which signaled a blue ocean opportunity. He explained:

> Instead of fighting for the Christian college's students, let's fight for those that are going to this state school that may be Christians and find out why are they choosing it. The majority of them are choosing to go to state schools because of costs. They're balancing the benefits. Do the benefits outweigh the cost? And I would hope at some point that we can have those honest conversations and we can start moving into that blue ocean. The only way to do that is to have that discussion about tuition. So, my proposal this year is having a cohort freeze.

Knowing that his student pool is price sensitive, he is proposing a tuition freeze for freshman through their senior year—a step beyond the current limit of cost-of-living increases.

Location and Demographics

While the university's other two units are predominately online and not constrained by geography, any comprehensive answer to how they can grow residential campus enrollment must account for their location in the rural Midwest. Across the country, Americans are leaving rural areas for urban centers, and as the president said, “there’s more competition for a fewer number of high school-leaving students.” Part of the answer may involve becoming a more ethnically diverse college. The president pointed out that the number of college-ready, white, middle-class Christians is declining and in their place are Hispanic and African American students. Referencing this demographic shift, he said:

> One thing, which is huge for us, is the diversification of our student body and our faculty and staff. Becoming an inclusive and equitable institution is extremely important to us for a couple of reasons. First of all, theologically and spiritually it's the right thing to do. Secondly, just from a business model standpoint, though we are in the Midwest, and the Midwest is changing less quickly than the coastal areas, it's still changing, and in order for us to have a future, we have to make sure this place is accessible and welcoming and a great experience for African American kids, Hispanic kids and so forth. That's extremely important for us on all those levels.

Positioning the college in this way could have a significant, positive impact for the residential campus moving forward. The enrollment director also emphasized diversity as an essential component of the residential campus’ strategy. “It’s absolutely a real phenomenon,” he said, and “If you don't figure out how to recruit and offer programs for first generation Latinos, you're going to be left behind.” The administration also acknowledges that faculty diversification must happen alongside student diversification.

Messaging and Metrics

The director of enrollment pointed out that broadening their student pool will not fix the problem on its own. He believes their enrollment decline is less of a marketing issue and more of a conversion problem. At the moment, he said, the enrollment funnel is bringing in enough prospective students, but the conversion rate is dropping, which suggests their interactions with prospective students have become less effective. Thus, simply reaching more students is not a holistic solution.

To troubleshoot the conversion rate, the enrollment director asked division leaders to start from the beginning and identity career outcomes, benefits of attendance, and detailed financial data for each program. He believes they need to refocus how they communicate a programs' value to prospective students. Each division, he said, should be able to answer questions like, "How does a student benefit from those distinctives? What are your outcomes? What are your alum doing based off of the education that they received?" Their answers, he said, should communicate a message at the programmatic level that says, "Look at what our alumni are doing and how they're impacting their world. It's worth the extra $10,000 or $12,000 a year to come here than it is to go to a state school."

His belief, that the answer is rooted at the division and program level, has led him to develop an enrollment strategy that uses detailed metrics and KPI's to set goals and measure results. Drawing upon his experience as a military recruiter who had specific goals for each type of recruit—medic, infantry, intelligence, logistics, etc.—he would like to implement a similar goaling structure at the college. Traditionally, enrollment goals are set for the college as a whole, but he would like each of the 16 divisions to have individual goals. Thus, instead of a campus goal of 800 freshmen in the fall, each division would have an independent goal based on the number of leads, applications, deposits, registered and matriculated students it has seen in the past. This would allow resources to be deployed strategically at the division level to meet specific goals.

Retention

A strong retention rate can be just as important as a good conversion rate for a tuition driven institution. Like enrollment, retention is a projection based on prior years, and unanticipated drops can derail a tight budget. For instance, last year, after successfully graduating a small class out and matriculating a larger class in—creating an overall stronger revenue base—the residential campus suffered an unexpected four percent drop in retention from 82 percent to 78 percent. While still a good retention rate, the college had budgeted for 82 percent. The lost revenue will stick with them until the class graduates.

To strengthen retention, the provost is designing a faculty mentor program which will reinforce a common culture and provide faculty with tools to be successful in their role. The hope is that better trained faculty, who understand how to engage students in a transformational experience, will result in better retention. She said this is especially true for their adjunct faculty because retention is lower among students taught by adjuncts.

In addition to this, the college of arts and sciences recently implemented a student planning software which allows students to plan their entire degree from the beginning. They hope at-risk students will look at their progress and think "I'm almost done" and decide to stay.

Facilities

When it comes to the residential campus' appeal, the interim chancellor pointed to their facilities—"we've got to get them to see it," he said. The college uses facilities as highly-visible marketing tools for prospective students and families. Over the past 30 years, the university has spent $350 million in campus infrastructure, resulting in 2.2 million square feet of roofed space. New buildings and a $3 million annual budget for maintenance leaves visitors with the impression of a financially strong and growing university. The dining commons, for instance, is a key selling point for the residential campus as well as the 200,000 square foot student center. The interim

Chancellor described the latter saying, “It’s pretty amazing […] the most dynamic and probably the most special building we have on campus as it relates to the atmosphere it generates.”

While the dining commons and student center are key gathering places for students on campus, athletics is also an important part of making the campus a more attractive and engaging place to live. Athletic programs can provide the campus with amenities like a track and field, tennis courts, and swimming pools depending on the programs offered. These can be attractive campus features for prospective students. One of the boldest facilities they have invested in is the new football complex and corresponding athletic programs. In 2010, leaders considered and ultimately shelved a proposal to start a football program; however, the idea was picked up again in 2014 as a potential strategic move for the campus. A consulting firm was asked to provide guidance, and the result was a recommendation to start a women’s swimming and diving team as well as a football team to increase enrollment and diversity and to cultivate a campus spirit. This time the executive team decided to move forward with the proposal, which cost $14 million, $7 million of which built the stadium and training facilities. In the Fall of 2018, the school recruited its first football and swimming and diving team. A significant amount of the funding for these projects came from surplus revenue generated by adult and graduate studies as well as private donors. Between the two sources, most buildings are fully paid for from the start.

However, not everyone sees facilities as the best approach to innovation. The provost said the football program’s financial investment caused a lot of angst. She emphasized in equal measure both her enthusiasm for a football program as well as the financial constraint it may put on the residential campus. One leader in adult and graduate studies thinks the campus investments have come at a significant cost to their programmatic expansion. He said:

> The difficulty is that the decision has been made to invest quite a bit of that [excess revenue] rebuilding the residential campus. We have had a fascination with buildings, and excess revenue built those buildings. Well, you know, right now they've got some empty dorm rooms, they're not at capacity with all the physical footprint that they've got. There's not a need for more buildings. You have to stop building and invest in the programs that are going to grow.

In particular, he believes investing in AGS would have the best return on investment.

Faculty Recruitment

Faculty recruitment is an important issue for residential campus leaders. Situated in the rural Midwest, one senior administrator commented, "It's not the most desirable place to live." In fact, some faculty have found they prefer to live in a major city an hour south of campus. In addition to location, however, faculty must also align with the faith-based mission and values of the institution as well as demonstrate excellence in their scholastic field. The result is it can take years to find the right candidate, especially for a leadership position, as it did for the health science dean who was hired after a three-year search.

While they cannot change their geographic location, they are looking at ways to make faculty positions more appealing. For instance, they are moving to a new contract system. Under the current system, new faculty receive five one-year appointments before moving to a two-year, a three-year and finally five-year contracts. The new system will do away with this structure by implementing rolling three-year contracts for assistant professors and rolling five-year contracts for associate positions. This was designed to offset some of the barriers to recruitment.

For example, under the old system they were asking faculty to move to the rural Midwest for a one-year contract with no guarantee that they'd have a job in a year. The provost said this could even create difficulty for faculty trying to secure a loan for a house. In the new system, faculty are offered a rolling three-year contract which means each year is the beginning of a new three-year contract. In the event of a disciplinary action or need to eliminate the position, the rolling contract would end, and the faculty would work out the remaining portion of their current contract. The provost described the benefit saying, “In essence, if you do well, it behaves like tenure because you never reach the end of your contract.” There hasn’t been enough time to see the effects of this change on recruitment, but a three-year starting contract could be a competitive tool against peer institutions offering one-year contracts.

In addition to contracts, pay is a key concern for the administration. The president feels that each year they get further behind their academic competitors, and the provost is concerned that they pay far less than industry rates for faculty in professional fields like nursing and the health sciences. The difference between the president and the provost’s perspective is that the former would emphasize raises across disciplines, while the latter would implement differentiated pay structures, and by association, differentiated tuition. In fact, the provost and dean of the school of nursing are developing a proposal for differentiated salaries. To fund the associated increase in payroll, they are considering differentiated tuition and fees in the third and fourth year. It would be the first differentiated scale for the residential campus.

Program Development

Professional programs are at the heart of programmatic innovation at the residential campus. As the provost said, “starting new programs like engineering or a marching band or music therapy or whatever, we are an entrepreneurial spirit, and we want to start new programs because we believe that unlocks the potential for more growth.” In particular, the school of nursing is developing innovative programs that area affordable and have strong market demand, and the Ron Blue Institute is providing a unique value-added opportunity for students.

The school of nursing was established in 2009 and boasts a multi-million dollar, state-of-the-art, 32-bed simulation lab. Any student with a 2.75 GPA who has passed the four prerequisite sciences is accepted. As such, the program enrolls 560 residential nursing students through the BSN pre-licensure program, making it the largest major on campus.

The school has developed an innovative 14-month accelerated nursing degree that accepts 24 students twice a year and a new Master of Nursing degree. The latter targets students who already have an undergraduate degree but are looking to switch careers and become a nurse. It is similar to a program they already offer, *transition to nursing*, which allows students to get a second bachelor's degree at an accelerated pace. The difficulty with offering it at the graduate level, however, is that it requires teaching faculty to have terminal degrees which is more expensive.

The nursing school has also formed partnerships with two universities to offer three-and-one nursing degrees. Neither of the partner schools offer nursing programs, so their students can attend the school of nursing for one year and complete the rest of their course work at the home institution. The benefit to the university is they get one year of tuition from a student who would not otherwise attend. This is an advantageous partnership when the universities do not overlap in student recruitment. The danger, according to the provost, is that if the student pools overlap, they give away students to only get them back for one year.

The Ron Blue Institute opened in the fall of 2016 with a mission to education and train students in the field of financial literacy. It is available to students at both the traditional campus and AGS to earn certificates in financial planning. The Institute uses a peer coaching model in which certified students educate their peers on topics of financial literacy. While it is not a revenue driver, it is considered an innovative value-add to the university. As of 2018, the institute is supported by a $10 million endowment, which was established by a $5 million corporate gift, donations, and university funds.

Revenue Diversification

The administration believes revenue diversification is an important aspect of the overall health of the college. According to the CFO, “if all we're looking for is to continue to sustain ourselves on the student populations’ tuition, we're going to be in trouble.” Diversification includes two key revenue streams—auxiliary services and fundraising. The latter has been discussed previously in the university-wide innovation section.

Tuition revenue is supported by a strong auxiliary services division on the residential campus. Summer conferences bring around 25,000 individuals to the campus for youth, church, and band camps as well as business functions. This not only provides over half a million dollars in net revenue from a non-tuition source, but it is also a marketing opportunity as college bound youth experience the campus. Auxiliary services also oversee the university’s subsidiary corporations which provide significant net revenue through health care facilities and nursing homes in the surrounding area. These subsidiary corporations generate $1.25 million a year. Finally, the college generates significant income from commercial and residential real estate including 75 rental houses around the campus. These are leased to faculty, staff and graduate students and provide nearly $400 thousand a year for the university.

In addition to these established approaches, the interim chancellor is exploring opportunities to partner with businesses in the area. He sees potential for shared space agreements, business incubators with built-in university services, and internships for students. Similarly, administrators from each of the denomination's colleges have formed a committee to assess the potential benefits of leveraging shared services between them.

Adult and Graduate Studies

Innovation for adult and graduate studies is freed from many of the constraints the residential campus faces. For instance, their faculty do not have to live in the rural Midwest and they can employ more part-time faculty. Whereas the denomination limits student recruitment to a geographic market for the residential campus—so that the various denominational colleges are not in competition for student recruitment—, recruitment for AGS online programs is not restricted. And, while the residential campus has a set pay scale for faculty and standardized tuition across programs, AGS programs have differentiated pay scales and tuition. This flexibility gives them an advantage in recruiting faculty and enables their programs to have higher profit margins. The following subsections discuss innovation within AGS including changes to the satellite campus model, programmatic innovations, and goals for international markets.

Satellite Campus Model

Adult and graduate studies offers programs in multiple formats: fully online, in-person at one of the satellite campuses, or as a hybrid. This model has made the unit nimble, growing their brand one region at a time and establishing new satellite campuses as demand allows. However, it also requires constant market analysis to maintain efficiency. Rather than focusing on the unit's overall profitability, leaders closely monitor revenue trends for each campus in order to make strategic decisions about whether to rent versus own the educational space, which locations might be good for new programs or whether a campus is no longer viable. Over time, they have come to own 8 of the 18 campus properties.

Over the past few years, however, some campuses have enrolled fewer students resulting in less revenue. It is possible this could indicate a turning point in demand for their satellite-based programs. Looking forward, the president said:

> Currently, we've not reached a point where it's such a financial drain that we're ready to get out of a bunch of them. We've gotten out of some where it just didn't work anymore. I predict that what will happen is we will, especially at ones that are leased, we will continue to downsize the square footage that we lease, but we won't leave the markets until we're willing to make the exponential leap that you have to make to do the marketing and recruitment without a physical presence.

The gradual downsizing of satellite campuses corresponds with the growth of online education across the country. However, the president argues that enrollment for their online and satellite programs is not as independent as it may seem; rather, a satellite's physical presence acts as a marketing budget for online programs. He went on to say, "What we find is that the vast majority of our online students are within 50 miles of where we have a physical location."

Practically speaking, their online programs are tethered to geography. The result is that the online options, which have the greatest potential to grow, depend upon the satellites which are experiencing significant enrollment pullback. According to the president, it begs the question:

> Is it better if I [close satellites and] take that amount of money and add it to my [online] marketing budget in the area? Will that get me more than having the physical presence of the building? Those are the kinds of things we're trying to figure out from a business model standpoint.

They do not have an answer yet; however, the one point of agreement is that they need to consider new approaches. As one senior administrator said, "If we don't make different decisions, we haven't seen the [enrollment] bottom yet.” The CFO is proposing the university invest more cash in the unit to support program development, marketing and innovation which would mean investing less in the endowment. The director of online enrollment believes something like the CFO’s proposal should have happened years ago. He said:

> I think there is some right sizing of resources that needs to happen. We need to take what resources we do have and invest it in the part of the university that has significant enrollment potential. If residential goes up 100 students, they consider that a home run. But for adult and graduate studies, we want to grow by hundreds and are looking at a plan for thousands. You have got to invest in that. I believe that this is a pivotal time for the university to understand that and to invest accordingly. Our chancellor understands these things, and I believe our president and our board understands too. So, you know, time will tell over this next year and the coming years, are we going to do the things that are necessary to really expand the reach of the university realizing it can't be done with the level of efficiencies that it was done 15 years ago?

The most drastic proposal to innovate their long-standing model includes an all-in approach to online education. The president acknowledged that while their online programs are tethered to geography, it is not true of all online programs. Arizona State, Southern New Hampshire University, Grand Canyon and Liberty University are examples of schools whose programs have broken the geographic tether. But, he said, to go from what AGS is doing—leveraging its geographic brand recognition for online recruitment—to what those schools are doing “takes an exponential jump in terms of marketing and enrollment costs, which we have not done.” This approach would drastically reduce or eliminate adult and graduate studies physical presence, transiting out of all but the strongest locations.

One senior leader at AGS said that if they had been investing their profits back into the unit all along, they could have already made this transition:

> What I'm going to tell you probably would not be warmly embraced by everybody in the institution. The excess revenue from the AGS programs has been strong enough that if they had reinvested it in AGS, you could have along the way probably have done what Liberty did. These programs in many ways have been the economic engine of the institution. The difficulty is that the decision was made to invest quite a bit of that revenue rebuilding the residential campus […] You have got to stop building and invest in the programs that are going to grow.

If they were to make Liberty University their aspirational institution and invest accordingly, the level of resources and the strategic shift required for this approach would require buy-in from both university leaders and the board.

There is some concern that the board would balk at the level of investment it would require. As early adopters to online education, they were able to acquire market share with comparatively little investment for more than a decade. However, the benefits of early market penetration have disappeared as competition and money have poured into the market. A million dollars does not go as far in the online market as it once did. As the president said:

> The external context requires us to have a different business model, but the internal constraint then becomes—will our board understand that the way we did business 20 years ago when it wasn't a mature market is not going to work today? We have to have a different way. We have to accept a different way, but that's a potential constraint—to help our board understand where we have to go next and as administrators to fight the way forward.

There is still a lot of discussion and analysis to be done before seriously considering an all-in online strategy. In the meantime, the unit is expanding their online marketing to two new cities, Atlanta and Detroit. The former has quickly become their fastest growing urban market; however, it is an expensive market to compete in and they expect it will take longer to see a return. Detroit, however, is a less expensive market and one where they already have some brand recognition.

Program Development

While expanding its geographic reach, AGS is also active in program development. The director of enrollment said they have reached a new level of sophistication in tracking demand for programs—whether to start new ones or sunset less effective ones. He said:

> For new programs we are looking at far more research data than we ever have before to try to forecast what's going to be a successful program […] Looking at labor projections and looking at job postings, looking at IPEDS data for student completions, looking at advertising outlets to see who's advertising for that program in that marketplace and trying to get a feel for how much they're spending.

This research has led them to offer degrees that are more vocationally minded—pushing into programs and disciplines in which the university has not historically been involved. For instance, they are exploring more associate degrees, even a degree in drafting. Programmatic innovation at the schools of business and health sciences are discussed below, in particular the MBA-Y and newly accredited therapy degrees.

The School of Business. The dean of the school of business, which is an online only school, said he depends on an advisory board of business professional to keep their offerings on track with industry trends and to provide feedback on new programs they are developing. He also travels extensively and meets with industry professionals to ensure their curriculum is tailored to the workforce. Speaking to this point, he said:

> From a curriculum standpoint, I think it's imperative, absolutely imperative, you stay in touch with the current business and industry market and that you're providing curriculum that's important to them. You know, where we were 10 years ago is not where we are now with curriculum, nor will it be where we are in five more years because it has to change as industry and market changes.

As a result, the school is constantly developing new programs to suite the evolving market.

In addition to market-based programs, the dean emphasized accessibility and affordability as the two criteria most people are looking for when it comes to a college education: “They’re looking for the most value they can get out of their education, and they don’t want to take a bunch of courses that aren’t going to help them move forward to a better quality of life.”

To suit this kind of student, they have crafted a program called the MBA-Y, or the ‘MBA your way.’ This program provides a fluid option between online and in-person experiences allowing students to decide if and when they want to attend in-person versus online. Professors are trained in both modalities, and the course content is the same regardless of whether it is delivered online or at a satellite. As students need help with certain topics, they may choose to come into the classroom—something which happens more frequently as they enter more demanding quantitative courses.

So far, they have found this to be a successful innovation to the online-only MBA. The dean said, “It really works. It’s this kind of innovation that people are going to have to work through to continue to support a student population that is shrinking in size.” In addition to the

MBA-Y, they are in the middle of developing a Doctor of Business Administration program which is currently under review by their accrediting body.

To generate interest and market new programs, the dean said they are more in touch with their alumni than they have ever been. They have mailers ready to send to their 10,000 MBA alumni once the Doctor of Business Administration is accredited. Leveraging alumni in this way is a small, but significant, innovation for them: “Those kinds of connections,” he says, “will help support us over the next five years.”

The School of Health Sciences. The School of Health Sciences is another major center of programmatic innovation for the university. What started as a graduate only program has, in a few years, grown to offer Bachelor and Associate level degrees as well. Housed in the adult and graduate studies unit, most of their programs are available online or at satellite campuses.

When the dean of health sciences was hired in 2016, he was given a mandate to grow the school by overseeing accreditation and new program development. He stressed the importance of accreditation for professional programs in health sciences because students cannot get a license to practice without it. When he started, lack of accreditation for certain programs threatened to stall innovation. The Doctorate in Occupational Therapy (OTD) had just started and was not yet accredited. The Master of Public Health Program (MPH) was not accredited and the MS in Athletic Training, a post-professional program, was not accredited either. As the MPH is the only program they offer that doesn’t require a license to practice, he knew gaining accreditation was an essential step to the growth they were looking for.

After two years as dean, the OTD is accredited, the MPH is in the accreditation review process, and new programs are entering the pipeline. The pace at which they are growing means that they are constantly in a three-step process of designing the next program, gaining accreditation for currently enrolling ones, and growing those that are accredited. The next program to enter the pipeline is an Associates in Occupational Therapy and from there a Doctor of Clinical Psychology. Long term plans include Respiratory Therapy, Physical Therapy Assistant, and, possibly, Physician Assistant programs.

As they develop these programs, market research is pivotal to determine where to host each one. The rural setting of the residential campus is not suited for professional programs and online does not allow for hands-on training. Leveraging the adult and graduate studies' 18 centers across four states, however, allows them to position programs in urban areas with proximity to hospitals and major health centers. Often, they do not have the faculty, specialized training equipment or demand to host programs at multiple locations. Thus, selecting the right location for each program is essential.

Global Education. AGS is also committed to innovation in global education. As the university has expanded from a rural campus to multi-state satellites and then to a regional online presence, the global focus reflects the new territory in which leaders are eager to expand. There are multiple ways this commitment is expressed. For instance, global education includes travel and cross-cultural educational experiences for both undergraduate and graduate students.

The dean of the School of Nursing described their programs as "very globally minded" but still a work in progress. The school currently hosts undergraduate semesters abroad in Haiti and Zambia, and doctoral students are required to have a global experience in either Haiti, China or Belize. The dean of health sciences emphasized the global mission as well. Their programs take students to practice physical therapy with children in Ecuador or occupational therapy with patients in Haiti. As a relatively new faculty member, he was pleased to find this kind of a commitment to global education.

There is also a faith based and service component to the global initiative. In this expression, the university wants to extend their educational programs to countries and people groups that would otherwise not have access to higher education. At the School of Nursing, the dean said, “I would like to see us have an initiative where we tithe part of our excess revenue so that we could offer a Master’s in Nursing Education at a reduced rate to people in other countries.” The desire behind such an initiative, she said, is that when less developed countries want to offer their own Bachelor’s programs, they need to have faculty with Masters degrees to teach. A Master’s in Nursing Education could help establish faculty for nursing programs abroad.

Seminary

Just as adult and graduate studies was birthed in a round of innovation three decades ago, the seminary is the newest large-scale innovation to change the identity of the university. While starting the seminary was innovative for the university, the seminary was itself designed to be innovative and to re-imagine how seminaries operate. The seminary president and her team are encouraged to try new, innovative ideas without fear of failure. In fact, she said:

> The caution that is repeated in my ear from some of the denominational leaders and some of our board members and the university president is, ‘Be careful of this.’ And what they mean by that is the slip back into being a traditional seminary.

They are not a traditional seminary. In fact, of the 250 seminaries accredited by ATS, only 17 are accredited to offer a fully online Master’s of Divinity degree—the others must have at least twenty-five percent of instruction in-person. This exemption sets the seminary apart from of its peers and contributes to its quick growth. The convenience of online programs is essential to their students, many of which are full-time or bi-vocational pastors with families. In 2011, just two years after opening, they enrolled around 200 students, fifty percent of which were online while the other fifty percent commuted. As of 2018, the seminary enrolls nearly 500 students, with 90 percent attending online.

Like adult and graduate studies, they have experienced a decline in face-to-face enrollment; however, the growth of their online programs has compensated for the lower in-person enrollment. In fact, during a ten-year period from 2006 to 2016 when the average enrollment for seminaries nationwide declined, this fledgling seminary grew. Beyond the draw of a fully online program, the provost pointed to key decisions which have contributed to their success.

Learning Lab

The first key decision which has contributed to their success is a requirement that students be engaged in ministry to enroll. “I think what's driving their growth,” she said, “is this innovative approach that they have. You need to be embedded in your ministry, and that becomes your learning lab.” From an enrollment perspective, it is counter intuitive because this requirement could create a barrier for students wanting to apply straight from an undergraduate degree. In fact, it does create a barrier for younger students, which is evidenced in the average age of their student body, forty-five. The seminary president described the approach saying:

> At a traditional seminary, students pretty much come right out of undergrad, although that's changing for the Asburys and Fullers, but our average student right now is 45. We were even older, but every year it seems we drop by a year. Still, a significant number are in their 50s, even 60s, who have been doing ministry for 30 years and just feel like they're at the end of themselves and need some re-equipping. They realize whatever education they had was for a very different culture in time, you know, and they need a new step up. We have a really nice contingency of 30- and 40-year-olds as well. Very few 20-year-olds**.** But I don't think that's surprising because we require them to be in ministry. For someone to

> graduate undergrad and come directly to us, they have to find a church affiliation at least. They don't have to be the vocational pastor there, but they have to be engaged in ministry.

The requirement for students to be embedded in ministry has subtle but significant impacts on the seminary beyond just age. As practitioners, the student body has a shared culture; they bring real life experiences from their ‘learning labs’ to the class. With a more unified student body, professors can tailor the curriculum to each class, bringing a sense of identity and culture to the seminary as a whole.

In addition to the accessibility of online programming and more mature students, some of their rapid growth is attributed to pent up demand in the denomination and, according to the seminary president, to God’s blessing. As the denomination’s first seminary, pastors no longer need to attend another denomination’s seminary if they want to pursue higher education.

Practitioner Faculty

Full-time faculty are the core of the creative process at the seminary. As the seminary president said:

> Our [seminary] faculty, these last nine years, have really been the ones pushing the envelope saying, ‘What else can we do? How can we be more innovative? What else do we need to change? Where else do we need to go?’ It's in the water here; that's just how we operate. The death statement is, "Well that's what we've always done." I mean, when that statement is dropped, that's the exact reason to not do that thing anymore.

These full-time faculty serve on committees—where, according to the associate dean, innovation is birthed—and teach sixty percent of the course load. As a very lean organization, with only 25 full time employees including all faculty and administrative support, each person contributes to the overall success. The seminary president attributes the faculty’s creativity to their backgrounds in ministry rather than academia. She said, “They don’t know what academia is supposed to be like […] They come work their butt off as faculty and they’re innovative and they don’t care about how it’s always been done.”

Another contributing factor to the innovative spirit among faculty is the requirement that they live in the local town. With ninety percent of their students online, one would expect the faculty to be spread across the country. However, that is not the case. The seminary president explained that having everyone in one place builds culture:

> They all live here. We had two faculty openings this year, and we're faced with that dilemma. Do they actually need to live in the ‘greater area?’ We like to say ‘drivable.’ And where we landed for now is, ‘Yeah, they really need to be routinely accessible.’ Not because we have students here but because this is where the culture and the forming of the seminary is happening. And, at nine-years-old, we're still very much forming.

This commitment to culture-building ultimately supports their mission to provide transformational online education to the students.

Program Development

When it comes to program development, the seminary wants to offer a lean but comprehensive suite of programs. On the one hand, the seminary president said, “We know that having the full buffet that a 100-year-old seminary has in terms of programming is not actually a healthy thing, because, you know, you’ve got to support all that.” On the other hand, however, their current offerings are not fully fleshed out in a way that meets their vision. Currently, their programs equip students for church employment, but they have little to prepare students for a career in academia. The seminary president explained the problem saying:

> Who are the next wave of [our] theologian scholars that will fill the teaching seats of our academy in 20 years? We don't have a means to educate them, so that means we still have to borrow from Fuller and Princeton and Asbury for our faculty seats. So, if we truly want a fully expressed denominational point-of-view, we've got to be training faculty too.

This is an essential point because it looks to the long-term viability of higher education in the denomination. The main barrier to providing the programs is funding and specialized faculty. It will take time and a long-term plan to offer a full suite of programs.

In the meantime, they are innovating in other ways like the recently implemented three-plus-two program, where university students can take seminary classes while pursuing other majors. This essentially operates as a five-year, dual degree option, and subsequently allows the university to capture an extra year of tuition while also deepening the faith-based mission at the other units.

As a faith-based organization, programmatic innovation can sometimes lean more towards the mission rather than the bottom line. One of the programs that falls into this category is their Spanish language program that is almost entirely self-funded. It generates $150,000 in revenue but costs $500,000 to operate. Opening their degrees to students from around the world who have financial, technological, and language barriers is an important pursuit for the seminary and is discussed further in the section on faith.

In addition to adding new programs, they have recently increased the efficiency of their course catalog by cross-listing courses to reduce the amount of duplication. By rearranging the schedule, and cross-listing courses so students in different majors can take the same class, they were able to reduce the number of credits taught from 600 to 400. This is a significant cost savings as well as workload reduction for faculty.

Global Education

With ninety percent of their students online, the seminary is eager to expand internationally. The desire for this is rooted in mission more than revenue as the director of enrollment management said: “We want to continue to stretch our presence globally, because with our online delivery, we can truly serve the global church.” In fact, students from over 19 countries already attend online.

Often, universities charge international and out-of-state students a higher tuition. Online tuition, in particular, is valued for its higher profit margin compared to residential. However, the seminary wants to figure out how to bring their online programs to international students who have little or no ability to pay. This is complicated because there is not a one-price-fits-all pricing structure. Within any given country, students may come from drastically different socio-economic statuses. In India, for example, a pastor from the middle class might be able to pay full price but a pastor from a lower social-economic class—or someone who has been ostracized by their family for their religious beliefs—could have no financial resources. The associate vice president said:

> We’ve done a lot of work to try and find what the sweet spot number is—a low tuition rate they could actually pay. And then how would we cover that? And how many students could we do that for before we start to damage ourselves financially. We’re still looking to find that number.

In addition to the financial constraint, access can be a challenge for some international students if they do not have the technology and internet available to complete an online degree. Moreover, language can also limit access. To address the technology barrier, the seminary’s leadership is asking, “How can we deliver an entire seminary education on a cell phone? […] Once we can do that, anybody in the world can come to seminary.” As for the language barrier, they have developed the Master of Divinity degree in Spanish and are planning to offer it in French and Mandarin as well.

With the goal to expand access around the world, the seminary is also committed to scaling the culture of their online education. The seminary president emphasized that they want the online degree to be a transformational, not a transactional experience:

> We don’t want to become University of Phoenix, or even Southern New Hampshire, where in large part people are just getting the [online] degree, and it’s not about being formed and having a personal, transformational experience. So, the question is how are we going to leverage it [online] to expand our reach without losing what we really highly value about our seminary experience? Those are the kinds of things we're struggling with.

One of the ways they have tried to cultivate a transformational online experience is through evaluating new ways for professors to provide feedback on assignments. Professors have experimented with recorded video feedback on assignments to create a more engaging and personal experience for students. Likewise, since faculty are required to live in Marion, they are investing in classroom space to standardize the online experience, so professors are not presenting from their home, coffee shop or office. This means investing in technology like cameras that follow you as you move and whiteboards that function as shared screens on student’s computers.

CHAPTER 5

JOHN WESLEY COLLEGE

John Wesley College is significantly smaller than Whitfield University both in revenue and enrollment. Their annual revenue is approximately $30 million, and they enroll close to 1000 students. Situated in the rural northeast, the residential college has largely resisted shifting to online, satellite or graduate education models. Instead, the college touts its distinctiveness as a place for undergraduates to receive high quality, liberal arts education in a Christian environment among a close-knit community of faculty and staff. In recent years, however, the college's persistent financial difficulties have created significant strain on this model of education. The financial strain and the actions being taken to address it are discussed in the following subsections.

Financial Position

The present financial situation at John Wesley College is dire. According to the president, it is operating on a survival budget—one significant hit away from having to draw on the college's line of credit, something they have never done before and a precedent they do not want to set. As a tuition-driven institution, almost all the financial pressure comes from enrollment. The CFO described the current situation saying, "the last six to seven years, and especially the last three or four, we have struggled with enrollment which has put quite a bit of pressure on finances."

Determining just what their enrollment should be has been a difficult question for institutional leaders to answer. From 2003 to 2008, the college experienced record enrollment of close to 1200 students; however, a decade later, applications have dropped by twenty percent while the yield has remained flat, and b 2018 were fluctuating around 950. In fact, 2008 was the last time they met their target for incoming students, and since then, enrollment and net revenue have been on a downward trend. Last summer, the president created a task force charged with developing a strategy to enroll a thousand undergraduates. The following fall, however, they enrolled 40 students less than anticipated, which, as the president said, "creates huge problems in an economy of scale our size."

The provost said that if they simply kept their model the same and listened to the market, they should probably be a 600-student campus, but, he said, that is not sustainable. Likewise, being an institution of 1500 to 2000 is not a reasonable expectation either. In general, the consensus is the college can function with a stable enrollment between 1000 and 1100. The president was clear that dropping below 900 is not tenable. She said total enrollment has never dropped below 900 and “must not” to be a sustainable college.

Senior academic and administrative leaders describe the financial circumstances as “bleak,” “not unique but a very serious financial time,” “a dry bones operational system,” and “a sobering situation.” One leader said, “The belt is beyond as tight as it can be. It’s really uncomfortable.” And another used the same metaphor saying, “It’s as tight as you can get it without cutting off circulation.” One of the most tenured faculty, and senior administrator, said:

> There’s never been a situation, since I've been here [over 35 years], where everything is great financially. But right now we're certainly scrambling. It's a sobering situation, and we're considering the kinds of cuts that should be unthinkable, that are deep.

Multiple leaders discussed how cuts have impacted their departments. They pointed to layoffs of competent personnel, hiring freezes, escalating deferred maintenance, low compensation, and rationing of copies as some of the casualties of the financial environment. The dean of the school of music said they have had cuts every year since his arrival four years ago; “My task my very first year was to cut 25 percent of my budget, and at the time I thought I can do this for one year. What I did not know at the time was that I was basically implicitly agreeing to make this my norm."

He enumerated the various financial sacrifices they had to make including hiring part-time instead of full-time faculty, not replacing instruments that need to be replaced, and cuts to faculty travel and development, as well as student travel for competitions. This level of cuts, he said, is "detrimental to trying to build a program and its long-lasting growth."

Others on campus have experienced similar challenges. The new chair of the business department said she has $7,600 a year of discretionary funds to support a department of five full-time faculty, several adjuncts and student workers. Nearly two-thirds of it goes directly to pay the student workers, and the final third is rationed for office supplies and paper. Likewise, the director of advancement has accepted the bare-bones budget as normative. Referring to how it impacts his team, he said, "I set a culture of frugality and I expect everyone to follow that. [When I travel] I stay with people, or I'll stay at hotels that other people would not. I will fly cheaply. That's just the culture."

Reflecting on these difficulties, the president said, "This creates huge necessity to think differently about our future. We are on the cusp of needing massive re-engineering of the institution. We need to be doing major change." Toward that end, she is working with the board and her financial team to develop an economic model that aligns with the institution's identity and provides a path from survival to sustainable—possibly a four-to-six-year process—and, eventually, to flourishing. She recognizes that remaining idle in a survival state is not an option, and she has mobilized leaders across campus to help find innovative solution.

Strategies for Innovation

The president's guiding strategy for innovation and improving the financial situation is an incremental one. She said, "We are not looking for a magic bullet. We're giving the ball to the running back and seeing if they can get four or five yards over the next five years. It's incremental, innovative change that leads to steady progress." Achieving this kind of innovation has required a commitment to culture change which did not previously exist and extends into every area of the college—from curriculum and athletics to fundraising.

Culture of Change

Innovation, pioneering new markets and experimenting with alternative delivery modalities have never been core values of the institution. In fact, the president pointed to their success as a traditional, residential college in the 1970s and 1980s as the very thing that has made innovation difficult for them. Many faculty and staff became comfortable and protective of a model that worked for decades. The president emphasized cultural roadblocks as a key challenge to the innovation they need to achieve. However, she said, "if we really love John Wesley, we need to love it in such a way that is not as attached to certain ideas of what we think it is." Thus, she is trying to rewrite the narrative—that innovation is inherently bad—by communicating, "This is just what you do when you're trying to carry the mission in a different time." Still, she said, some people will say, "It's not the same old John Wesley or John Wesley must be failing that we have to innovate." She emphasized this mindset multiple times saying:

> Our biggest challenge is helping the community think that innovation is a good thing.
>
> Our biggest challenge really has been helping a community that has done fairly well under an old model to think in radically different ways.

A central component of the resistance is what the director of admissions calls path dependency—upholding the status quo until external pressure to change, adapt, grow, and modify is strong enough to overcome the human inclination to stay on the same path—which is expressed in the college's deep roots in the liberal arts. The dean of the school of music, frustrated with the slow pace of change, said, "I think our commitment to the liberal arts in many ways is not allowing us to be creative and think outside the box to reach our goals." The admissions director agreed that it is an obstacle, but he does not believe they need to abandon the liberal arts to be innovative and responsive to the market. Rather, he argues that effective marketing starts with communicating the idea of liberal arts in a way that demonstrates its value. "Liberal arts education is an opportunity for us," he said, "but how do we repackage it in such a way that it's compelling to show that it's the best possible preparation for the world we live in today?" What this looks like, he did not say, and acknowledged it is easier said than done.

Replacing a culture of path dependency with a culture of innovation is not an easy process. When asked if they are ready to make the switch, the director of admissions said:

> Do we have the political will to make that happen? Two years ago, I would have said, 'I just don't know,' but we've had some leadership changes and I've seen the community change as well. I think there's a lot more understanding of the urgency of where we are and the need to think differently.

To help facilitate conversations around programmatic innovation, the president gave oversight of admissions and enrollment services to the provost hoping that this new structure would create consensus rather than rivalry when it comes to re-imagining what liberal arts education can be. While the president has challenges at the campus level, the board is eager to see the college tackle new initiatives and told her to "accelerate the pace of change." This mentality seems to be trickling down to the campus community. The following subsections discuss innovations taking place across the campus beginning with athletics and moving into enrollment management, fundraising, program development, offsite and online programs, and net tuition revenue.

Athletics

Athletics has been an important part of innovation and reinventing the residential campus. In 2010, they moved from NAIA to Division III athletics, and in 2014, they opened a new, $23 million athletics facility using a $12 million gift from a wealthy alumnus. Even with the gift, this was not an easy decision because they had to mortgage $8 million and are relying on future enrollment growth to cover the debt. Then, in 2017, the college started a football program in hopes that it would attract new students who otherwise would not attend. According to a senior director, “If you introduce a football program, you now have an opportunity for an injection of 100 people right there, many of whom will play and others who will be drawn to the college.” For a college of this size, 100 students is over ten percent of their overall enrollment.

While it has only been one year, those projections have not proved true. As the president recalled, “there was a sense that athletics is really going to make a huge difference in the enrollment pool. And while a higher percentage of our students are now athletes, it has certainly not solved our enrollment issue.” Though it has not solved the enrollment crisis as some hoped it would, the director of student life said the focus on athletics has attracted more students and encouraged others to become student athletes. In fact, over the past few years, he said the percentage of student athletes has risen from 23 to 41 percent of the incoming class. In large part, what they found was that focusing on athletics changed campus culture and student profiles without adding much to their net enrollment.

Enrollment Management

Enrollment has been a divisive issue among faculty and staff for a decade. The admissions staff say they do not have the right programs to sell, and the faculty respond that they need a new admissions team. According to the president, everyone was looking for a magic bullet and no one got any closer to solving the problem.

In the middle of this conflict, she decided to give the provost oversight of admissions so that he could integrate it with academic programming. It seems to have had some success calming the internal politics. The president said, “Within the last 2-3 years, everybody collectively said ‘no, there's a bigger issue here than just competency in enrollment.’" The campus community began to acknowledge demographic shifts in their market that are contributing to the enrollment drop.

Their student body has primarily been weighted towards White, rural, evangelical Christians; however, the demographics in their region are changing and their traditional student pool is shrinking. The director of Admissions described the situation saying:

> High school graduates are declining in the northeast and are projected to do so for a number of years. And where high school graduates are increasing, it’s within the market that has not historically found us to be their first choice—largely first generation, Hispanic students.

In light of this, they are having conversations and considering what it would take to become a Hispanic serving institution. They know that attracting a different demographic of student—whether Hispanic or African American—will require the campus to take a critical look at itself and identify where their history of serving white, rural, Christian students will not appeal to or serve a new demographic. In addition to that, before they can successfully attract a more diverse student body, the administration acknowledges that they need more diversity among the faculty and staff.

With a long history as a traditional, residential college, the faculty and staff have resisted entering non-traditional markets, whether online, certificate or graduate education. However, the current pressures have shifted the climate in such a way that the director of Admissions highlighted these areas as opportunities to expand beyond their traditional student profile. Ultimately, he said, the demographic shifts is a threat to the current model but an opportunity for the future if they make the necessary changes to capitalize on it. The director of Student life agreed, saying, “we know the demographics of our current student body is not going to be the same in the future or we will have missed the boat." Essentially, they hope to embrace this shift as an opportunity to reinvent themselves and move towards a sustainable financial environment.

Fundraising

Historically, the college has not prioritized fundraising. Most of their capital projects have been financed through debt or bonds, not donors. However, starting in 2015, they began building a development program but, according to the president, “are very much on the front end of that.” The new emphasis on fundraising is centralized in the advancement office and closely aligned with the president’s agenda. deans, faculty and administrators are not involved in donor cultivation or soliciting funds for their specific needs.

The college is currently halfway through a four-year campaign to raise $70 million by May 2020, an ambitious goal considering the endowment is $50 million. The campaign’s goal is to provide funding for three strategic initiatives which support innovation and will help move them to a more sustainable operating budget:

1. Access and Affordability ($33 million). These funds are primarily unrestricted and will supplement the budget by funding student scholarships—the majority of which are currently unfunded discounts. This is considered the most important goal given their

current financial position because these funds provide margin in their operating budget to focus less on cuts and more on innovation.

2. Strategic Campus Enhancement ($27 million). This is a traditional capital campaign. Its three goals are to complete the Athletic Center, expand and renovate the science building to prepare for the new engineering program, and fund new construction at the equestrian center. The president described how each of these capital projects is connected to strategic innovation at the college: The science center provides a market-driven programmatic offering (engineering) while the equestrian center reinforces a distinctive of their college. Likewise, the athletic center brings new life to the residential experience and helps market to prospective students. After completing these facilities, the administration plans grow the endowment to supplement the budget rather than start new capital projects.

3. Academic and Experiential Investment ($10 million). This is a catch-all category for donors who want to give to specialized projects including endowed chairs and programs.

In addition to the four-year campaign, a number of leaders pointed to the college's one-day giving campaign as an indicator of the new fundraising priority. The advancement office prepares for the one-day campaign by lining up matching gift challenges and encouraging the entire college community to help market it. In 2018, they completed their fourth one-day giving campaign, raising $1 million and involving nearly 2200 donors.

Multiple administrators praised the advancement team saying it has good momentum. The advancement director is confident of their fundraising ability. He said:

> I have to believe that our ROI from an advancement standpoint would rival any college or university in the country […] The depth and breadth of our donor base is only accelerating.

> Two years ago the number of donors giving at least $10,000 in that fiscal year was 56 donors. Last year that number jumped to 86 and this year it's going to eclipse 110.

Part of this success is due to the college's investment in staffing the advancement office. They hired a grant writer, who, according to the director, "has been exceptional at finding new dollars and new veins of funding that we have never had." They are also transitioning the athletic director, who has been on staff for 31 years, to the advancement office to leverage his relationship network for donor development.

Even with these commitments to development, at least two of the administrators I spoke with think they could do more to prioritize fundraising. One dean lamented that his school is not part of the president's fundraising goals, and thus not able to benefit from the campaigns. He called the prohibition against courting donors on their own a major setback. Likewise, a department chair said, "I feel like we haven't addressed fundraising with a lot of intentionality or as much intentionality as we could." She expressed the extent of her fundraising responsibilities as "I should drum up lots and lots of excitement around the one day giving campaign and be a crusader for admission and enrollment." Ultimately, both of these comments revolve around the centralization of fund raising in the Advancement and president's offices, and lack of delegation and involvement by other academic leaders.

<u>Program Development</u>

Programmatic innovation is a central component of John Wesley's strategy, and one that involves tuition diversification strategies outside the traditional programs including online, satellite campuses, graduate degrees and certifications. However, arriving at this conclusion has been a long process and one of much debate. Many faculty and staff reference John Wesley's commitment to the liberal arts as an obstacle to programmatic innovation because it seems to go against the market's demand for vocational and professional degrees. To help articulate the college's commitment to the liberal arts, the provost said, "thirty years ago I would've said that we shouldn't even have an education major because that's a professional program." However, the success of their education department today is evidence that it is possible to expand their programming without jeopardizing their identity.

The financial crisis has, in large part, forced the hands of those who resisted this kind of programmatic innovation. Now, the director of Admissions said, they must evaluate whether their suite of offerings is compelling enough. They believe a new approach can walk a middle road that combines the benefits of the liberal arts with the market's push for a stronger vocational connection. Referencing the newly designed Criminal Justice degree, one of the senior faculty said, "If a program can have some professional chops and still draw heavily on a liberal arts approach, we may actually have something better."

As previously mentioned, the president restructured the organization to have admission, enrollment management, and academics each report to the provost. "My mandate right now," the provost said, "is to bring together the academic programs and integrate that with our enrollment challenges which are far and away the top set of challenges that we're facing as an institution." According to the director of Admissions, the restructuring has been well received: "There's a greater appreciation that we can't just keep offering what we want to offer without an appreciation for what the market demands and wants and rethinking what it means to be an institution." He believes the market is demanding more vocational and career-track degrees and pointed to a report published by the CCCU and ABHE on Christian perceptions of Christian Higher Education as support. It found that evangelicals—the college's target market—are among the most concerned about job preparation and its place in higher education.

As the institution is exposed to increasing evidence of this type, it provides external support and validation for the market-based approach the administration is supporting. The dean of student life pointed to this shift when he said they are customizing their academic experience to “explore and develop students’ vocation.” “It is becoming much more important,” he said, “to see a [vocational] pipeline all the way through their four years.” The director of Financial Aid summarized the new priority on programmatic innovation saying, “students need to not only leave here with a degree, but they need a resume.” That does not mean the administration is abandoning who they are from a mission standpoint; rather, the administration is focused on remaining faithful to their core distinctions while acknowledging they will go out of business if they do not respond to the market.

The recent focus on programmatic innovation resulted in 18 new program proposals last year of which the faculty approved six. Electrical Engineering is the most highly anticipated program and many expressed the hope that it might help with recruitment. If they achieve their goal of ten engineering students a year, in four years the program will increase the college’s enrollment by 40 students which is a significant increase for a college struggling to reach a thousand. However, the president cautions against thinking any one change will fix their enrollment problem: “I don’t think we know what the impact of engineering is going to be. Part of what we have to do is just the next right thing.” As such, she is leading her executive committee to approach each change like a football team trying to run the ball six yards at a time rather than trying for a long touchdown pass.

The school of music also received approval for a new program. While the school has a reputation for high-quality, classical programs, prospective students are increasingly interested in non-classical programs. Because of this change in the market, the dean is developing programs that are attractive to a new generation of musicians. The first of these is worship arts, set to launch in fall 2019. It was designed with clear vocational paths from the start including church worship leader, recording engineer, producer, and band manager. The school of music also hopes to roll out three more programs in the next five years including music therapy and jazz studies, which according to the dean, have popular appeal and strong employment numbers.

Beyond the residential programs, the faculty approved two online, Graduate degrees (Master of Education Literacy and Master of Business Administration). Approval of these online, graduate, professional programs reflects a significant step towards programmatic innovation. The Master’s degree in Literacy will recruit prospective students from two markets. The first is public school teachers because in order to maintain state certification the state requires a master’s degree. The second market is their own undergraduate population that can enroll directly into the Master’s program before starting their career. One challenge in preparing this proposal was demonstrating how their faculty would handle the new workload. The department chair said they had to redesign the undergraduate curriculum to create efficiencies and “free up sufficient faculty load to dedicate more focus to the master’s program.” In the first year, they expect revenue to break even and by year five they anticipate it will be a positive revenue generator.

The chair of the business department said starting the MBA program was part of the reason she was hired. However, preparing to deliver it online has required extensive faculty training since none of the current faculty have taught online. The MBA is being designed with an emphasis on community through live instruction. Calling it “MBA Live,” students will have the option to attend live online or watch on-demand recordings as their schedule permits. The department chair said, “We want to let them know that those relationships between you, your peers and professors are important to us.”

Off-site

In addition to developing residential, online, graduate and professional programs, John Wesley is also experimenting with ways to leverage their small, off-site programs. Located in a major city an hour and half from campus, the satellite campus was created to help the city's refugee population have access to higher education opportunities. Today, around 50 refugee students are enrolled in a range of offerings from English courses to Associate degree programs. It is designed as a no-cost model for students eligible for the federal Pell Grant and the state tuition assistance program. The CFO said the satellite campus covers its own costs; however, that does not account for the overhead of shared services like the time financial aid and registrar staff spend helping students with their financial aid and registration.

Currently, the satellite is driven by mission rather than any financial benefits; however, the provost described it as a beach head or incubator for innovating other programs which together might generate a positive net revenue. They are looking into serving other underserved populations including single moms, ex-offenders, Hispanic and African American students as well as expanding into two other cities in the area, which, they hope, could increase their off-site enrollment by fifty or a hundred more. Whether it is purely mission-driven, or a program that can contribute to the bottom line, is still being evaluated. Ultimately, the provost said, "I think it's just a train that we'll continue to ride as long as we can."

Online

John Wesley is late to the online market and will have a challenge distinguishing themselves in the crowded environment. The provost said that when he came two years ago, online enrolled eight students and the relationship with their online service provider had imploded. Nonetheless, they believe online is one of the few opportunities they have for significant revenue generation. Over the past two years, the provost has worked to grow it without a service provider by identifying two to five programs that are suited to an online delivery and taking small steps in that direction. The administration described success over the next three to five years as enrolling 200 to 300 students online, generating $3-4 million in net revenue, and keeping it small enough to not alter the mission and culture of who they are as a residential college.

So far, the extent of the college's online portfolio includes a psychology degree, an MBA (forthcoming), an MS in Education and four business degrees which were formerly degree completion programs. With oversight of four new degrees and an MBA, the business department is at the forefront of online education at the college. They are excited about the potential to offer prospective students more options but are also busy training faculty on the four new courses as well as building the faculty's confidence in online education.

Trying to launch online programs while facing serious financial and staffing constraints is a challenge. For instance, the dean of online is a faculty member with a one-quarter load release. "She's in a kind of scramble to just keep the plates spinning minimally," the provost said, and she is not the only administrator struggling with the increased responsibilities. The director of Financial Aid said her office is struggling to build adequate processes for on-boarding online students. Residential students, she said, are in communication with her office for nine months before setting foot in a classroom, so there is plenty of time to get students' paperwork completed and ensure they are compliant with federal and state regulations. Online students, however, enroll a couple of days before classes begin, and often they are four weeks into classes with incomplete admission and financial aid documentation. Her office is considering late fees as a means to motivate students to finish on-boarding and is reevaluating check lists and documentation to make sure the often complex financial aid jargon is accessible to students and families. Lastly, since the college is without an online service provider, they are developing training modules to better equip financial aid staff to do it on their own.

Non-tuition Revenue Streams

The president said they are becoming much more “intentional and comprehensive in their non-tuition revenue strategy.” It is the primary focus of the newly appointed task force, which will identify two to five ideas to grow non-tuition revenue that are both feasible and mission consistent. While the task force has not made any recommendations yet, multiple initiatives are already underway. The following section discusses opportunities for innovative, non-tuition revenue from facilities, campus dining, and a proposed consulting center.

Auxiliary Services

Currently, the college’s only meaningful source of revenue apart from tuition is student’s room and board and renting houses to faculty and staff. In an effort to improve the food and to cut costs, they recently rebid their meal provider contract and, in doing so, transitioned from a cost sharing model to a management model. This resulted in nearly $300 thousand of savings and, according to the dean of Student Life, better food.

The task force will likely propose ideas for how to leverage other facilities to bring people and revenue to campus including high school tournaments, track meets, concerts, and summer conferences. Not all of these are revenue generating, but the hope is that they will cover costs while also serving as marketing opportunities for the college.

Consulting Center

The Business Department has been developing a proposal for a fee-for-service consulting center. In addition to the revenue potential, the department chair said it also helps to answer two key questions: “How do we continue to support our alumni after they get their four-year degree?

And how do we set up more formal relationships as they get into the workplace?" The center would host 15 to 25 business professionals—including alumni—who have expertise in different aspects of business to provide consulting to business executives looking for training or professional development. The hope is that it would engage alumni as both consultants and clients. Ideally, business consultants would benefit from the school's administrative support while the school gains another opportunity to engage their alumni and build an alternative, fee-for-service revenue stream.

Other Innovations

Finally, there are organizational innovations, not necessarily revenue based, which the college has recently implemented. The first is the introduction of non-tenure track positions—something the board asked them to do—which will give flexibility to downsize shrinking programs when necessary. In similar fashion, the faculty and campus leadership have discussed differentiated pay as a necessary development if they continue to develop non-liberal arts programs like engineering. The financial aid office has also found itself exploring options to innovate as financial constraints close in.

According to the directors of admissions and financial aid, prospective students are savvier and more aggressive than they have ever been when it comes to negotiating the price of higher education. Families are more willing to jump to the bottom line and tell the college what they are willing to pay for their student's education, and they want to see scholarships stacked and enumerated—not combined into one big offer. Unfortunately for the college, financial constraints severely limit their ability to negotiate. The financial aid offices make the best initial offer they can, and beyond that they have no room to give. This puts additional pressure on the office to find innovative ways to meet students' financial needs.

As a result, they have doubled down on helping students who truly want to be there find a way to be there. While they do not have room to negotiate on the aid package, they implemented a Second Look Process, which students can request if they want to discuss altering the offer. This process is more about the student's desire to attend and less about the finances. The Second Look Process asks students to write a paper on "Why us John Wesley?" including one paragraph that is transparent about the family's finances. The idea is that if students are willing to go through this process, they genuinely want to attend, and the institution can try to find a way through non-scholarship means to cover the gap. This often involves working part-time on campus.

Ultimately, the financial aid director said, "we want to help assist the families that truly want to be here to be here." They believe when the campus is full of students like this, rather than students who just negotiated the best deal, they will have better retention and a better campus environment.

CHAPTER 6

SUMMARY AND DISCUSSION

The following sections provide a cross-case-analysis which consolidates the themes presented in the two previous chapters. In some instances, themes are shared across both institutions. Similarities among cases may suggest trends that exist within the faith-based sector more broadly, while differences highlight how unique cultures, constraints, and opportunities lead to experimentation. Following the cross-case analysis, implications are discussed as well as the study's limitations.

Financial Themes

Two themes succinctly capture the overall financial climate at each institution. They are: Whitfield University "cautiously strong" and John Wesley College "survival budget." These themes are direct quotes from the colleges' presidents and were reinforced by interviews with other participants. The following subsections discuss how revenue and enrollment influence these financial themes.

Revenue

Tuition revenue is the single most important factor contributing to the financial health or strain of each case institution. Because of this, recent enrollment challenges at each case have created varying degrees of budget constraints. However, those with multiple tuition streams, i.e., residential, graduate, online, and satellite campuses, have greater stability to weather enrollment fluctuations.

For instance, Whitfield University has experienced enrollment declines over the past five years at both the residential and satellite campuses. As a result, net tuition revenue has dropped, and the residential campus is currently facing a budget deficit of $2 million a year on a $105 million budget. While the adult and graduate studies unit is also experiencing lower revenue than previous years due to flagging enrollment at satellite campuses, its online programs are profitable enough to cover the residential campus' deficit. In addition to this, a third unit—the seminary—is financially stable and building an endowment with its surplus revenue. Having three tuition revenue streams enables the university to more easily absorb losses when any particular unit faces financial challenges. In this case, the university has avoided serious cuts to the residential campus' budget and instead have focused on revenue strategies to balance the budget. Thus, from an overall perspective, the university's president said their financial position is very strong but acknowledged that they need to address the declining revenue at the residential and satellite campuses.

At John Wesley College, however, a large majority of revenue comes from residential enrollments, so declining enrollment is a major threat to institutional finances. In fact, over the past five years, lower enrollment has resulted in an annual deficit of approximately $2.3 million on a $30 million budget. Leaders describe the current situation as operating on a survival budget and have cut nearly every expense they can. The campus is in urgent need of either more students or alternative revenue streams.

Endowment

For many faith-based colleges and universities, endowments are a less significant piece of the financial picture than revenue. While they offer some aid to an operational budget, their primary function is to provide long-term support and strengthen an institution's debt-to-asset ratio. Nonetheless, a strong endowment can help an institution weather difficult financial seasons by acting as an emergency fund when needed. Of the two cases, Whitfield University is the strongest in this regard. As of 2018, their endowment is $150 million, and the administration continues to build its capital with surplus revenue. In fact, even with a budget deficit, the residential campus is required to contribute close to four percent of their revenue to the endowment for campus care. This fund ensures a level of financial health that extends beyond the ebb and flow of annual revenue.

John Wesley, however, has a smaller endowment of nearly $50 million, over half of which is restricted to the school of music. This endowment is unable to support campus maintenance in a meaningful way, which is why so much emphasis is placed on growing their development office.

Financial Summary

The current financial position of each case seems to be correlated to the paths of innovation taken in the preceding decades. While each college is facing financial pressure due to lower enrollment over the past five to ten years, the extent to which the institution has a diversified tuition or revenue model determines how an enrollment decline in a particular area impacts the broader institution. WU is financially strong due to its robust online programs but facing revenue declines at its residential and satellite campuses. JW has depended upon deep budget cuts to weather its declining revenue, but it cannot sustain operations for long without more revenue. As such, each of the institutions is actively pursuing innovations across their units to both strengthen enrollments and develop new revenue streams. The following section summarizes the similarities and differences in innovation across the cases and how the unique financial situations influence their approaches.

Strategic Innovation Themes

Across the cases, four broad themes repeatedly surfaced as essential areas of innovation. In some instances, innovation followed a similar pattern at each case, and at other times, the institutions took wholly different approaches. These four themes of innovation are leadership and culture, facilities, program development, and fundraising.

<u>Leadership and Culture</u>

At each case, senior leadership reiterated the theme that success can become an enemy. At different points in each institution's history, successful innovations became so enmeshed with their identity that they failed to acknowledge when it was time to leave an old innovation behind and pursue a new one. This is complicated because faculty and staff become protective and proud of the processes and systems that they invested in and do not want to give them up. Leaders emphasized that they are responsible for reminding the campus community that what got them to where they are, will not get them to where they need to go. The presidents also communicated the importance of their board's understanding and support for innovation. Both campuses have boards that are urging the senior administrations towards bold initiatives.

At John Wesley College, governance and leadership follow a more collegial model. Its president was a liberal arts faculty member at a small residential college. Moreover, she was hired before the current financial difficulties began which means she was not hired explicitly as a change agent, and as such, her approach to leadership and culture-change is different. Rather than terminate those who do not support her vision, she works to persuade and win-over the faculty and staff. This is a slower, ground-up approach. Nonetheless, she is attempting to convince the campus community that innovation does not mean failure, rather they need new approaches for a new era of higher education.

At Whitfield University, the president oversees a much larger organization and one that has an established history, and culture, of innovation. While acknowledging that success is a dangerous enemy, the president is not faced with a major culture shift or a need to replace the executive leadership team. His role is to oversee major campus innovations and ensure that they do not linger too long on past successes. Essentially, Whitfield University is in a position of maintaining an innovative culture rather than building one from the ground up. Rather than being top-down or collegial, the administration takes a middle approach in which administrators and faculty partner together towards shared goals.

Facilities

Facilities are a major component of each institution's approach to innovation. They serve as marketing tools to prospective students and build an engaging campus life for residential students. While both institutions have pursued unique capital projects that emphasize their individual distinctives, athletic facilities surfaced as a shared theme.

John Wesley College has invested in both an athletic facility for their newly established football program and in projects distinctive to their campus like expanding the equestrian center and building an engineering facility for the new engineering program. Due to their financial challenge, the campus is leveraging a five-year capital campaign, a major athletic donor, and debt to fund these projects. After these projects are completed, however, the college will prioritize future revenue towards endowment growth rather than facilities.

Whitfield University has continually invested in their residential campus. Most recently they built a football field and training facility for their new athletics programs, as well as the Ron Blue Institute and a health center. Because of the strong revenue from their AGS program, they have historically funded most of their capital projects through excess revenue rather than outside financing or capital campaigns. However, starting with the football complex and moving forward, the university is committed to funding capital projects through campaigns as opposed to revenue.

Programmatic Innovation

The third theme associated with innovation is programmatic development. This is a primary focus for each of the case institutions and along with that comes a new perspective that programs are a product. As a result, faculty and staff are aligning programmatic offerings more closely to market demand which includes programs with clear career and vocational tracks, a growing emphasis on graduate degrees and increased online offerings. Programs in health sciences, engineering, business, and nursing are gaining traction across the cases. In addition to new programs, each school is also reevaluating how individual programs' value and distinctive is communicated to the public.

A large component of programmatic innovation involves strategies for adult and graduate studies. Particularly at Whitfield University, administrators are facing declining interest in satellite campus programs as the higher education market shifts to online. Whitfield University has taken a measured approach to this market shift. They are downsizing the square footage of educational sites with weakening enrollment but have only fully closed one location. They are reluctant to do sweeping closures because of the potential impact on online enrollments—they believe online enrollment is tethered to their physical presence which acts as marketing tool for online.

As a fully residential campus, John Wesley does not have satellite campuses; however, they are attempting to establish online programs as well as build graduate and vocational programs like those already established at Whitfield University. Entering these markets late is a challenge but also one of the only significant revenue opportunities the administration has identified.

Fundraising

The fourth and final theme to surface is fundraising. This is a relatively new priority for the institutions. Instability in tuition revenue has directed both institution's leaders to invest in and depend on their development offices more than ever before.

For decades, Whitfield University relied on its high profit margins to fund new projects and save for the future. A small development office was considered a wise cost savings strategy.

Now, however, they are investing in fundraising staff and have begun a major campaign to fund a football program and corresponding facilities. Likewise, John Wesley has recently invested in its development office with new staff. In 2016, they began a four-year campaign to raise $70 million which will be essential to the college's financial future. In addition to investing in their development offices and a new focus on campaigns, each college is also engaging their alumni to an extent they have never before done.

Implications

This study's research questions ask 1. how leaders at Christian colleges and universities perceive their present and future financial positions, and 2. what innovation and strategic decisions are they making to strengthen that financial position? The themes presented in the findings show that these institutions are facing financial conditions which, if left unaddressed, could have serious consequences including closure of programs, campuses, or, in the case of John Wesley College, the entire institution. These financial conditions are not the result of a one-time event or crisis, but a trend reflected over many years. The most obvious contributor to the decline in funding is flagging enrollments. Within the scope of this study, it is unclear how much rising costs also contribute, but they certainly do.

The greatest buffer against these pressures has been an early entry into online education at Whitfield University which they have grown into a robust revenue stream. This trend is reflective of the trajectory of higher education more broadly and is a part of John Wesley College's approach to innovation, though they are only beginning. Tied to online education is the growing graduate offerings and corresponding enrollment which tend to coincide with students seeking online education. Online graduate and certificate programs can be an easy way for students to bolster their career earning potential without quitting their job.

While graduate and online education is an important strategy at both institutions from a financial standpoint, missionally these organizations highly value their residential programs. As such, they are also focusing on increasing student interest residentially by developing more athletic programs, notably football, and by appealing to the cultural shift towards more career based educational program. I found it interesting that both cases, though navigating very different circumstances, started football programs at the same time. Both came from a rationale that it would be an attractive lure to residential students. While both programs were heavily funded by capital campaigns and gifts, I'm skeptical of whether this will provide the return on invest the presidents hope for. Follow-up research on the return on investment that new football programs at private institutions provide would offer valuable insight into this trend. James Hearn at the University of Georgia has forthcoming research on this topic that will provide additional insight to administrators considering football programs.

Both institutions are looking to add courses and degrees more directly applicable to workforce students will be joining upon graduation. These historically liberal arts institutions are realizing that they must reinvent their programming if they want to remain competitive, even it if it means shifting away from a solely liberal arts curriculum.

Another important implication of the findings is a focus at both institutions on building their development offices. Though the two schools are very different, both have neglected to pursue a serious fundraising agenda until recently. As the prospect of fewer college-ready high school graduates becomes reality, diversifying revenue with increased donor funding has become a high priority.

This is especially true as there are not many other significant revenue streams being identified by the leadership at these institutions. Auxiliary services are not a strong focus of innovation at either school, and the institutions are not positioned to pursue significant grant or research funding. Thus, most strategies and innovation are centered on student recruitment—adding programs to broaden the student pool—and increasing fundraising.

On the whole, the results of this study provide only limited support of Resource Dependence Theory. The lack of significant and/or alternative resource providers outside of those traditional sources, leaves little room to explore how new providers might impact institutional operations. If these institutions had the capability to apply for significant grant funding based on research projects or were able to rapidly grow an online program, RDT might have more exploratory power here.

Nonetheless, reviewing these themes in light of Resource Dependence Theory reveals how these two institutions are reacting to different levels of resource constraint. As RDT suggests, institutions will attend to critical resources that flow into the institution. However, this does not just refer to funding. Critical resources could be a market niche that maintains a variety of connections with alumni, board members, and students. In fact, many innovations at the case institutions are focused on acquiring students and to a lesser extent bolstering alumni engagement. The case institutions' focus on students and alumni suggests that a key resource for these institutions is not strictly financial but also reputation with their future, current and past students. Many of their innovations in facilities, curricular development and student affairs can be seen as an attempt to protect and strengthen that reputation. This is not to say that additional funding is not also a key resource, but that identity (maintaining and building it) is also a key resource that directs innovation. They view this identity and reputation with their prospective students as the key resource which ultimately brings in financial resources.

It could also be helpful to view the innovations at these institutions through a lens of asset diversification. According to this approach, one could see how the various approaches to invest in development offices, graduate and online education, and athletic programs are ways of diversifying their asset base to further strengthen against declines in any one assets' institutional value.

Faith-based Mission

Since reputation and identity is an important component of these institution's strategies towards innovation, one other topic worth mentioning, which was not directly related to the research questions, is the role of a faith-based mission at these institutions. While this did not appear to be a meaningful constraint to innovation, the relationship of innovation to mission is worth additional research. In particular, can the pursuit of innovations like those described above lead to mission drift?

While faith-based and liberal arts curriculum have often been seen together, such that drifting from liberal arts curriculum into professional or vocational degrees inherently communicated secularization, senior administrators at these institutions believe that any curriculum and campus initiative can be genuinely faith-based if approached as such. While a faith-based residential program will have a different religious expression from an off-campus adult and graduate studies program, they argue that both can be rooted in a Christ-centered approach. The details of how this is accomplished is not always obvious and requires further research, but much of it comes down to the influence of presidents and individual faculty members and how they choose to build a Christian ethos into the curriculum and class environment.

Campus leaders also highlight that a Christian college experience does not just come down to the classroom but also the environment and opportunities on campus and with faculty and staff for faith-forming experiences. This may include a graduate, adult, or online student reaching out to a professor during a personal crisis and having the opportunity to process the situation with a fellow Christian and also be prayed for.

As one campus leader pointed out, the religious expression needs to be tailored to what the students are seeking in a particular phase of life. Young residential students are more likely to want a formative religious experience while adult students are primarily focused on educational goals. It is the board of trustee's responsibility to ensure this balance is appropriately maintained. To this end, the board's primary lever for ensuring fidelity to the faith mission is by hiring presidents who are Christian and who support fostering a faith-based educational environment. In addition, they require all faculty and staff at the case institutions to be committed Christians.

A college's website and marketing materials is also a key indicator of an institution's adherence to its faith-based mission. One example of this is their mission statement and values which are presented below:

Table 6

Mission and Values Statements of Case Institutions

University	Statement
Whitfield University	Whitfield University is a Christ-centered academic community committed to changing the world by developing students in character, scholarship, and leadership. The primary value for Whitfield University is Christlikeness. The challenge to follow Christ compels us to pursue a personal and professional lifestyle of Commitment, Leadership, Service, Stewardship, Innovation, and Diversity.
John Wesley College	John Wesley College provides an academically challenging, Christ-centered education in the liberal arts and sciences to students from diverse traditions and economic backgrounds and equips them to lead and labor as scholar-servants in a changing world.

The institutions' mission and value statements are a clear demonstration that they are unapologetically faith-based. When you compare these mission statements with those of previously faith-based colleges which have undergone secularization, the difference is clear. For instance, Mercer University's mission statement says, "To teach, to learn, to create, to discover, to inspire, to empower and to serve." There is no mention in their mission and vision statement about Christianity. In contrast, throughout the case institutions' marketing materials and websites, there are countless reinforcements of their faith commitment. For instance, John Wesley College's *Why John Wesley* webpage says, "Our commitment to a Christ-centered educational experience is seen in all aspects of campus life." Still, each campus has distinct ways in which the faith-mission is expressed and the campus is protected from secularization.

Whitfield University's website lists their three academic units on the landing page, directing visitors to either the residential, AGS or seminary webpage. Above each *Learn More* link is a sentence describing the respective unit. The following examples show how the institution has chosen to use modify the language to reflect the different units:

- *Residential*—"A disciple-making culture committed to academic excellence and influencing others to become more like Jesus."
- *AGS*—"A community of students engaged in a rich, relevant academic experience, online and onsite at our education centers."
- *Seminary*—"An innovative seminary designed to offer graduate education centered around the local church ministry in action."

Of the three units, the AGS is the least overtly Christian in their public messaging. The website and marketing materials make fewer reference to Jesus, God and Christianity. Instead, the language is oriented towards service and ethics. While AGS is not as steeped in a religious narrative, the faculty and administrators are devout Christians and do not consider their work secular and their residential campus colleagues' work religious. As mentioned before, they serve a different student demographic and believe the faith-based commitment is expressed differently.

The most obvious way in which Whitfield University is grounded in its religious commitment is through their seminary which was founded in 2009—the denomination's first seminary. Its building, faculty and staff are located on the university's residential campus which allows for greater integration with the overall university.

Of the two cases, John Wesley looks most like the traditional, Christian liberal arts college of the twentieth century. This rural, undergraduate campus has no substantive adult, online or graduate programs which could pose a risk of secularization. Even as the college begins to venture into those non-traditional, non-liberal arts offerings, the faculty and staff are cautious and conservative when it comes to altering their historic model much less their mission.

Finally, while denominational ownership does not ensure fidelity to a faith-based mission—as can be seen in many previously denomination-owned colleges that have since secularized—for the case institutions, the relationship to the denomination provides a healthy reinforcement of the faith-based mission. The boards of trustees are elected by the denomination's general board and the college presidents attend the denomination's district and general conferences.

Taken together, there is little evidence of significant drift from a Christian-mission at an institutional level at either of the cases. However, given the nature of online and professional programs as well as older students who enroll in them, Whitfield University could see secularization in these units if they are not diligently working towards incorporating faith elements. Whether online and graduate programs within Christian higher education support or detract from the faith mission is an important area of future research given how pivotal this innovation may be for the financial stability of these schools.

Further research focused on Christian higher education is essential to supporting these mission-driven institutions. They represent a valuable contribution to the diversity in the higher education eco-system, provide important options to taxpayers, and relieve the financial burden on state schools. Beyond that, faith-based education is better equipped to provide students a holistic education that speaks into morality, responsibility, and accountability than state-schools can. As the transactional nature of education continues to grow, the place of the institution or even professors to encourage personal growth diminishes, but this remains an essential societal need, and Christian higher education is one of the few remaining cultural institutions taking responsibility for the quality of people it produces.

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