I
Learning Communities in Context: The External Environment

The external arena has not recently been a happy one for higher education. While "doing more with less" has long been a management catchphrase, the turn of the century has made it a living reality for many colleges and universities. Budgets for both public and private institutions have been under severe pressure from state fiscal deficits, a volatile stock market, the recession, and limits (both formal and philosophical) on tuition levels. In the midst of this difficult budget climate, institutions are also facing increased calls for accountability. Accrediting agencies are looking with more vigor at student learning assessment, and government has kept up the pressure for defined learning outcomes, greater efficiency, and improving student retention.

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These difficult external factors are emerging just as our campuses are making advances in thinking about student learning, faculty work life, and creative uses of new technologies. One promising movement has been the creation and proliferation of learning communities. The form and scale of learning communities vary widely by institution, but their promise for increasing student learning and retention, along with the satisfaction expressed by faculty and staff engaged in learning community work, has resulted in the adoption of this innovation by a large number of institutions. On some campuses, learning communities have been in place for well over a decade. On others, they are just beginning. Depending upon their scope and stage of development, learning communities face a variety of challenges, including the challenge of sustainability and the need to become a more transformative force. In addition, like other innovations, learning communities must now place the best of their innovation within the context of a rapidly changing, and increasingly difficult, external environment.

For the vast majority of our institutions, the reality of restricted budgets is well documented and sobering. Advancing quality teaching and learning in this environment is a challenge for almost all of our colleges and universities. Dealing with these difficult fiscal struggles while maintaining the quality of faculty work life and student learning will require that most institutions fundamentally restructure how faculty teach, how students are educated, how resources are distributed, and how campuses are organized. Research suggests that the current fiscal stress is not short-term. While the recession may be temporary, the fiscal problems—both in higher education and in state governments—are long-term and structural. The Executive Director of the National Governors Association (NGA) recently outlined the problem in state governments.

> . . . the states' fiscal problems [are] only partly due to the cyclical downturn in the economy. Two longstanding structural problems—an eroding tax base and the explosion in health care costs—are the major causes. Both of these problems were camouflaged by the phenomenal economic growth in the second half of the 1990s. The recession unmasked the problems, but it was not the reason for the swift and steep decline in the state fiscal situation . . . The bottom line is that the current problem is long-run and structural . . . (Scheppach 2003)

A study by scholars at the Brookings Institution also suggests that public higher education budgets are likely to be constrained for some time. Their analysis of the past decade of higher education funding shows a consistent and disturbing pattern away from public investment in postsecondary education:

> The pattern from the 1990s suggests that reductions in higher education appropriations are implemented during an economic downturn and then made permanent by a failure to raise appropriations substantially during the subsequent economic recovery. (Kane and Orszag 2003)

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> All but a handful of states will find it impossible to maintain current levels of public services within their existing tax structure. Just to maintain current services, state spending for higher education would have to increase faster than state spending in other areas. (Jones 2003)

The financial difficulties in state governments are troubling and promise severe consequences for public institutions of higher education. But not only public colleges and universities face structural financial problems. Fund-raising in all types of institutions has been down in the past few years, the result of the recession and a post-9-11 reality. While predicting equity markets is always difficult, there are some indications that the stock market, which has fueled many recent successful campaigns, will not experience the sustained growth as seen in the 1990s for some time (Geanakoplos, Magill, and Quinzii 2002). At present, many private colleges and universities are struggling financially, and the potential that future fund-raising might be flat or increase only modestly among the more than 90 percent of non-wealthy institutions will only exacerbate their problems. Simply stated, costs are continuing to escalate beyond our ability to generate tuition and fund-raising revenue.

In 1997, the Council on Aid to Education pointed out that the cost of higher education has grown substantially more than the rate of inflation for nearly three decades. Referring to both public and private institutions, they described the problem this way.

> A sector whose costs grow faster than inflation for an extended period ultimately reaches the limits of available resources, as has been demonstrated in the health care industry . . . In 1995 dollars, higher education will have to spend about $151 billion in 2015 to serve future students if costs continue to grow at current rates. Assuming that public appropriations to higher education continue to follow current trends, government funding will be about $47 billion in that year. Tuition, grants, and endowment income will account for another $66 billion. In other words, the higher education sector will face a funding shortfall of about $38 billion—almost a quarter of what it will need. (Council on Aid to Education 1997, 3)

If these financial problems are indeed long-term and structural, how can our colleges and universities respond creatively to this emerging reality? Most institutions to this point have responded by making incremental changes, what we call "Muddling Through," with hopes of riding out a cyclical downturn. While some of these short-term measures will no doubt provide temporary budgetary relief, over the next ten years fewer real (i.e., inflation-adjusted) dollars from governmental sources, combined with limits on tuition levels and private fund-raising for almost all campuses—with the exception of a few wealthy institutions—will still lead to significant budget shortfalls.

These financial struggles are not a good omen for risk taking, experimentation, and moving beyond modest innovations. Leaders become anxious and fearful in the face of significant financial decline, making them less likely to take risks and make the changes necessary to solve underlying problems. In difficult times, it is common for institutions to attempt to maintain the status quo and to focus almost obsessively on solving immediate financial deficits by reducing expenses; minimizing harm to people, processes, and structures; increasing tuition; utilizing available reserves; and developing more powerful institutional controls.

All these behaviors reflect a reasonable short-term response—what we call Muddling Through—to immediate financial conditions. But this reasonable response of maintaining the status quo is not the optimum long-term response, either from a financial or from an educational perspective. The stakes are especially high now because the academy is in the midst of massive faculty turnover because of retirements. This turnover provides a crucial opportunity to build a faculty culture more supportive of teaching and learning. Muddling Through, unfortunately, often treats investments in building the core capacities of the faculty through professional development efforts as a frill. Over time, Muddling Through undermines the quality of faculty work life and decreases the quality of student learning while failing to solve fundamental problems.

Because Muddling Through usually means dramatic rescissions in anything but the most core functions, it may also undermine promising innovations—such as learning communities—at a time when they could be of most help in enhancing student learning in a cost-effective way. In short, fiscal difficulties usually mean a choice point for a major innovation such as learning communities. Such an innovation is likely to either be killed because it is seen as nonessential, or scaled up to influence more of the institution because it is seen as part of the solution to financial and learning issues.

In contrast to Muddling Through, a more creative response to fiscal challenges is certainly possible for campuses. Such a transformative response would focus on increasing student learning and maintaining the quality of faculty work life within the framework of the new fiscal reality. This approach calls for innovation rather than protection of the status quo. It offers more hope for the long-term teaching, learning, and fiscal health of an institution. A contrast between the Muddling Through and Transformative responses to fiscal challenges can be seen in Table 1.

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Table I
Short- and Long- Term Institutional Perspective in a Time of Fiscal Duress

"Muddling Through" Perspective *Fiscal Assumption: Short-Term Problem*	Transformational Perspective *Fiscal Assumption: Long-Term Problem*
Focus on fiscal problems and solving financial deficits	Focus on creating vision of future that maximizes student learning and faculty and staff vitality while living within means
Minimize harm to present faculty and staff, processes, and structures	Rethink basic institutional assumptions about organizational processes and structures in context of vision of future
Reduce expenses and use reserves	Focus on reducing costs per student while enhancing learning through innovation, often with additional investments in professional development to build collective capacity, especially in face of large-scale faculty retirements
Increase revenues from tuition and fund-raising	Enhance revenue without sole dependence on tuition
Increase institutional controls; analyze individual functions to emphasize efficiency within present processes and structures	Increase faculty/staff/administrative mutual responsibility for fiscal issues
Uncertainty about future based on fear of being able to continue business as usual	Uncertainty about future based on implementation and transition to new structures and process
Outcomes: • Lowered personnel costs by replacing full-time faculty with adjuncts, combine staff functions: increased workload of personnel remaining • Reduced faculty and staff vitality; fear of losing job • Professional development seen as an unnecessary discretionary expense • Increased student anxiety about future of institution, increasing attrition • Deferred maintenance: deterioration of physical environment • Reduced capability to solve fiscal problems; present fiscal duress continues • Avoided risk taking; kill existing (or do not begin new) major innovations	***Outcomes:*** • Increased faculty/staff vitality • Increased student learning • Focused experimentation and innovation with careful attention to assessing impact • Reduced fiscal resources dealt with through restructuring; continuing capability to solve short- and long-term fiscal problems • Sense of hope about the future

When institutions face difficult budget realities, they can implement the most promising innovations in higher education to create a more hopeful vision of the future. Learning communities are, we think, one of the richest innovations on the landscape and a natural platform for implementing a variety of other reforms, but making them a centerpiece of a transformative approach requires a clear understanding of the fiscal and educational realities ahead.

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The positive impact of learning communities on student learning is well documented (Taylor with Moore, MacGregor, and Lindblad 2003). While these results alone are enough to support the implementation of learning communities, it is equally compelling to note that this innovation can respond effectively in difficult budget climates. In fact, while learning communities are not a panacea, they can help institutions during tight budget times: because they require relatively modest investments, because they respond to external calls for productivity and accountability, and because—when properly engaged—they can show substantial returns on the investment in the form of student learning, increased retention, faculty vitality, and cost savings.

In this monograph, we outline the basic goals of learning communities and discuss various sustainable models for implementing them. We also consider issues such as situating learning communities in places that matter, getting to scale (reaching a large number of students), the financial and educational implications of different types of learning community structures, and ways learning communities can meet the dual challenges of optimizing learning and being more cost effective. We then discuss crucial considerations in implementing and sustaining learning communities in times of fiscal austerity.