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Interorganizational town-gown relationships and property taxes: A case study

Cynthia Felix Burns
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INTERORGANIZATIONAL TOWN-GOWN RELATIONSHIPS 
AND PROPERTY TAXES: A CASE STUDY

A Dissertation
Presented to
The Faculty of the School of Education
The College of William and Mary in Virginia

In Partial Fulfillment
Of the Requirements for the Degree
Doctor of Education

By
Cynthia Felix Burns
August 2002
INTERORGANIZATIONAL TOWN-GOWN RELATIONSHIPS
AND PROPERTY TAXES: A CASE STUDY

By

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Abstract

INTERORGANIZATIONAL TOWN-GOWN RELATIONSHIPS AND PROPERTY TAXES: A CASE STUDY


This study examined the relationship between a college and its local government organizations in a community that engaged in property tax or voluntary contribution deliberations with nonprofit organizations to determine the extent to which these interactions altered the preceding town-gown relationship. Interorganizational relationship theory and social interaction theory provided a theoretical framework for data collection while cooperative interorganizational relationship (CIOR) theory was utilized in describing the findings.

A qualitative, single, embedded, descriptive case study was employed to investigate the town-gown relationship between Mercyhurst College and the City, County and Public School District of Erie, Pennsylvania to determine if and how the historical town-gown association was altered by a voluntary contribution request. The research findings reveal that the town-gown relationship between Mercyhurst College and its local government organizations was altered; instead of worsening the relationship, however, as the literature suggested, the relationship between the organizations was strengthened as a result of the deliberations.

Critical to the development of this relationship was a single individual, Dr. William Garvey, who not only showed a willingness to engage in a more cooperative relationship with the local government organizations, but also displayed the leadership qualities and personal characteristics necessary to establish and nurture an environment for the relationship to develop and evolve. First, he established Mercyhurst’s reputation for cooperation in the Erie community by building a personal reputation for cooperation through his involvement in civic and political affairs. Second, he conveyed a willingness to engage in a more cooperative relationship with local government by actively utilizing college resources to meet government needs. Finally, he served as champion for the relationship for both town and gown, and created an environment that sustained cooperation as a result of his status as a community leader, interpersonal relationships with government officials and charismatic leadership style.
INTERORGANIZATIONAL TOWN-GOWN RELATIONSHIPS
AND PROPERTY TAXES: A CASE STUDY
Chapter 1

INTRODUCTION

The *ad valorem* property tax exemption, currently enjoyed by most public and private institutions of higher education, is increasingly being called into question by local government leaders in cities and towns throughout the United States. Municipal leaders are challenging the real estate tax exemption because local governments are experiencing fiscal distress and are not able to obtain the financial assets necessary to meet spending needs (Bookman, 1992; Healy, 1995a; Loeb, 1995). Inadequate resources are attributed to a number of factors including: (a) reductions in federal government grants to cities (Bookman, 1992; Grobman, 1994); (b) increased unfunded state and federal mandates (Bookman, 1992; Grobman, 1992); (c) the recession (Grobman, 1994); (d) the flight of the middle class to the suburbs (Grobman, 1994; Pagano & Moore, 1985); (e) a shift in the economic base from higher wage manufacturing jobs to lower wage service-related employment (Blumenstyk, 1988; Leland, 1994); (f) higher costs for education, health care, and law enforcement at the local level (Mercer, 1994); (g) the unwillingness of property owners to absorb additional tax increases (Grobman, 1994); and (h) an expansion of property classified as tax-exempt within municipal borders (Becker, 1969; Grobman 1994; Mullen, 1990).
Consequently, officials are searching for new sources of income to continue funding programs and services at current levels.

Colleges and universities are of particular interest to city leaders seeking additional financial resources for two reasons. First, colleges own large amounts of property that can provide a city with a significant source of revenue if their tax-exempt status is overturned (Bookman 1992). Economic impact studies (Barry 1987; Simmons 1992; Economic Impact of Liberty University 1990) have calculated that local communities lose hundreds of thousands to several million dollars annually as a result of exemptions given to colleges and universities within their taxing jurisdictions. Examples abound. St. Cloud, Minnesota loses $400,000 annually from exempt property held by St. Cloud University (Lange, 1980). Revenues in Monmouth, New Jersey are reduced by 370,000 a year due to the tax-exempt status of Georgian Court College (Barry, 1987). Akron, Ohio would receive $4 million annually from the University of Akron in property tax revenue if the institution was not tax-exempt (Simmons, 1992); and, the property tax revenue of the City of Lynchburg, Virginia is reduced $295,000 a year as a result of Liberty University's real estate tax exemption (The Economic Impact of Liberty University, 1990).

Second, local leaders are challenging the tax-exempt status of college and university property because they perceive that institutions of higher education have large budgets and large endowments. They reason that colleges and universities, therefore, can afford to pay for some of the services--such as fire, police, and road maintenance--that the city provides to all property owners,
exempt and nonexempt alike. This belief has led many government officials to echo the perception of one county lawmaker in New York: “There’s only one billionaire in Tomlin County and that’s Cornell University. It doesn’t make political sense to go after the smaller potatoes” (as quoted in Blumenstyk, 1988, p. A19). Consequently, “tax assessors with an eye out for the public dollar look yearningly at multimillion dollar university complexes” (Alexander & Solomon 1972, p. 211) as an untapped source of additional property tax revenue.

Although local government officials have challenged the tax-exempt status of university property for many years, (Alexander and Solomon, 1972; See President and Trustees of Williams College v. Assessors of Williamstown, 46 N.E. 394 [Mass. 1897]; Harvard College v. Assessors of Cambridge, 55 N.E. 8449 [Mass. 1900]; Yale University v. Town of New Haven, 42 A. 87 [Conn. 1899]; Phillips Exeter Academy v. Exeter, 58 N.H. 306 [1878]), recent case law and legislative actions have increased the strategies or options that city leaders can use to exact tax payments from institutions of higher education. Municipal leaders can attempt to collect revenues from colleges and universities by: (a) challenging the tax-exempt status of university property used for noneducational purposes (Ginsberg, 1980; Keeling, 1990; In re Swarthmore College, 645 A.2d 470 [Pa. Cmwlth. 1994]; Tusculum College v. State Board of Equalization, 600 S.W.2d 739 [Tenn. App. 1980]; Bexar Appraisal District v. Incarnate Word College, 824 S.W.2d 295 [Tex. App.-San Antonio 1992]); (b) challenging the exempt status of real estate leased to or utilized by for-profit corporations in support of the institution’s educational mission (Hill and Kirschten, 1994; Stevens
v. Rosewell, 523 N.E.2d 1098 (Ill. 1982)); (c) attempting to overturn the institution's tax-exempt status by determining that the college or university is not organized for an exempt purpose (Bookman, 1992; Hill and Kirschten, 1994; Wellford and Gallagher, 1988; In re Appeal of City of Washington, No. 93-7033 [C.P. Washington County 1994], rev'd, No. 2052 C.D. 1994 [Pa. Commonwealth Ct. 1995]); or (d) requesting payments in lieu of taxes using voluntary or coercive measures (Bookman, 1992; Glaberson, 1996; Healy, 1995a; Hill and Kirschten, 1994; Mercer, 1994). Since laws governing local property tax exemptions are determined by state rather than federal or local law (Hill & Kirschten, 1994), many state legislatures (i.e., New Hampshire, Pennsylvania, Rhode Island, and Nebraska) are providing city officials with an incentive to levy payments on colleges by initiating state legislation authorizing the collection of payments to offset tax revenues lost as a result of the exempt status of property (Mercer, 1994; Glaberson, 1996; “The Outlook for Higher Education,” 1996).

When faced with a property tax exemption challenge, or payment in lieu of taxes request, college administrators can respond in a number of ways. They can choose to pay the tax bill, fight to retain the tax exemption, or negotiate voluntary contributions to settle the controversy. The increasing use of these tax payment strategies, however, is encouraging attorneys to recommend that institutional leaders, "cut the best deal as early as possible because the erratic nature of court decisions might lead to much higher payments in lieu of taxes or the actual assessed tax burden" (Leland, 1994, p.6).
As questions concerning the tax-exempt status of university property increases, the number of institutions of higher education experiencing challenges to their real estate tax exemption or requests for voluntary contributions will expand as well. This trend has the potential to impact higher education and society in a number of ways. First, with colleges and universities owning real estate worth hundreds of thousands or millions of dollars in lost property tax revenue, an increase in property tax assessments and litigation utilizing any of the current property tax assessment strategies could have harmful effects on the fiscal health of most collegiate institutions, many of which are experiencing financial difficulties of their own. With property tax payments estimated at raising the operating budgets of some institutions as much as 40% (Bookman, 1992), or increasing the cost of education by $1500 to $2500 per student (Fritschler & Mitchell, 1995), few institutions have the monetary resources necessary to pay a property tax bill. Many universities would have to increase tuition or reduce the amount and quality of services to secure or divert resources for tax or contribution payments. Colleges that are unable to generate the needed revenues, would have no other choice but to shutdown instead (Leland, 1994).

Second, property tax exemption challenges or voluntary contribution requests are altering the historical relationship between colleges and the communities they serve. On one level, challenges to the tax-exempt status of university property is altering the traditional political, and legal relationship between institutions of higher education and society, as represented by state and
local government (Bookman, 1992; Fritschler & Mitchell, 1995; Grobman, 1994; Keeling, 1990; Leland, 1994; Rudnick, 1993). Rudnick (1993) argues that state and local taxation of nonprofit organizations raises interesting conceptual issues regarding the relationship between government and the nonprofit sector. Traditionally, government and nonprofits have worked together with the understanding that the former would grant tax exemptions to the latter as a matter of social policy. . . . the traditional relationship between nonprofits and government has been altered by government’s need to expand its own revenue sources, which has had a direct impact on the tax status of the nonprofit sector. (p. 322)

Traditionally, state government has granted tax exemptions to organizations that served a public function to further specific economic and social policies (Oleck & Stewart, 1994; Wellford & Gallagher, 1988). These tax exemptions were justified for a number of reasons including: (a) the belief that if public services were not provided by private organizations, the state would have the burden of supplying them instead (Alexander & Solomon, 1972); (b) the view that the presence of private institutions in a community would increase the tax capabilities of other properties so the exemption would not be a burden to the community (Alexander & Solomon, 1972); (c) the assumption that personal philanthropy would cease if contributions and property were not tax-exempt (Hellerstein & Hellerstein, 1978); and, (d) the belief that the tax exemption is an acknowledgment that these organizations act in the public interest to improve society rather than serve a private interest (Mercer, 1994).
In challenging the tax-exempt status of university property, local
governments are changing the "historical, legal, and statutory precedents that
found colleges to be charities devoted to 'the advancement of public good'"
(Healy, 1995b, p. A53). These challenges, particularly when coupled with the
increasing practice of granting special tax exemptions to for-profit organizations,
not only signals a change in public policy and the political or legal relationship,
but also sends a message (intentionally or unintentionally) that the services an
institution provides are no longer valued (Thelin, 1996).

On another level, property tax exemption challenges and requests for
payments in lieu of taxes are also altering the historical town-gown or social
relationship between colleges and their local communities. The majority of chief
executive officers, interviewed by Leland (1994) in her study of nonprofit
organizations in Pennsylvania that had experienced a property tax challenge,
indicated that their relationships with their local governments immediately
worsened once an exemption challenge or payment request was initiated. Bok
(1982), Blumenstyk (1988), and Selland (1981) indicate that disputes over the
exempt status of college and university property often strains the relationship
between institutions of higher education and their communities. Examples of
colleges and local governments that have experienced discord as a result of a
property tax exemption challenge or voluntary contribution request include:
Syracuse university and its home city, Syracuse, New York (Blumenstyk, 1988);
Cornell University and Ithaca, New York (Blumenstyk, 1988; Healy, 1995a);
Drake University and Des Moines, Iowa (Healy, 1995a); and Washington and

A tax exemption challenge, however, does not have to worsen the town-gown relationship; the relationship can become more productive instead. When Boston city officials asked Northeastern University for payments in response to the university's request to build additional facilities, the institution agreed to increase the number of scholarships for minorities and offer financial aid to city employees taking courses at the university (Healy, 1995a). Likewise, Grinnell College administrators agreed to contribute to the purchase of a fire truck for its local community when town officials suggested a financial shortfall (D. Finnegan, personal communication, 1997). Thomas Keady, Northeastern's Director of Government Relations, stated that "if you look at [a payment request] as someone putting a gun to your head, that's not very useful. . . . but if you see it as trying to be a good neighbor and citizen, the relationship is much more productive" (Healy, 1995a, p. A32).

Although claims have been made that property tax exemption challenges and contribution requests are altering the town-gown relationship, we have yet to determine if and how the college-community relationship is actually being altered. Only anecdotal information exists to support the proposition that college-community relationships are affected by a property tax exemption challenge or voluntary contribution request. Since nothing is known about the relationships between colleges and their local communities before and after a property tax or voluntary payment deliberation, the actual sociological effect of a challenge on
the town-gown relationship cannot be evaluated. Consequently, research is needed to determine if or how the relationship is being altered due to local government requests for financial assistance. This study seeks to fill this gap by answering the question, "Is a property tax exemption challenge or payment in lieu of tax request a catalyst for altering the relationship between a college and its local community as the literature suggests?"

One way of understanding the town-gown relationship is to view the interaction as a relationship between two organizations—the college on one hand and the city government on the other. Relationships between organizations, or interorganizational relations, form as a result of the "relatively enduring transactions, flows, and linkages that occur among or between an organization and one or more organizations in its environment" (Oliver, 1990, p. 241). These transactions occur when organizations and their representatives come together and interact. The activities and interaction processes that occur during these interfaces are the result of a variety of environmental and social influences (Brown, 1983; Hall, 1982).

**Research Problem**

Because this study seeks to investigate how the relationship between colleges and their local governments is being altered as a result of a property tax or contribution requests, and a relationship results from continued interaction, changes in a relationship can be analyzed by evaluating the interaction between town and gown within its particular context and over a period of time. Therefore, the problem of this qualitative case study is to apply a modified version of
Brown's interorganizational interface model to the interaction between a college and its local government organizations that have engaged in property tax deliberations and to determine the extent to which their interactions have altered the preceding town-gown relationship. The research questions to be answered include:

1. What patterns of interaction (processes, strategies, and outcomes) are evident in the town-gown relationship:
   a. prior to the tax exemption controversy?
   b. during property tax or voluntary contribution deliberations?
   c. after the property tax situation was resolved?

2. How have the structural elements of the environment, organizations, actors, and interaction interface influenced the intercommunication process elements of the town-gown relationship?

3. How have the structural and process elements interacted to influence each other?

4. To what extent is the town-gown relationship being changed or altered as a result of a community's request for financial assistance?

**Purpose of the Study**

The purpose of this study is threefold. First, this study seeks to broaden knowledge about the town-gown relationship and interaction between college and local government officials. Little is known about the relationship between colleges and their communities. Only a few studies have been conducted that address any aspects of the relationship between a college and its local
community, and none focus on the relationship between the college and local government. This study increases knowledge about the town-gown relationship in two ways. First, this research project provides additional insight into how colleges and local governments interact, and how the town-gown relationship changes or evolves. Second, with local governments increasingly challenging the tax-exempt status of university property or requesting payments in lieu of taxes (Fritschler & Mitchell, 1995), this investigation also broadens knowledge about the town-gown relationship in specific communities where a request for financial assistance has been made. Specifically, this study analyzes the town-gown relationship before, during, and after property tax deliberations so that the effects of the deliberations on the relationship can be determined.

Second, this investigation advances research in organizational theory within the realm of higher education by focusing on the relationship between universities and another organization. Institutions of higher education develop relationships and interact with many types of organizations; yet the literature within higher education continues to focus on intraorganizational relationships and how members within an institution interact with each other. This study expands the organizational literature in higher education to include interorganizational relationships, and provide a framework for recognizing and analyzing university relationships with other organizations.

Finally, in providing a framework for interorganizational analysis within higher education, this study develops L. David Brown's (1983) model for analyzing interorganizational interfaces. Brown limits the criteria he utilizes in
examining interaction interfaces to those related to the organizational purpose and structure of the interface for the purpose of managing or maintaining appropriate interface activities. This study extends his framework further by shifting the focus from an organizational perspective to a sociological perspective and takes a descriptive rather than a prescriptive approach. Instead of describing change in an interorganizational relationship in terms of shifts in the organizational structures and procedures that govern the interaction, Brown's model is modified and additional process criteria added so that developments in the town-gown relationship can be ascertained from changes in the interaction processes instead.

Limitations

One of the assumptions guiding this research project is that the type of interorganizational relationship that exists between a college and local government varies by community. Since only one town-gown relationship is investigated in the dissertation, the generalizability of the inquiry is limited since it only describes the town-gown relationship in the community investigated.

This study is further limited by the types of information that are collected on the interorganizational relationship investigated in this dissertation. An analytical framework is being utilized as a blueprint for data collection to guide the types of data that will be collected. While other factors may influence the town-gown relationship, only those elements identified in the conceptual model are employed in this inquiry.
Since this project utilizes qualitative research methods, it is also limited by the quality of the data that is available from informant interviews and institutional documentation. Informants are restricted to college and local government representatives that engaged in interaction that furthered the interorganizational relationship over a period of time. The availability of informants, and their abilities to recall the specific facts concerning the town-gown relationship, may affect the accuracy of the data collected and limit the research findings. Institutional records documenting the interorganizational relationship is limited to the written materials that each organization maintained throughout the history of their association. Restricted access to these documents also limits this investigation.

Finally, this inquiry is limited by my own ability to conduct qualitative research. Although I am more comfortable engaging in quantitative studies, I have conducted qualitative research projects in the past. This investigation, however, is the first comprehensive and formal qualitative project that I performed. Consequently, it is restricted by my own capabilities to obtain the quantity and quality of information required to answer the research questions using the selected research methods.
Chapter 2

LITERATURE REVIEW

Town-Gown Relationships

In order to determine if property tax deliberations are altering the historical college-community relationship, town-gown relationships must be explored. The term “town-gown relationship” can refer to many things. For example, it can refer to the relationship between students and local residents, the university and local residents, the institution as an organization and local business organizations, or the college and local government (Warfield, 1995; White, 1991). Although all colleges are located in communities, very little research has been conducted on the condition of the relationship between town and gown in general, and few inquiries have been focused specifically on the relationship between colleges and local governments.

Selland (1981) indicates that, historically, the town-gown relationship has been described as conflictual in nature with college and community constituents each experiencing “mutual disdain, hostility, suspicion, segregation, [or] isolation” (p. 7) toward or from the other. Although town-gown conflict has lessened in recent years as a result of a decline in student activism, an increase in joint renewal programs between colleges and cities, the rise in status of the academic community, and growth in federal legislation beseeching college-community
cooperation, the presence of a college in a community still creates town-gown tension (Selland, 1981). Four types of problems can be attributed to and lead to college-community conflict: (a) demographic problems or changes in the growth and characteristics of the population; (b) physical problems, that is, traffic and parking problems, and the development of businesses catering specifically to the college population; (c) social-psychological problems or differences in values, behaviors, and interests and other aspects of the social system; and (d) economic problems, the cost of living effects, such as employment opportunities, personal income, cash flow, property values, and local taxes (Selland, 1981).

While all these factors contribute to town-gown tension, one of the most frequent causes of injured associations is the tax-exempt status of university land. Selland (1981) states that, “this single factor creates significant resentment amongst permanent city dwellers who feel they must unfairly assume the tax burden for providing to this institution and its transient peoples essential services such as, police, fire, waste disposal, street maintenance, public libraries, and public schooling for children of young faculty and students attending college” (p.10). He further indicates that “the development of policies with regard to this issue are of the utmost importance, frequently being a cornerstone toward developing better college-community relations” (1981, p. 204).

Most of the research conducted on college-community relationships has focused on the physical and economic impacts of a college on its local community. Selland (1981) and White (1991), however, undertook inquiries that investigated the social aspects of town-gown associations. Selland’s study
examined the effects of the quality of college-community relations on certain aspects of the social functioning of the college town and its public physical environment. He discovered, in his study of four communities, that as the relationship between a college and its local community disintegrates, and the recognition of town-gown separation increases, community cohesiveness deteriorates, the perceived efficacy of city government declines, and discontentment with municipal leadership expands. He found that, "coercive and uncooperative relations between city and university administrators, between business and university sectors, between transient and permanent residents, between students and landlords, aggravate town-gown problems, raise tensions, impair social functioning, lessen governmental effectiveness in meeting community needs and citizen demands and, in the end, impact the quality of the public living environment" (1981, p. 192). He further concluded that with "adequate communication at all levels between college and non-college people, most differences of town and gown, whether real or supposed, could at least be lessened if not resolved" (1981, p. 197).

**Interorganizational Relationship Theory**

While Selland (1981) concluded that lack of communication and linkages between college and city administrators are possible causes for college-community problems, these linkages appear to be important for setting the tone for the town-gown relationship in general as well as for improved town-gown relationships. He did not, however, indicate why or how these linkages between the university and city government are important or how they aid in resolving
conflict between a college and its local community. One way of understanding this aspect of the town-gown relationship is to utilize interorganizational relationship theory to examine the reasons why colleges and communities develop relationships, and social interaction theory to describe how the relationship evolves. Interorganizational relations are defined as the “relatively enduring transactions, flows, and linkages that occur among or between an organization and one or more organizations in its environment” (Oliver, 1990, p. 241). As a subset of organizational theory, interorganizational relationship (IOR) theory “focuses on the sources, kinds, and consequences of linkages between and among organizations as social actors” (Whetton and Ventrusca, 1995, p. 254).

Several concepts are important in understanding interorganizational relationship theory. First, IOR theory is grounded in the open systems model of organizations which views organizations as systems that are open to their environments and must interact with their environments across a penetrable border to survive (Morgan, 1986). This interaction is described as a process of continuous exchange between an organization and its environment that includes inputs, throughputs, outputs, and feedback. Through this process, organizations obtain information and resources from their environments and convert them into products that reflect organizational goals. These outcomes then loop back into the environment to influence future inputs, throughputs, and outputs and form a continuous cycle of organizational-environmental interaction and exchange.

Second, this relationship or interaction between an organization and its environment is necessary because organizations are not autonomous or self-sufficient. As a result, they do not have the ability to generate all the resources they need to sustain themselves. Organizations, instead, are interdependent, or in a state of mutual dependence, with their environments to obtain the resources they need to achieve institutional objectives (Anderson, 1993; Morgan, 1986; Whetton & Ventresca, 1995).

Third, related to second, even though organizations are interdependent, they desire to maintain their autonomy since interdependence constrains organizational decision-making and produces uncertainty for organizational leaders (Grusky, 1992; Pfeffer & Salancik, 1978). Consequently, they constantly seek ways to reduce their dependence on their environments or manage their relationships with their environments by maintaining or increasing others dependence on them for survival (Pfeffer & Salancik, 1978).

Since the environment is comprised of organizations, a primary part of an institution's environment is other organizations (Ahme, 1994). Consequently, every organization develops relationships or interacts with other organizations to gain the resources necessary to survive. Some of the resources deemed necessary for organizational survival include: (a) obtaining or exchanging financial, physical, information, material, or human resources; (b) achieving
community acceptance or legitimacy; and (c) forming coalitions or bases of support that enhance power (Galaskiewicz, 1985; Grusky, 1992; Hall, 1982).

Because no one single organization can provide all the resources an organization needs for survival, organizations are interdependent with many organizations based on different needs or purposes (Hall, 1982). Although organizations develop relationships with many organizations, the nature of these relationships varies in several ways. One, the importance of each interorganizational relationship an institution develops varies because the institution is more dependent on some organizations that it is on others in its environment. Two, the amount of dependence between the organizations involved in the relationship can also vary and may not necessarily be symmetrical. An organization may be more dependent on another institution for resources than the latter institution is on the former, creating an asymmetrical interdependence between the entities (Pfeffer & Salancik, 1978).

Three predominant views are expressed to explain why interorganizational relationships are necessary for organizational survival. The first view, rooted in contingency theory (Lawrence & Lorsch, 1967), purports that interorganizational relationships enable an organization to survive because they allow an institution to adapt its outputs to meet changing environmental demands. Since an organization is faced with fluctuating demands for resources from other organizations, its ability to develop appropriate objectives and outcomes to meet these challenges is constrained. Interaction with other organizations aids survival by enabling the institution to adapt internal structures and processes so that it
can continue to meet the resource needs of organizations in its environment (Brown, 1983; Morgan, 1986; Scott, 1992).

The second perspective, based on population ecology theory (Aldrich, 1978; Hannan & Freeman, 1977), posits that interorganizational relationships ensure organizational survival because they enable an organization to acquire the external support it needs to continue operating. This view is based on two premises. The first assumption is that the environment selects certain types of organizations for survival. The second premise is that since resources are scarce, organizations must compete with each other for the environmental resources that are available. As a result, only the "fit," those able to reduce their dependency on the environment or obtain an adequate supply of external support, survive. Interorganizational relationships enable an organization to evolve or change its internal structures or processes so that it can continue obtaining the resources it needs to sustain its existence (Aldrich, 1979; Brown, 1983; Hall, 1982; Morgan, 1986; Pfeffer & Salancik; 1978; Scott, 1992).

The third view, rooted in organizational ecology theory (Boulding, 1978; Karsada & Bidwell, 1984), states that interorganizational relationships enable an organization to survive because they provide an institution with a mechanism to interact with other organizations so that resources can be exchanged or obtained. Organizations cannot provide resources to other organizations or obtain resources for themselves without a means of communicating with the other institutions in their environments. Consequently, survival is not the result of adapting to changing environmental demands or obtaining an adequate supply of
resources as contingency theory and population ecology theory purport. Continued existence, instead, is dependent upon maintaining an appropriate relationship or means of continued interaction with the organizations it relies on for critical resources over time. Interorganizational relationships enable the patterns of interaction to evolve or change, rather than the organizations themselves, so that the “fitting” (Boulding, 1978) between the interdependent institutions can be maintained, enabling the relationship, and ultimately the organizations, to survive (Brown, 1983; Morgan, 1986).

The organizational ecology theory of survival presents a different view of organizational-environmental exchange than the open systems model previously described. Instead of viewing organizations and environments as separate entities that interact with the output of one becoming the input of the other, organizations and environments are seen, instead, as part of a complex ecosystem in which organizations are all interacting subsystems within the same system. Instead of environmental inputs flowing into an organization to produce outcomes, the resources and information flow through the interorganizational relationship that links the organizations together to generate outputs that feedback into the system to affect the organizations as well as their future interaction (Brown, 1983; Morgan, 1986).

Social Interaction Theory

If organizations can be viewed as social actors, and if organizational survival is dependent upon maintaining a relationship or continuing interaction with other organizations, social interaction theory is a useful tool for explaining
how organizations interact and influence each other and their future relationship. Social interaction theory is built on the premise that interaction between social actors can only be understood within the social context in which it is rooted because the exchange between the actors is continuous and on-going (Cairns, 1979). The relationship this interaction produces, therefore, cannot be viewed as a series of isolated interchanges. Instead, it must be perceived as the product of all past interaction between the actors and the outcomes those exchanges produced. Since the relationship is diachronic, proceeding over time, rather than synchronic, or instant, it must be examined within the life histories of the parties involved (McCall & Simmons, 1978).

Social interaction theory specifically focuses on those properties of the feedback process that analyze how past interaction activities and outcomes influence the present, and ultimately future, relationship between two social actors (Cairns, 1979). The feedback process can be examined by focusing on a variety of relational elements including: (a) the meanings social actors attach to the interaction activities and outcomes; (b) the bargaining processes utilized by the actors in exchanging resources; (c) the rules, procedures, and structures that influence the interaction; (d) the struggle or conflict between or the incompatible or competitive behavior of the social actors (Jary & Jary, 1991); or, (e) the strategies adopted by each actor in response to their assessments of the other actor's knowledge and perception of the situation (Goffman, 1969).

Since interorganizational relationships are the result of continued interaction between organizations, the relationship between the institutions at any
given time is the product of past exchange activities and outcomes. Consequently, the relationship evolves as the activities and outcomes of interaction influence the organizations and the patterns of their interaction throughout the life history of the relationship. Developments in the relationship between the institutions can, therefore, be examined by focusing on how the activities and outcomes of previous interaction influenced the relationship enabling it to evolve over time.

**Interorganizational Relationship Analysis**

Analyzing interorganizational relationships is a complex process because they exist in many forms. Four forms have been identified: (a) dyad, the relationship between two organizations, one with the other; (b) organization set, the pair wise associations between a focal organization and all the other organizations with whom it interacts; (c) network, the complete set of ties that connect all organizations in a population; and (d) action set, the relationships between all organizations that interact for a specific purpose, for example research coalition, athletic conference, etc. (Grusky, 1992; Hall. 1982). In addition, several frameworks have also been developed that focus on different attributes or levels of analysis for examining interorganizational relationships.

One schema, proposed by Aldrich (1979), examines interorganizational relationships by focusing on the "mundane aspects of every day transactions and relations" (p. 273) between organizations. His dimensions of analysis include: (a) the formalization of the relationship or the degree to which the relationship is given official recognition, legislatively or administratively sanctioned, or is
coordinated by an intermediary third party; (b) the intensity of the relationship including the frequency of interaction or contact between the organizations and the amount of organizational resources each commits to the relationship; (c) the degree of symmetry, or reciprocity, between the organizations in the relationship in terms of both resource flow and agreement in the terms of the relationship; and (d) the amount of standardization in the relationship, or the extent of similarity between the resources involved and the procedures utilized in the transaction processes.

A second analytical framework, presented by Hall (1982), is built on the proposition that the interorganizational relationship can be examined from different units or levels of analysis since actions in the relationship are the result of a variety of influences. The units of investigation include the environment, the organizations, the individuals, or the transactions themselves. In developing his analytical framework, Hall indicates that ordering these units of analysis is difficult because each component both influences and is affected by the others. While Hall recognizes that the units affect each other, he states that understanding these effects are "probably not worth the effort" (p. 247). Consequently, his framework, which is similar yet more comprehensive than Aldrich's (1979), focuses on various dimensions of the relationship itself rather than specifically on the organizational units. These dimensions include: (a) general environmental characteristics (forces and attributes affecting distribution of resources in the environment) that appear to influence the relationship; (b) specific situational factors that determine which interorganizational relationships
will occur; (c) the basis or reason for the relationship; (d) the flow of resources in the relationship including the degree of dependence between the two organizations; (e) the transaction forms, or the structures and processes (cooperative, conflictual, and coordinated patterns of interaction, and the use of power and strategies to resolve conflict) of the interaction; and (f) the outcomes of the transactions in the relationship.

A third framework, offered by Brown (1983), agrees with Hall (1982) that interorganizational relationships are influenced by the environment, the organizations, the individuals involved in the relationship, and the interaction interface itself and that these elements affect and are affected by each other. Brown, however, further provides a model that describes how these elements influence each other by producing short-term outcomes that interact with the elements long-term to produce a relationship that evolves over time.

Brown’s model, is based on the supposition that, “continued interaction between independent social units produces interfaces that are social units themselves” (1983, p. 20). These interfaces, or “meeting grounds where social units come face to face and parties interact” (p. 1), serve as an independent linking system that influences continued resource exchange and organizational survival. Events or activities (interaction) at these interfaces produce outcomes or consequences that affect not only the flow of information and resources, but also the future relationship between the organizations. The relationship between organizations evolves as interface events and outcomes change over time.
Brown's (1983) framework contains four structural elements and two relational components that can be used to analyze the interaction between organizations, and assess and trace how the relationship evolved. These elements affect interaction both singularly and together. Individually, each element provides attributes that are essential in understanding the dynamics or characteristics of the relationship. Together, the continuous interplay of the elements with each other over time produce or influence the activities or events that occur within the organizational interface. The result of the interaction between the elements and interface activities produces a connected string or series of events that create a multilevel history of the relationship between the organizations.

The specific properties and indicators in Brown's (1983) framework of analysis include: (a) the larger context, including the immediate context and the larger environmental forces within which both the organizations and the interaction are grounded; (b) the interests, perceptions, and characteristics of the organizations involved in the relationship or interaction; (c) the roles, traits, and perceptions of the organizational representatives participating in the relationship or engaged in the interchange; and (d) the organizational definition (purpose) and structure of the interaction interface itself.

Events within the interface exchange with the context, organizations, representatives, and interface at different levels and within different time perspectives to produce two relational elements. First, the short-term interaction of the representatives' personal characteristics and roles influences
communications and actions within the interface and produces immediate outcomes or patterns of behavior that maintain or change the interorganizational relationship. These patterns of interaction initially take one of two forms, depending upon how the representatives perceive or understand their interests. If organizational actors perceive that their interests are incompatible, bargaining results; if they believe that their interests are similar, problem solving occurs. Either pattern of behavior may be relatively stable or fixed and produce similar interface events and outcomes over time. The interplay of representative characteristics, however, can produce changing patterns of communication and behavior resulting in: (a) escalation (increasing distance and tension between actors); (b) suppression (denying the presence of conflicting interests and behavior and behaving as if interests were in common); or (c) withdrawal (avoiding conflicting interests or problematic differences by reducing or eliminating interaction).

Second, the long-term interplay of the organizations, context, and outcomes of representative behavior produces either stable or changing interface organizational characteristics over time. The interorganizational relationship develops or evolves as interface definition and structure are modified as a result of changes in the environment, organizations, and institutional actors communication and behavior.

This framework for analyzing interorganizational relationships includes both strengths and weaknesses in its applicability to this research project. Its primary strength is that it incorporates social interaction theory into the analysis.
of interorganizational relationships and focuses on the feedback or interaction processes that provide the means of establishing whether or not a relationship has evolved or been maintained over time. In doing so, it focuses on the linkages among and between organizations rather than the organizations themselves, highlights the evolution of linkages over time rather than providing a single fixed image of the relationship, and focuses on the forces influencing change.

The problem with Brown's (1983) framework lay within the indicators he selects to operationalize or define the properties in his model. Since Brown argues that the relationship between organizations evolves as a result of changes in the structure of the interface, he defines the interface using variables that focus on organizational characteristics. Organizational ecology theory, however, indicates that interorganizational relationships evolve as the patterns of interaction between the institutions change over time, and must be examined using process elements instead.

In addition, Brown proposes his model to prescribe deliberate strategies to manage interaction that would ensure desirable outcomes or patterns of behavior. His framework, however, can be operationalized, for analytic purposes, in a descriptive manner and used to assess the evolution of interorganizational relationships from a process perspective. By modifying the design and incorporating additional indicators from other analytical models in interorganizational and social interaction literature, the model can serve as a framework to guide the analysis of interorganizational behavior. This modification will enable the relationship between organizations to be described in terms of
changes in the processes, strategies, and outcomes of interaction. The modified version of Brown framework to be used in this study is presented in Chapter Three.

Interorganizational Research and Higher Education

Institutions of higher education develop relationships with many types of organizations. For example, Grusky (1992) indicates that, in the case of the university, if it is to function it must have students, and to recruit them it must develop relationships with high schools, junior colleges, and other universities. These students (and faculty and staff) must eat, work, and play, so the university has relationships with food, housing, energy, and other suppliers of various kinds in the community. And, of course, the university needs other resources, especially funds, and therefore must relate to government agencies and alumni to obtain them. (p. 965)

Higher education history scholars have demonstrated that colleges develop interorganizational relationships with a variety of organizations, including their local communities, and have described these relationships in terms of resource dependence and exchange. Colleges first developed interorganizational relationships with their local communities to exchange resources necessary for growth and survival. Colleges needed monetary and physical resources; communities needed the educational services the colleges provided. Many towns, particularly those on the American frontier, looked to colleges as sources of legitimacy as well (Boorstin, 1965; Potts, 1977; Tewksbury, 1969).
The growth of higher education after the Civil War lessened the colleges' reliance on their immediate local communities for resources as they looked to a wider community (including alumni, denominational leaders, and philanthropists) for money, students, and support instead. The change reduced the local interdependence and resulted in less need for colleges to maintain close relationships with their local communities. Although the towns grew less important to the institutions, many of the communities themselves continued to rely on the resources and benefits the institutions provided for their own growth and survival (Leslie, 1977).

Although history scholars recognize that colleges develop interorganizational relationships, higher education organization theorists take a differing perspective. They continue to portray colleges and universities as relatively autonomous organizations that possess unique characteristics, and that are somewhat insulated from the environment rather than dependent on it for survival (Baldridge, Curtis, Ecker, & Riley, 1977). The environment is discussed as being comprised of external forces or groups that limit the sovereignty of academic professionals to govern institutions according to collegiate values and norms. Although organizational scholars have recognized that colleges do interact with their environments, they also advocate that this interchange should be limited to providing information to key community constituents, and that interdependence with the environment should be avoided (Bensimon, Neuman, & Birnbaum, 1989). Organizational survival is the result of maintaining autonomy.
and control of the internal structures and processes of the institution, and
sustaining appropriate internal relationships instead (Baldridge et al., 1977).

The normal focus, therefore, is on intraorganizational relations and how
members within the organization or organizational subsystems interact with one
another. Organizational researchers utilize a number of models or images to
explain both institutional structure and processes, and intraorganizational
relationships and interaction. These frameworks or lenses view institutions of
higher education as organized anarchies (Cohen and March, 1986), loosely
coupled systems (Weick, 1976), academic bureaucracies, political systems,
collogeal systems (Baldridge et al. 1977; Bensimon et al., 1989), cultural or
symbolic institutions (Masland, 1985; Tiemey, 1988), or cybernetic systems
(Bensimon et al., 1989). Although Boltman and Deal (1991) explain that these
models can be used to describe relationships between organizations as well,
higher education researchers have not yet applied these images to their analysis
of collegiate relationships with other organizations.

Despite a paucity of focus on interorganizational relationship in higher
education among organizational theorists, studies have been done on the
interorganizational relationship between colleges and other organizations at the
dyad (Rooney, 1985), network (Bumba, 1986; Hotallling, 1995), and action set
(Ekong, 1986; Hoeflich, 1994; Schmick, 1986; Smutz, 1984; Varecka, 1992)
levels. Some have examined the IOR between institutions of higher education
that have developed voluntary relationships with other colleges for a variety of
reasons (Ekong, 1986; Hoeflich, 1994; Schmick, 1986; Varecka; 1992). Ekong
(1986) looked at the willingness of institutions of higher education to enter into competitive or cooperative interorganizational relationships with other colleges and universities in times of scarce resources and discovered that willingness differs depending on the type of resources needed. Schmick (1986) and Hoeflich (1994) both examined the factors contributing to a continued cooperative relationship between institutions of higher education involved in voluntary research consortia. Factors contributing to a stable relationship included maintaining flexibility, the environment, a formalized system of interface governance, and avoiding conflict on issues related to member autonomy (Schmick, 1986). Hoeflich, focusing primarily on representative behavior leading to successful collaboration, found that mutual interdependence where all representatives were dependent on one another for mutual goal attainment and interpersonal interaction that builds trust are critical for successful collaborative interorganizational relationships.

The relationship between colleges and other organizations has also been examined (Bumba, 1986; Hotalling, 1995; Rooney, 1985; Smutz, 1984). Smutz (1984) specifically examined the role and purpose of "boundary spanners" to their organizations. Boundary spanners are individuals who sensitize their organizations to new ideas, provide them with complex information, and communicate with key organizational figures. Hotalling (1995) looked at factors perceived to facilitate or inhibit interorganizational coordination between colleges and human service organizations and discovered that agreement to coordinate,
gaining or sharing scarce resources, and personalities of decision makers all contributed to interorganizational coordination.

Only one interorganizational relationship study has examined the relationship between a college and its community. Rooney (1985) examined a voluntary consortium relationship between an urban city and university and explored factors contributing to the relationship’s longevity and success. She discovered eight interface structural and organization factors that contributed to a successful relationship: simple, flexible structure; goals focused primarily on services to the city; mutual funding from the city and university; an effective, stable joint committee; skilled director; frequent evaluation and innovation; competent linking processes; and, benefits to both partners. Other elements also contributed to the consortium’s success: typical city-university problems were minimized; most faculty and city personnel experienced real rewards; products were timely and valuable; many attitudes were positively changed; and participants expressed high satisfaction and desire to work together.

While the general relationship between colleges and their communities has not been studied from the interorganizational relationship perspective, it has been examined from a social perspective. White (1991) analyzed the town-gown relationship by examining the interaction between the college and the community in a variety of situations since the college’s founding. She focused on specific events, purposes, participants, outcomes, and interaction types. White found that the college and community had a symbiotic relationship in which they tended to cooperate for mutual benefit and to exchange services.
White's (1991) study of the town-gown relationship takes a general view of the college and community relationship and does not specifically focus on an institution's relationship with local government, how specific problems might affect the relationship, or how the college and government interacted to resolve a controversial issue. In addition, her investigation only describes the form of the relationship at specific times, not the dynamics of the relationship that may have contributed to its development over time.

Scholars in both the interorganizational studies and town-gown studies have taken a static view of the relationships developed between colleges and other organizations. They only describe the type of association that exists, or identify elements that affect the relationship. They have not focused on the dynamics of the relationship, how the relationship developed, or on the effect of past interaction on present and future relationships as the social interaction model suggests. None have focused on how specific problems might affect the town-gown relationship, or how the college and community interacted to resolve a controversial issue. This study brings these issues together.
Chapter 3

METHODOLOGY

This study began with an unfocused interest in how institutions of higher education work with local governments in response to a property tax exemption challenge or a payment in lieu of taxes request. Statements by Leland (1994), Rudnick (1993), and Fritschler and Mitchell (1995) that municipal requests for financial assistance are altering the historical relationship between colleges and their local communities led me to narrow my research to exploring the affects these requests are having on the town-gown relationship, and how the relationship is being altered. Interorganizational relationship theory and social interaction theory provided a theoretical framework for understanding and examining the relationship between town and gown. Propositions within these theories indicate that the relationship between two organizations: (a) is comprised of a series or string of interactive events that constitute a history of the relationship; (b) is the total product of the activities and outcomes of past interactions, that is, the total sum of the life history of the relationship; and (c) changes or evolves as the processes of interaction change over time.

Brown's (1983) model for analyzing organizational and interorganizational interfaces provided a conceptual framework for examining the town-gown relationship utilizing these theoretical propositions. Although this framework defines the interorganizational relationship as a sequence of interactive events
that unfold to mold the association over time, it takes an organizational rather
than a process approach in assessing relationship development. I, therefore,
modified Brown’s model to emphasize the processes of interaction that shape an
association over time, and applied it to the town-gown relationship in
communities that have engaged in property tax deliberations.

Framework for Data Collection

Like Brown’s (1983) model, the framework used in this study contains five
properties: (a) the environment; (b) the organizations involved in the relationship;
(c) the organizational representatives engaged in the interaction; (d) the interface
event; and (e) the outcomes of the exchange. Conceptualized in terms of the
input-throughput-output model presented in Chapter Two, the environment,
organizations, and representatives provide inputs into the interface that then
transforms them into outputs. The outputs then feedback into and affect the
environment, organizations, representatives, and future interaction and produce
a stable or changing relationship over time.

Environment

The first property, environment, is defined as the whole field or context
within which both the interaction and organizations are embedded (Brown,
1983). The environment is comprised of two elements—an immediate context
(the larger social system or systems of which the organizations are subsystems
and any third parties concerned with the interaction), and a larger context
(societal forces and conditions that can create opportunities for or constrain the
interaction). Both elements influence the types of relationships that can or will develop between organizations (Brown, 1983; Hall, 1982).

The **immediate context** influences the types of interorganizational relationships that develop by directing an organization's awareness of other organizations in its environment. For an organization to develop an interorganizational relationship with another organization, it must first be aware that the other organization exists and that they are, or potentially are, interdependent. Several attributes in the immediate context influence awareness: (a) *geographical proximity* (the distance between the organizations, or their location relative to one another); (b) *localized dependence* (the extent to which organizations are dependent upon their local area for resources); (c) *size* (the actual number or size of the organizations available or potentially available for relationships and interaction); and (d) *knowledge of the objectives, services, and resources* of the other organizations (Hall, 1982; Pfeffer and Salancik, 1978).

The **larger context** affects the type of relationship that form between organizations by creating opportunities for or placing constraints on interorganizational interaction. The larger context can be described utilizing two sets of variables. First of all, the larger context can be viewed as the *legal, political, economic, social, technological, and cultural forces* that create opportunities and threats for an organization (Brown, 1983; Hall, 1982). Although indicators to operationalize these forces are difficult to identify, understanding their effect on interorganizational interaction is important (Brown, 1983).
Secondly, the larger context can also be depicted as variables that affect the nature and distribution of resources in the environment. Aldrich (1979) identifies six environmental variables that affect the flow of resources in the environment: (a) *environmental capacity* (the quantity of resources available in an institution’s environment or the opportunity an organization has to procure the resources it needs to survive); (b) *environmental homogeneity/heterogeneity* (the degree of similarity or difference between the organizations or the social forces that influence the distribution of resources); (c) *environmental stability/instability* (the amount of constancy or turnover in environmental factors); (d) *environmental concentration/dispersion* (how resources are distributed or arranged in the environment); (e) *domain consensus/dissensus* (the extent to which an organization’s services are deemed legitimate by key social institutions); and (f) *environmental turbulence* (the degree to which the environment is being troubled by increases in the amount and rate of environmental interconnection) (Aldrich, 1979; Anderson, 1993; Grusky, 1992).

The current property tax controversy confronting many colleges and communities is a result of several environmental forces that have affected the distribution of resources in the environment. Legal and political forces at the state level are responsible not only for granting colleges their tax-exempt status, but also for decreasing the capacity of city governments to obtain resources by increasing local spending mandates and withholding funds. These forces helped create the current economic environment whereby communities are experiencing fiscal distress and are unable to meet current resource needs. Specific economic
factors that are causing cities to seek new sources of income include the increasing cost of public services, declining property values, business relocations, and cuts in state aid. At the same time that communities are asking colleges for financial assistance, economic factors such as the increasing costs of material resources and services, and public outcry over rising tuition rates are affecting the distribution of resources and creating fiscal problems for colleges as well (Bok, 1982; Bookman, 1992; Fritschler & Mitchell, 1995; Grobman, 1994; Myers, 1996).

**Organizations**

The second property is the organizations involved in the interorganizational relationship. In this study, the organizations are the college and city government. Several organizational elements have been identified that provide inputs into the interface and influence the processes of interaction: (a) organizational interests that are affected by the relationship or interaction; (b) the internal characteristics or the organizational structures and processes of each institution; (c) the perceptions, attitudes, and feelings that each organization has about itself and the other entity; (d) the importance of the relationship to each of the organizations involved (Brown, 1983); and (e) the amount of resources committed to the association by each organization (Aldrich, 1979; Hall, 1982).

The interests of colleges and city governments have been critical factors that appear to have influenced property tax deliberations. Community leaders are interested in decreasing the tax rates of property owners and increasing their
base of financial support. Colleges, on the other hand, are interested in slowing tuition increases, maintaining and increasing the quality and quantity of services provided, increasing revenues, and reducing expenditures. They may or may not be interested in helping their communities financially since, legally they have not been required to support local governments (Fritschler & Mitchell, 1995; Healy, 1995a; Myers, 1996).

Perception also appears to be an important element in the property tax debate. Town leaders often perceive that colleges are rich, have large endowments, and can easily afford to reimburse them for the services the municipalities provide. Many of the universities perceive that they are already providing their locales with a number of benefits, both directly and indirectly, and do not appreciate the city challenging their legal right to the local tax exemption (Blumenstyk, 1988; Healy, 1995a). Some institutions, however, appear to understand their communities' plight and contribute resources through a variety of financial or service contributions (Healy, 1995a).

Organizational Representatives

The third property, the organizational representatives, comprises the individuals or social actors who engage in the interorganizational interaction on behalf of the organizations involved (Brown, 1983). In this study, organizational actors include all individuals who have represented the college or city government in any exchange. The specific college and government representatives that have been involved in property tax deliberations have varied
by community. The college representatives may include the institution’s president, governing board members, chief financial officer, and legal counsel. Government representatives generally include the mayor, city council members, tax board, tax assessor, and legal representatives (Leland, 1994).

The communications and actions of the organizational actors as they transact influence the interorganizational relationship in three ways: (a) they define the amount or degree of uncertainty associated with the relationship; (b) they specify the amount of trust in the relationship; and (c) they determine the organizations’ outcome expectations (Ring and Van de Ven, 1994). The ability of the representatives to influence the relationship successfully depends upon their abilities to communicate and act judiciously in the exchange. Several representative attributes provide inputs into the interface that affect their behavior in the interaction: (a) the role or position each individual occupies, both within their own organization and the interface, relative to the role or position of the others involved in the exchange; (b) the personal characteristics or traits and skills each individual possesses; and (c) the perceptions, or feelings and attitudes, the actors have about themselves and the other representatives (Brown, 1983).

**Interorganizational Interface**

The fourth property, the interorganizational interface, refers to the meeting ground where organizational representatives converge and organizations interact. The interface can also be described as an interactive event, or a “critical
[incident] when parties engage in actions related to the development of their relationship" (Ring and Van De Ven, 1994, p. 112). In this study, an interorganizational interface refers to any time that college and local government officials meet together in an event that impacts the town-gown relationship. In terms of the conceptual framework, the interface serves as the throughput by which the inputs provided by the environment, organizations, and representatives are transformed into outputs that feedback into the relationship to affect future interfaces, and the evolution of the association over time.

Three factors in the interface are important in understanding not only how inputs are converted into outputs, but also how a relationship evolves over time. The first element is the activities, or the actions and communications of the representatives engaged in the transaction (Brown, 1983). In this study, the activities would include the intercommunications and behaviors of the college and government officials in the interchange.

The second element is the structural or organizational factors that govern the activities that occur in the interface. Structural components are included as variables because continued interaction between organizations creates boundaries and shared expectations that regulate the interaction that occurs between the organizational representatives at the interface (Brown, 1983). A variety of structural variables contributes to the formation of these boundaries and shared expectations.

One variable is interface definition, or the criteria used to describe the nature of relationship that exists between organizations. Interface definition can
be explicated in three ways. First, interface definition refers to the reasons, shared goals, or interdependencies that cause the organizations to engage in interchanges (Brown, 1983). Second, it can be described according to the normalization of the relationship, that is, the degree or amount of contact between the organizations (Hall, 1982). Third, the nature of the interorganizational interface can be illustrated according to the reciprocity or the degree of symmetry in the relationship (Aldrich, 1979).

A second structural variable is interface organization, or the mechanisms which govern or influence the activities in the interface (Brown, 1993). These organizational structures and procedures can be written or implied (Ring and Van de Ven, 1994) and create interfaces that either enhance or constrain interaction. Several methods can be used to describe the ability of the interface to govern relationship activities. The first means is boundary permeability or how open the interface is to the environment (Brown, 1983). A second method is procedure standardization, that is, the degree of similarity in the procedures used to guide the interorganizational interaction in each event (Aldrich, 1979). A third means is the frequency and nature of interaction, or how often the organizations transact and the significance of those engaged in the interaction (Aldrich, 1979; Hall, 1982). A fourth way is the location and time of the event (McCall & Simmons, 1978).

The third element in the interface is the processes of interaction, or the manners by which the actors transact as they carry out and shape the interorganizational relationship. The processes of interaction are the primary
means of examining or understanding how the relationship between organizations develops over time. The types of interaction procedures used in an association can create a positive, neutral, or negative tone for the relationship that motivates the institutions to continue or terminate the interaction (Ring and Van de Ven, 1994). Examining these changes in the expressions of the exchange process are the primary means of ascertaining how a relationship develops or evolves.

The processes of interaction that occur in an interface are a result of the interplay of various environmental, organizational, and representative characteristics. The interplay of these inputs produces two interaction process variables that describe the nature of the intercommunications in an interorganizational relationship. First, the interplay of input variables produces patterns of interaction that describe the nature of the overall relationship between the organizations. Three basic types of interaction can result—conflict, cooperation, or coordination. Conflict occurs when organizations bring conflicting interests to an interface and each organization acts to defend its own interests without exhibiting any concern for the interests of the other. Cooperation results when organizations have conflicting interests, but each chooses to pursue their interests while taking the concerns of the other institution into account and adjusting their behavior toward a common objective so that each organization can achieve its goals. Coordination, on the other hand, occurs when the organizations bring common interests to the event, or they deliberately adjust their own goals or interests in order to pursue a common goal or concern (Ahme,
1994; Hall, 1982). Many times, the decision to pursue conflicting or common interests is based on power, or the ability of one organization to force its interests on the other institution or to make the other act in a manner contrary to its own interests (Ahme, 1994; Hall, 1982).

Second, the interplay of input variables in the interface also produces strategies of interaction that describe the interpersonal behavior between organizational representatives as they transact. Brown (1983) indicates that representatives initially engage in one of two interaction strategies based on their perceptions of their organizations' interests: problem-solving results when actors perceive that their interests are common and they interact to achieve common goals; or, bargaining/negotiating, which occurs when individuals perceive that their interests conflict but they communicate in a manner that supports a common or agreed upon direction and mutually reinforces the relationship. As representatives respond to one another in the interactive event, the interplay of their perceptions, communications, and actions can cause the pattern of interpersonal behavior to change. Other interaction strategies result: (a) contending occurs when interests conflict and one actor desires to impose their interest or solution for resolving the conflict on the other in the exchange (Pruitt and Rubin, 1986); (b) yielding results when interests conflict, and one actors gives in or accepts the other's interest or solution (Pruitt and Rubin, 1986); (c) withdrawing happens when interests conflict but the representatives assume common interests in order to reduce conflict in the interaction (Brown, 1983); (d) suppressing occurs when interests conflict but the actors act as if their interests
were common (Brown, 1983); (e) *escalating* results when interests that were initially common become conflicting during the interface and representatives begin pursuing differing goals (Brown, 1986); and (f) *inaction* happens when interests conflict and the actors do nothing and hope the problems go away (Pruitt and Rubin, 1986).

**Outcomes**

The final property, *outcomes*, refers to the conclusions reached or the courses of actions that organizations agree to take (independently or collectively) as a result of the events and interaction in the interface (Brown, 1983; Hall, 1982). These outcomes also serve as the outputs of the relationship that feedback into the environment, organizations, representatives, and interface to influence future interaction. Two variables can be used to describe the outcomes of an interactive event. The outcomes of an exchange can pertain to the specific *resolutions reached or actions taken* as a result of the exchange (Hall, 1982), or to the *state of the interorganizational relationship* at the conclusion of the event (Porter & Taplin, 1987).

**Research Design**

The problem of this research study was to apply this framework to the interaction between a college and local taxing bodies in a community that has engaged in property tax deliberations with nonprofit organizations, and to determine the extent to which this interaction has altered the preceding town-gown relationship. Analyzing the town-gown relationship as an
interorganizational relationship according to the conceptual framework described above, required the use of a research design that provided a means of investigating complex social phenomenon over a period of time and within the context in which it occurred. Consequently, the case study method was utilized for this study because it “investigates a contemporary phenomenon within its real life context, particularly when the boundaries between the phenomenon and the context are not clearly evident” (Yin, 1994, p.13).

A descriptive, single-embedded case study was utilized in this research project. The study was primarily descriptive because the conceptual framework was employed only as a means of describing the history of the relationship between college and city government, rather than as a means of making judgments about the relationship or expressing a cause and effect relationship in explaining how changes in the town-gown relationship may have occurred (Yin, 1993). The theoretical model served as a blueprint for tracing the evolution of the town-gown relationship by defining the scope of the relationship being examined, and the boundaries and criteria for data collection (Glesne and Peshkin, 1992).

The study was a single case study because research was conducted at only one location. A single case study was appropriate in this situation because the town-gown relationship under investigation was previously unresearched and information about a college’s relationship with its local government in this setting was unknown. Consequently, this case study served a revelatory purpose by providing information about a previously unknown social phenomenon (Yin, 1994).
The design was also embedded because more than one unit of analysis was used in collecting the research data. Since the town-gown relationship is comprised of a series of interactive events that provide a history of the relationship, the units of analysis or observation are a series of interactive events that occurred between college and local government representatives. To ascertain changes in the relationship that may have been influenced by the requests for financial assistance, data were collected from events that occurred over three distinct periods of time: (a) before the property tax exemption challenge or payment in lieu of taxes request; (b) during the tax or payment deliberations; and (c) after the request for a financial contribution. In addition, multiple levels of information were acquired on each event so that any changes in the college-local government association could be traced and described as fully as possible. The five elements outlined in the conceptual framework (environment, organizations, representatives, interfaces, and outcomes), comprised the different levels of analysis utilized in this study of town-gown relationships.

Site Selection

Two criteria were considered in selecting a site for this study. First, the institution selected had to have either experienced a legal challenge to its property tax exemption or asked to remit payments in lieu of taxes by local government representatives. Second, the institution selected had to be geographically close to Virginia to reduce research costs and make data
collection easier. Although tax challenges and payment requests are occurring throughout the United States, I first narrowed my search to an institution in the Commonwealth of Pennsylvania because: (a) its geographical proximity to Virginia; and (b) the economic, political, and legal forces in Pennsylvania have caused local governments to try to exact financial resources from colleges and universities by challenging the exemption on property used for non-instructional purposes, overturning the tax-exempt status of an institution because it did not meet the definitional purposes of a charitable organization, and requesting payments in lieu of taxes using both negotiated and coercive measures.

State-wide Taxation Controversies in Pennsylvania

Since the mid 1980's, local governments throughout the Commonwealth of Pennsylvania have experienced economic difficulties and been unable to provide citizens with adequate municipal services. Grobman (1994) attributes these economic difficulties to several trends:

(a) cuts in federal government grants; (b) increases in state and federal mandates to provide services without additional funding; (c) the recession and the resultant increase in the demand for services and decrease in tax base; (d) the flight of the middle class to the suburbs; (e) the burgeoning increase in tax-exempt property; (f) the unwillingness of property owners to absorb additional tax increases; and (g) the explosion of drug abuse, crime, AIDS, homelessness and other social ills. (p. 9)
Consequently, local political subdivisions throughout the state began to look for solutions to their fiscal difficulties. Many officials saw the growing number of tax-exempt nonprofit organizations in their communities as an answer to their financial woes.

Local political leaders were able to target nonprofit organizations because of the state laws governing local government finance and taxation. The Constitution and Statutes of the Commonwealth of Pennsylvania stipulate that the primary source of revenue for counties, cities, boroughs, townships, and school districts is the ad valorem property tax. Article VIII, section 2(a) of the Pennsylvania Constitution also provides that the "General Assembly may by law exempt from taxation," among other properties, the real estate of "institutions of purely public charity . . . actually and regularly used for the purposes of the institution." The Constitution, however, fails to define what is meant by "purely public charity" (Leland, 1994). The Pennsylvania Legislature, in exercising its prerogative to grant a property tax exemption to charitable organizations, defined the term when it declared that "all hospitals, universities, colleges, seminaries, academies, associations and institutions of learning, benevolence or charity . . . founded, endowed, and maintained by public or private charity (P.L. 853, No. 155 [1933]) is exempt from property taxation (Grobman, 1994; Leland, 1994).

In 1985, The Pennsylvania Supreme Court unwittingly clarified the definition when it issued its decision on Hospital Utilization Project v. Commonwealth of Pennsylvania, 487 A.2d 1306 (PA. 1985). The court ruled that an organization qualifies as a purely public charity if it (a) advances a charitable
purpose; (b) donates or renders gratuitously a substantial portion of its services; (c) benefits a substantial and indefinite class of persons who are legitimate subjects of charity; (d) relieves the government of some of its burdens; and (e) operates entirely free from private profit motive (Hospital Utilization Project v. Commonwealth of Pennsylvania (487 A.2d 1306 [PA. 1985]; Grobman, 1994; Hill & Kirschten, 1994; Leland, 1994).

Since 1986, this five-pronged test has been used by local political subdivisions to challenge the tax-exempt status of real estate owned by myriad charitable organizations as a means of raising addition revenues. Types of benevolent organizations that have had their tax-exempt status questioned include YMCA's, hospitals, and children's and nursing homes (See Grobman, 1994; Leland, 1994). In other communities (i.e., Harrisburg, Philadelphia, and Scranton), local political officials gave the nonprofits the choice of either making voluntary contributions, known as payments in lieu of taxes (PILOTS), or having their tax-exempt status challenged using the Hospital Utilization Project (HUP) criteria (Grobman, 1994). Since the criteria were being applied differently in each locale with inconsistent results, and nonprofits were having difficulty proving their right to the property tax exemption, many organizations chose to make contributions rather than risk losing their tax-exempt status through the judicial process.

Private colleges and universities in Pennsylvania qualify for the property tax exemption as charitable organizations; consequently, they must also meet the state's definition of "charitable" to obtain their real estate tax exemption.
(Trustees of the University of Pennsylvania v. Board of Revision, 649 A.2d 154 [Pa Comwlth. 1994]). As a result, several institutions of higher education have had their tax-exempt status challenged using the HUP criteria (Grobman, 1994).

The most publicized challenge to a college's tax exemption under the charitable purpose test involved Washington and Jefferson College in Washington, Pennsylvania. In 1994, the Pennsylvania Court of Common Pleas repealed the college's property tax exemption on the basis that the institution only met one of the five criteria of the charitable purpose test—it operated free from a private motive (In re Appeal of the City of Washington, No. 93-7033 [C.P. Washington County 1994]). The lower court magistrate concluded that the college had "grown into an enterprise of big business" (p. 20) and that it should "pay its fair share of taxes" (p. 22). In September, 1995, however, the Commonwealth Court reversed the lower court's decision, and reinstated the college's tax-exempt status concluding that the college does qualify as a purely public charity and is entitled to the real estate property tax exemption (In re Appeal of the City of Washington, 666 A.2d 352 [Pa. Commonwealth Ct. 1995]; Healy, 1995b).¹

Municipal leaders throughout Pennsylvania have also requested payments in lieu of taxes from colleges and universities in exchange for not contesting an institution's tax-exempt status (Grobman, 1994). King's College and the University of Scranton agreed to voluntarily contribute $40,000 and
$50,000 annually to their local communities rather than risk losing their real estate tax exemption (Bookman, 1992; Mercer, 1994). In addition, although local tax assessment boards upheld their tax-exempt status, Ursinus College and Elizabethtown College also agreed to make payments to local political subdivisions to stave off future appeals (Healy, 1995a).

More coercive measures to exact contributions were utilized in Philadelphia. In 1994, Mayor Ed Rendell issued an executive order (No. 1-94, As Amended [1995]) requesting that all tax-exempt organizations, including 25 colleges and universities make voluntary payments in lieu of taxes equal to 40% of their property tax liability. By May 1995, all institutions of higher education in the city had entered into agreements to provide monetary and/or service contributions to the city rather than risk a tax-exempt challenge (Healy, 1995a).

In another attempt to obtain resources, Philadelphia official refused to issue Temple University, a state-related institution, a zoning variance for the construction of a sports arena and community center unless the university agreed to contribute $5 million to help build low and moderate income housing in the surrounding community. When a dispute erupted between university and city officials over the administration of the funds, state legislatures intervened and passed legislation exempting state-related institutions from local zoning ordinances (Pulley, 1995).

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\footnote{The appellate court's decision was upheld by the Pennsylvania Supreme Court in November, 1997 (In re Appeal of the City of Washington, No. 48 W.D. [Appeal Docket 1996]; Bashinger & Healy, 1997; See also Mitchell, 1997).}
As the number of property tax exemption challenges to charitable organizations using the HUP criteria increased, the Pennsylvania House of Representatives and Senate began drafting legislation that would either protect the property tax-exempt status of benevolent institutions, or enable local governments to obtain payments from nonprofit organizations without instigating a tax exemption challenge. Four bills were initiated between 1991 and 1994; none of these early attempts received enough support from the state governing bodies to become law (Grobman, 1994; Healy, 1995a, 1995b; Leland, 1994). In January, 1997, H.B. 55, known as the Institutions of Purely Public Charity Act, was introduced. As a compilation of the issues addressed in earlier legislation, Act 55 clarified the definition of a charitable organization to abolish the inconsistent application of the HUP criteria by the courts in property tax exemption challenges, provided for the continued tax-exempt status of benevolent organizations, and enabled local political subdivisions to establish voluntary agreements and collect payments in lieu of taxes from large nonprofit organizations (Bashinger & Healy, 1997).²

Mercyhurst College

In selecting the site(s) for data collection, I first identified several institutions and communities as potential sites for data collection from court

² The Senate and House of Representatives approved an amended version of the bill in November, 1997. It became law when signed by the governor on November 25, 1997 (Bashinger & Healy, 1997; H.B. 55—Institutions of Purely Public Charity Act, 1997; Act 55 could end confusion, 1997).
opinions, journal articles, and newspaper reports: Washington and Jefferson
College, Elizabethtown College, Ursinus College, King's College, and Beaver
College. Since I was not familiar with the circumstances surrounding the
requests for contributions in many of these communities, and because other
potential sites might also exist, I contacted Don Francis, an Associate Director at
the Pennsylvania Council on Independent Colleges and Universities for
suggestions and assistance in identifying an appropriate location.

After being denied access by two institutions\(^3\), and discussing my study
with Dr. Francis a second time, he suggested Mercyhurst College in Erie,
Pennsylvania as a potential site for data collection. Mercyhurst College was
recommended as the site for this study for two reasons. First, it represented an
exception rather than the norm in the property tax debate between colleges and
local governments in Pennsylvania. While other locales had targeted colleges in
their attempts to obtain additional resources, the taxing authorities in Erie did not
involve the local colleges in their challenges to the property tax exemption of the
nonprofit organizations in their community. Government leaders instead sought
assistance from the colleges in a different manner. Second, Dr. Francis was

\(^3\) At the time that access was trying to be achieved, the Pennsylvania Supreme
Court had not yet issued an opinion on the tax-exempt status of Washington and
Jefferson College and legislation was pending in the Pennsylvania Legislature
that would further define a purely public charity. The first institutions that I
contacted declined to participate in the study because of their involvement in the
judicial and legislative proceedings occurring at the state level.
reasonably certain that the institution's president, Dr. William Garvey, would agree to participate in the study.

Permission and Informant Identification

Since this project utilized a dyadic organizational approach in studying the town-gown relationship, information was obtained from both the college and local government. Since the completion of this study was dependent on securing access to the college, I began the process by contacting Mercyhurst College. Since I was not familiar with the facts surrounding the tax controversy in this community, I first tried to contact President Garvey by telephone to discuss the taxation issues and determine if the college's response or involvement fit the parameters of my study. After several unsuccessful attempts at reaching him by telephone, I sent a letter explaining my research topic and requesting a telephone interview to discuss the issues. When I finally spoke with Dr. Garvey about the property tax controversy in Erie and the contributions that Mercyhurst College made to local government, I inquired about the possibility of Mercyhurst College serving as a site for data collection. Dr. Garvey immediately expressed his own interest in this subject and granted access. I then sent a formal letter acknowledging the college's participation, along with excerpts of the research proposal and journal article explaining the project in more detail.

I traveled to Erie, in September, 1997, to introduce myself and interview Dr. Garvey to discuss the research project in more detail, collect information on the history of the town-gown relationship as well as the college's involvement in
the tax controversy and contributions to the community, identify key informants and other individuals involved in the interaction between town and gown, and request assistance in obtaining access to local government representatives. Dr. Garvey again conveyed his willingness to participate in the dissertation project and granted me full access to the records and representatives of Mercyhurst College.

During the interview, Dr. Garvey provided me with additional information on the nature of relationship between Mercyhurst College and local government, and provided a list of potential informants. He also identified several key institutional representatives who could provide additional information on the history of the town-gown relationship and institutional contributions. With the assistance of Dr. Garvey's secretary, I scheduled an interview with each of these individuals to discuss the research project and begin collecting information.

In addition, Dr. Garvey offered to contact local government officials to assist me in gaining access to their information and representatives. Since property owners in the City of Erie pay property taxes to the City of Erie, the City of Erie Public School District, and Erie County, permission needed to be obtained from all three government entities. Access to each of these organizations was obtained in different manners.

I obtained permission to conduct research on the relationship between Erie County and Mercyhurst College from Judy Lynch, the Erie County Executive. With the assistance of Dr. Garvey's secretary, I scheduled an interview with Ms. Lynch to discuss the dissertation, request permission to
conduct research, and collect information. She gladly granted access, discussed the county's relationship with Mercyhurst College, and identified county representatives who could furnish additional data.

Entrance to the City of Erie was attained from the Mayor's office. Dr. Garvey's office first tried to schedule an appointment for me to speak with the mayor, Ms. Joyce Savocchio, about the project. Since she was unavailable, Dr. Garvey suggested that I send a letter, portions of the research proposal and my journal article to Rita Capella, the Mayor's Assistant. In a follow up telephone call, Ms. Capella granted me access and permission to interview city representatives. Arrangements were also made for scheduling an interview with the mayor during my next visit to Erie.

Dr. James Barker, the Superintendent of the City of Erie Public Schools, was contacted to attain access to the Erie School District. After a telephone call from Dr. Garvey's office, I sent a letter, portions of the research proposal and the journal article to Dr. Barker's office for review. In a follow up telephone call, the superintendent's secretary informed me that access and permission to interview representatives had been granted (written confirmation was later received). Arrangements were also made for scheduling an interview with the superintendent when I returned to the community.

An initial list of informants for each organization was obtained and compiled from the interviews conducted with Dr. Garvey, key institutional informants, and Ms. Lynch during my first trip to Erie. I sent a letter to each potential informant explaining the study, informing them when research would be
conducted, and asking for their participation. I informed them that I would followed up with a telephone call when I arrived in Erie to discuss the project, secure their participation, and schedule an interview. During data collection, additional informants were identified from interviewing organizational representatives and reviewing memoranda, agendas, and other organizational documents. I contacted these individuals in person or by telephone to explain the project and ask for their participation. Since all informants were fully informed on the nature and purpose of the research project, their willingness to participate in the study by agreeing to be interviewed constituted their informed consent to be a part of the research project.

Methodology

Data for this qualitative study were obtained utilizing multiple date collection methods: documentation analysis, retrieval of archival data, and interviews. The purpose for using multiple information sources was to develop a "converging line of inquiry" (Yin, 1994, p. 92) that provided a means of triangulating or corroborating the data and increasing the validity of the research findings.

Documentation analysis was used as a method of data collection to gain an understanding of the historical context and environmental factors influencing the town-gown relationship, to establish a chronology of events, and to provide information on the facts and participants of each event. Sources of information included: memoranda, letters, minutes, and other written reports related to each
event; institutional or governmental documents; college catalogs, community brochures; and newspaper or journal articles, and other media reports. Archival information (i.e., organizational or individual records) was also consulted to aid in developing a written record of the elements that influenced the town-gown relationship (Yin, 1994).

The primary method of data collection consisted of interviewing both college and government representatives who interacted during the three time periods under investigation. An unstructured or informal interview format was used because a "fixed sequence of predetermined questions" was not utilized (Wolcott (Jaeger), 1988, p. 196). Instead, a set of topical information questions or question topics (Stake, 1995) was created to provide a comprehensive outline of the information that would be collected on each interactive event between the college and its local political subdivisions, and to serve as an outline for the unstructured interviews (see Appendix A). Each informant was asked a unique subset of questions, based on the question topics, depending on the type of information that the individual could provide. An open-ended approach was also employed so that informants could speak freely, and provide both the facts and their perceptions concerning the interchange that occurred during each interactive episode (Yin, 1994).

**Interview Protocol**

The five sections of the interview protocol corresponded to the properties delineated in the analytical framework developed for this inquiry. The first
section, Environment, was designed to identify the elements in the immediate and larger contexts that had influenced the type of interorganizational relationship existing between the institutions. The second section, Organizations, provided a guide for assessing the institutional factors influencing the college-community relationship. The questions revealed information on the interests, internal characteristics, perceptions, resource commitments, and relationship importance of both organizations.

The third section, Organizational Representatives, sought data on the institutional actors engaged in the interaction. The questions furnished information on the roles, characteristics, and perceptions of each individual involved in the interactive events. The fourth segment of the protocol, Interfaces, addressed the activities, organizational structures, and processes of interaction that occurred in each exchange. The primary purpose of the activity questions was to determine the actual communications and actions that occurred in each event. Items concerning the structural aspects of the interface were included to ascertain the type of relationship that exists and the effectiveness of the mechanisms used to govern each event. Questions concerning the processes of interaction were designed to discover the patterns and strategies of interaction used in the interface and the factors that influenced the processes used in each event. The fifth section, Outcomes, was included to ascertain both the conclusions reached or actions taken as a result of the event, and the commitments made to engage in future interaction.
Data Collection

Data for this investigation were collected from fall 1997 to spring 1998. Although information was primarily attained during two site visits to Erie, Pennsylvania in the fall of 1997, additional environmental data were gathered by reviewing local information available on the Internet throughout the data collection and analysis phases of this project. The first visit was September 22-25, 1997 and included a review of documentation to determine the accessibility and quality of the information available. Initial interviews were also conducted with key informants to begin developing a history and chronology of the relationship between Mercyhurst College and its local political subdivisions encompassing the time periods covered by this project, and building a list of representatives or informants involved in the interchanges. These individuals were contacted by letter, in early October 1997. The letter described the nature and purpose of the study, and asked for their participation.

The majority of information was obtained during a second visit to Erie, October 20-30, 1997. Documents and archival information was reviewed, and informants were interviewed. No more than two or three interviews were scheduled per day to ensure that the quality of information obtained was consistent, and provide sufficient time for data transcription. During the interviews, individuals were advised that the confidentiality of any of their responses would be maintained at their request. They were also asked for permission to tape record the interviews as a means of ensuring that their comments were recorded accurately.
In all, 25 separate interviews were conducted with 20 informants. Ten of the participants were from Mercyhurst College, three were from the City of Erie, two were from the City of Erie Public Schools, and five were from Erie County. In addition, one Mercyhurst participant also served as an informant for Erie County due to his involvement in county government.

**Validity and Reliability**

To increase the trustworthiness of the research findings, steps were taken to ensure that validity and reliability were maintained. Triangulation was the primary method utilized to increase the validity of this investigation. Data obtained from each informant were triangulated with the responses of other representatives when appropriate; interview data were corroborated with the information obtained from documentation and archival records; college responses were triangulated with city data; and all information obtained from data collection was compared with the wider literature as a further means of supporting the research findings.

The reliability of the research results was improved, first of all, by establishing an audit trail or a database of all the information collected. All tapes, transcriptions, notes, raw data, and preliminary results were maintained to aid others in replicating the research findings. Reliability was also established by conducting member checks (Yin, 1994). Each informant was sent a transcribed copy of their interview(s) and allowed to review and clarify their responses to ensure that their ideas were accurately presented prior to the data analysis.
encourage informants to return the reviewed transcripts in a timely manner, a stamped return envelop was provided. In addition, a follow-up telephone call was also made to ask informants if they had any questions about the review process and to remind them to return the transcripts.

Data Analysis

The information obtained on the relationship between Mercyhurst College and its local political subdivisions was analyzed utilizing several different procedures. To assist with the analysis of the field notes transcribed from the interviews, a computer software package, *The Ethnograph*, was employed. As a qualitative research tool, *The Ethnograph* software took the place of the “cut and paste” processes typically used in analyzing qualitative data. The interviews were transcribed and formatted according to software requirements. A predetermined set of codes was devised for the variables and indicators identified in the conceptual framework prior to data collection (see Appendix B). In the initial reviews of the interview transcripts, it was determined that this code set was too narrow for the data collected and did not allow the information to be sorted in a meaningful manner. Consequently, additional codes were devised based on the data collected and applied to each interview.

The transcripts were coded in three distinct phases. The first stage was to code the information according to the three time periods under investigation. The data for each time period was then sorted and reviewed separately. In the second phase, the information for each period was coded broadly according to
the organization, organizational representative, or event delineated. Once the data for each period were sorted according to these broad categories, a more detailed set of codes based on the framework for data collection was applied in the third and final stage.

A chronological recording of the interaction events, encompassing the three time periods under investigation, constituted the raw data base for the analysis. All information obtained from college and local government sources on each event was compiled so that a description of each event could be generated. Each description provided a comprehensive summary of: (a) the environmental, organizational, and representative variables that were involved in or affected the interaction and activities during each event; (b) the actual activities and the structural elements that guided the communications and actions during each interchange; (c) the pattern and strategies of interaction used in each interface; and (d) the outcomes, both the actions taken and the commitments made to continue interaction, that occurred as a result of each event.

The string of interactive events was analyzed using a chronological form of time-series analysis. Chronological time-series analysis was selected as the means of examining the data because it enables changes in multiple variables to be analyzed or traced over time, it provides the means to divide a series of events into separate periods and to analyze the patterns in each interval individually, and it allows a sequence of data points to be compared to a theoretically significant trend that was specified before the investigation began.
(Gottman, 1981, Yin, 1994). The trend analyzed in this study was the theoretical proposition that the town-gown relationship changes as the processes of interaction change over time. By utilizing this proposition in describing the actual relationship between Mercyhurst College and its local political subdivisions, changes in the college-community relationship were revealed.

Since the purpose of this study was to ascertain how the town-gown relationship is affected by a tax exemption challenge or contribution request, the events comprising the relationships were analyzed according to three time periods: before the request for financial assistance; during the payment deliberations; and after the financial contribution debate concluded or the issue was resolved. The processes of interaction used in each event during a time period were examined to determine whether the state of the relationship remained stable (processes of interaction utilized remained the same) or changed (process of interaction used fluctuated or permanently shifted from one form to another) throughout each time period.

The processes of interaction utilized and the state of the relationship for each time period was then compared and contrasted across the three time periods to understand or describe how the process of interaction and the town-gown relationship changed over time. Any permanent changes in the patterns and strategies of exchange utilized or the overall state of the relationship that corresponded to the period of payment deliberations were assumed to be associated with the interaction between the college and local government to resolve the payment issue. Finally, an attempt was made to analyze or describe
how the five elements in analytical framework (environment, organizations, organizational representatives, interfaces, and outcomes) interacted to influence each other throughout the relationship during the periods under investigation.

Once the facts of the case were determined and an initial analysis of the data was completed, a new literature search was begun to find an applicable means of explicating the findings. An iterative strategy was employed whereby results on past research were compared to the findings of the current research until an appropriate theory was found to describe the data in a way that yielded interesting or exceptional results. After several rounds of analysis, a suitable conceptual framework was found in the strategic management literature on cooperative interorganizational relationships. Properties of cooperative interorganizational relationships were then utilized to describe the exceptional features or characteristics of the relationship between Mercyhurst College and local government.

**Analytical Framework**

Ring and Van de Ven (1994) describe organizational relationships that are maintained over time to the benefit of both parties as a cooperative interorganizational relationship (CIORs). Although CIORs can be viewed from a variety of theoretical perspectives (see Smith, Carroll, and Ashford, 1995 for an overview), they are primarily considered from either an economic or relational point of view (Arino, 1997; Florin, 1997). The economic or transactional cost perspective, rooted both in contingency and population ecology theories,
purports that an organization's decision to cooperate with another organization is
based on the economic costs of cooperation to the firm. This viewpoint is based
on two assumptions. First, cooperation does not come naturally and each
organization has the right to pursue its own interests at the expense of others
(Arino, 1997). Second, people and organizations act opportunistically and take
advantage of the weaknesses displayed by the other organization to the
transaction (Florin, 1997). Thus, organizations cooperate only when each party
perceives that the benefits of cooperating exceed the costs assumed in doing so
(Smith, Carroll, & Ashford, 1995).

The relational perspective, grounded in organizational ecology theory,
assumes that organizations are willing and want to engage in CIORs with other
institutions either for the purpose of meeting their own needs or fulfilling societal
expectations (Arino, 1997). Therefore, CIORs can be viewed as “socially
contrived mechanisms for collective action, which are continually shaped and
reststructured by actions and symbolic interpretations of the parties involved” (Ring
& Van de Ven, 1994, p. 96). This definition provides two characteristics of
CIORs. First, CIORs can be either formal or informal based on the mechanisms
used to determine each organization's contribution to the relationship. In formal
CIORs, the relationship is governed by written or contractual agreements and
other formal structures of control. Informal CIORs are more flexible and are
governed by behavioral norms and social processes rather than written
contractual agreements (Smith, Carroll, & Ashford, 1995).
Second, since CIORs are "continually shaped and restructured by actions and symbolic interpretations of the parties involved" (Ring & Van de Ven, 1994, p. 96), the dynamic processes involved in maintaining the CIOR change and develop over time (Ring, 1997). This relational view theorizes that CIORs are built on iterative or repeated transactions and cumulative results (Choi & Lee, 1997), and that no portion of the relationship—past, present, or future—can be viewed independently of the others (Ring & Van de Ven).

From a relational and process perspective, CIORs develop through a "sequence of events or activities that describe how things change over time, or that represents an underlying pattern of cognitive transitions by an entity in dealing with an issue" (Van de Ven, 1992, p. 170). Scholars offer three developmental perspectives. Ring and Van de Ven (1994) posit that CIORs develop (i.e., are formed, maintained, and dissolved) in an evolutionary fashion as organizations repetitively engage in cycles of negotiation, commitment, and execution. Each stage is evaluated in terms of the efficiency (cost effectiveness and expediency) and equity (fair dealing) present in the processes and outcomes. During the negotiation cycle, organizational representatives develop congruent expectations about their motivations for cooperating and the contributions each will make to the relationship, assess environmental uncertainties, and discuss terms and procedures that will govern the relationship. In the commitment cycle, agreement is reached about the obligations of each party, rules and governance structure of the relationship. These arrangements are then formally ratified through written documents or are informally recognized.
by both organizations in a psychological contract. The execution cycle is where the commitments and actions agreed upon in the previous phases are carried out and decisions are made concerning the continuation of the relationship into the future.

Spekman, Isabella, MacAvoy and Forbes (1996) present a seven stage life-cycle of relationship development that is similar to the evolutionary model proposed by Ring and Van de Ven (1994). These seven stage--anticipation, engagement, valuation, coordination, investment, stabilization, and decision--are grouped into three phases representing the formation, development and continuation of the CIOR. The first three stages--anticipation, engagement, and valuation--comprise the formative phase in which the vision and values for the CIOR emerge and the ability to communicate the vision to representatives in both organizations develops. In the coordination and investment stages the relationship metamorphoses and the governance processes take root and organizational contributions and commitments are determined. The last two phases of the life-cycle, stabilization and decision, is where processes develop that enable the CIOR to adapt to a variety of environmental conditions and to “stay the course” over time.

Larson (1992) also describes CIORs as progressing through three phases, each containing unique and significant social aspects which are critical for advancement to the next relationship stage. Although Larson’s Phase I, the preconditions for exchange, is different than the early stage of CIOR development proposed by Ring and Van de Ven (1994) and Spekman, Isabella,
MacAvoy and Forbes (1996), she recognizes that the foundation for a CIOR begins long before an organizational decision to form a relationship and cooperate occurs. Activities in this initial phase center on getting to know the people and the capabilities of the organizations that want to cooperate. Participants establish a context for the expectations and moral obligations that will govern the relationship to follow.

In Phase II, the conditions to build the relationship materialize. In this “trial period” organizations identify a need to cooperate and are willing to undergo the trials that lead to a more stable relationship. During this phase, an initial structure for an exchange develops, formal and informal rules are instituted, and relationship norms and expectations emerge. In Phase III, relationship integration occurs as the participating organizations become strategically and operationally interdependent as a result of the recurring exchanges. The social norms that were established in the initiation phase of the relationship are integrated into all levels of the relationship and serve to govern the relationship as social controls. CIORs at this phase begin to resemble “well-coordinated, vertically integrated units with established systems, and procedures, and modes of communication” (Larsen, 1992, p. 91).

**CIOR Characteristics**

Additionally, all researchers studying the development of CIORs from a relational perspective identify important elements that characterize successful relationships. These elements have been treated as static categories of
concepts (Ring, 1997) and ordered using an input-output model (Smith, Carroll, & Ashford, 1995) as a means of capturing both the immediate antecedents and consequences of the cooperative process. A more dynamic approach, however, portrays CIORs through a developmental sequence by not only identifying the important elements that are crucial to the formation and maintenance of the CIOR but also explaining their interactions and contributions at each stage or phase of the relationship's development (Larson, 1992; Ring & Van de Ven, 1994; and Spekman, Isabella, MacAvoy, & Forbes, 1996). Although the approaches and terms vary, common components or characteristics of CIORs include trust, reciprocity, commitment, and understanding. Agreeing on the importance of these elements as critical components to the interorganizational relationship, researchers often vary in their determination of how these elements interact to influence and affect each other as well as the CIOR at each stage of development.

**Trust**

Trust is considered to be an important element in CIORs. Aulakh, Kotabe, and Sahay (1997) indicate that trust can be conceptualized in a number of different ways:

- Trust in interpersonal relations is defined as the willingness of one person to increase his or her vulnerability to the actions of another person; in economic exchange as the expectations that parties will make a good faith effort to behave in accordance with any commitments, be honest in negotiations, and not take advantage of the other, even when the
opportunity is available; and in society as a collective attribute based upon the relationships in a social system. (p. 166)

They further purport that "just as trust can exist between individuals, with expectations of behavior on both sides, it can also exist between organizations because individuals manage interorganizational relationships" (Aulakh, Kotabe, & Sahay, 1997, p. 166). Consequently, trust in a CIOR can be defined as "an individual's confidence in the good will of a given group and the belief that the others will make efforts consistent with the group's goals" (Smith, Carroll, & Ashford, 1995, p. 11).

While some consider trust to be an input (Smith, Carroll, & Ashford, 1995), and others visualize it as an outcome (Johnson, Cullen, Sakano, & Takenouchi, 1997), the majority of scholars view trust as a throughput (Florin, 1997; Inkpen & Currall, 1997; Sarkar, Cavusgil, & Evirgren, 1997) or a dynamic component of the relationship itself (Larson, 1992; Ring & Van de Ven, 1994; Spekman, Isabella, MacAvoy, & Forbes, 1996). Trust serves many purposes within a CIOR including strengthening interorganizational ties, reducing the transaction costs associated with the exchange relationship, and enabling the parties to exercise tolerance and overcome problems which could lead to opportunistic behavior (Inkpen & Currall). Trust is of particular importance in a CIOR under conditions of risk, when the potential for negative outcomes exists (Inkpen & Curall) or conditions of uncertainty in the environment in which the relationship occurs (Ring & Van de Ven). Sarkar, Cavusgil, and Evergen (1997)
consider trust to be a primary requirement for the development of commitment, another key characteristic of CIORs.

Commitment

Morgan and Hunt (as cited by Sarkar, Cavusgil, & Evergen, 1997) define commitment as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum effort at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely.” (p. 262) Commitment in a CIOR is signaled by an emotional attachment to the continuation of the relationship among the parties involved (Holm, Eriksson, & Johanson, 1997; Smith, Carroll, & Ashford, 1995) and is critical to the development of the psychological contract and the sense of obligation to engage in future exchange between partners (Doz, 1997; Ring, 1997). Once this occurs, the partners are willing to make short-term sacrifices in order to strengthen the relationship and extend further cooperation to ensure the CIOR continues (Doz, 1997; Sarker, Cavusgil, & Evirgen, 1997).

Reciprocity

Reciprocity is a core characteristic of any exchange process including CIORs (Horton & Richey, 1997) where the parties are interdependent. Reciprocity denotes a set of transactions or exchanges “in which each individual gives something of value (for example, labor) and receives something of value (for example, money) in return (Ouchi, 1980, p. 130). Whether reciprocity requires the exchange of equivalent resources or not is determined by the
definition of equity utilized in the relationship. In organizational relationships in which the division of inputs or outcomes must be equal between the parties, the benefits received by each party must be equivalent at each transaction for reciprocity to occur (Ring & Van de Ven, 1994). Equity usually occurs when relationships are based primarily on the economic benefits they bring to the organizations involved. In CIORs, in which the organizations want to cooperate and maintain a relationship over a considerable length of time, equity is usually defined as fair dealing that requires only “fair rates of exchange” so that “all parties receive benefits proportional to their investments” (Ring & Van de Ven, 1994, p. 94). Thus, the social construct of indebtedness, that equivalent yet unequal exchanges between parties obligates the parties to engage in additional exchanges in the future, creates reciprocity (Ring & Van de Ven). This behavior signals that trust has developed in a CIOR, thereby “motivating the partner to engage in similar behavior” (Johnson, Cullen, Sakano, & Takenouchi, 1997, p. 234).

**Understanding**

The final element, understanding, occurs as “organizational members translate an organizational event and construct a meaningful explanation of the event” that produces or “develops a shared understanding that helps frame future actions” (Greenberg, 1995, p. 185). Understanding is accomplished through: (a) creating or forming images or mental models of the organizations and its environment that express central values, interests, and purposes of the
organization, and form its identity; and (b) articulating or communicating this image to important stakeholders in the environment (Gioia & Thomas, 1995; Hill & Lavenhagen, 1995). For understanding to occur in a CIOR, the organizations involved must first form or establish an identity of themselves in relation to the other organizations and construct a common understanding or perception of each other (Ring & Van de Ven, 1994). This sensemaking is important in the negotiation stages of the relationship because it facilitates the development of trust and commitment in the CIOR by enabling individuals to “act more clearly in relation to the environment in which they are embedded” (Ring, 1997, p. 295) and form a relationship based on informal psychological contracts as opposed to formal written agreements.

**Antecedent CIOR Characteristics**

A recognized set of antecedent attributes lead to the development of these characteristics within the CIOR and influence the speed at which the interorganizational relationship evolves. The most common attributes reported include: repeated interaction over time, good communication between organizations, shared norms and routines, forbearance, and personal ties or social networks among organizational representatives (Florin, 1997; Inkpen & Currall, 1997; Larson, 1992; Ring 1997; Sarker, Cavusgil, & Evirgen, 1997). The antecedent characteristics emphasized is dependent upon whether the scholar approaches the study of CIORs and their characteristics from a static or dynamic/process approach. Those taking a static approach (Florin; Inkpen &
Currall; Sarkar et al.) tend to focus on the importance of repeated interaction, forbearance, good communication, and shared norms and routines in the development of trust, commitment, reciprocity and understanding. Although the importance of social networks is recognized, how the individual relationships impact the growth of the characteristics is not described in detail. Those taking a process approach (Larson; Ring, 1997; Ring & Van de Ven, 1994; Spekman, Isabella, MacAvoy, & Forbes, 1996) also recognize the contributions of repeated interaction, communication, and shared norms and values to the development of these characteristics but emphasize instead the role of personal relationships in their establishment instead. Although each of these antecedent variables are important, the most relevant factor in this study is social networks or personal relationships between organizational representatives and the only one that will be discussed in detail.

**Interpersonal Relationships**

Ring and Van de Ven (1994) indicate that CIORs “merge, grow, and dissolve over time as a consequence of individual activities” (p. 95). Relationships between organizations, therefore, are really relationships between people and the interpersonal relationships that exist between these boundary spanning individuals help shape and modify the developing CIORs (Hutt, Stafford, Walker, & Reingen, 2000). Larson (1992), Ring and Van de Ven (1994), Spekman, Isabella, MacAvoy and Forbes (1996), and Hutt, Stafford, Walker and Reingen (2000), all agree that personal relationships or ties are
essential ingredients in a successful alliance between organizations. Each provides important insights on their importance to the development of CIOR and its characteristics.

Larson (1992) emphasizes the importance of interpersonal relationships as a precondition of CIOR development. She recognizes that organizations are often predisposed not only to develop connections with other firms, but also to move those relationships from arms-length to a CIOR as a result of prior personal relationships and friendship ties between individuals associated with each entity. They are particularly important when organizations have had limited prior interaction and must rely on personal reputations and histories resulting from friendships and social ties as the foundations for trust and commitment at the interorganizational level. These interpersonal relationships shape the CIOR by reducing risk and setting a context of expectations and reciprocal obligations for the relationship that follows. Ring (1997) adds that prior interpersonal relationships enable CIOR’s to develop more rapidly because trust, commitment, and understanding are already present in their personal relationships.

Although Ring and Van de Ven (1994) also recognize friendship ties as a starting point of CIORs, they focus primarily on the role of personal relationships in later phases of cooperative relationship development. They purport that as organizational representatives interact with each other as a result of the CIOR, they develop interpersonal relationships with one another that supplement their organizational interactions. As a result of repeated organizational interactions, they develop bonds of friendship that lead to sentiment and social interaction...
which reduces risk, and enhances the growth of group norms and trust in the CIOR. The presence of personal relationships among organizational representatives also enables the CIOR to become institutionalized and continue “beyond the immediate tenure of its founders” (Ring and Van de Ven, 1992, p. 102).

Spekman, Isabella, MacAvoy and Forbes (1996), like Ring and Van de Ven (1992) focus on the importance of personal relationships within an organizational alliance and identity relational ties as one of two requirements for successful CIOR development. Their emphasis on interpersonal relationships follows their research findings that a CIOR “is a complex interaction of business and interpersonal activities” (Spekman, Isabella, MacAvoy, & Forbes, 1996, p. 350). Interpersonal relationships are important factors to the success of an organizational alliance because they help define the strategic vision of the organizational relationship, aid the communication between firms, and influence the strength of ties between both the organizational leaders and their organizations. Spekman, Isabella, MacAvoy and Forbes draw two conclusions regarding personal relationships in organizational alliances. First, personal relationships are necessary between organizational representatives at all levels of interaction within the CIOR to ensure that trust and commitment to the organizational relationship is prevalent among all representatives in the CIOR. The importance of interpersonal relationships at all levels of an organizational relationship is also supported by Hutt, Stafford, Walker and Reingen (2000) who state that “in a strategic alliance, interpersonal relationships matter; companies
must forge strong interpersonal ties to unite participants in their organizations, and they must continue boundary-spanning activities at multiple . . . levels as the relationship evolves" (p. 59). Second, the interpersonal activities of a CIOR must be built and nurtured in the same way that business activities are attended to for the organizational relationship to succeed. Nurturing personal connections that unite organizations enables CIORs to succeed and meet expectations by accelerating learning and increasing the effectiveness of the partnership (Hutt, Stafford, Walker, & Reingen, 2000).

**Relationship Champion**

The final essential antecedent variable is identified on a more limited basis, that is, the importance of individuals in the development of the CIOR. Only Larson (1992) and Spekman, Isabella, MacAvoy and Forbes (1996) recognize contributions individual actors make to a cooperative relationship between organizations. Larson recognizes the importance of an individual as an initiator, someone who displays an initial eagerness to form a more cooperative relationship. In her study of entrepreneurial business networks (Larson, 1992), each of the alliances began when an actor representing one of the parties “would frame the relationship as cooperative by actively working to build close relations” (p. 89) with the other organization. Actions signaling a willingness to engage in a more cooperative relationship included responding to the requests of the organization in a positive manner, displaying a willingness to “go the extra mile” in meeting the other entities’ needs, asking the other firm “what can we do to
help.” Underlying these actions was the philosophy that the initiating firm would be better off developing not only a close organizational relationship, but close personal relationships with the other organization.

In contrast to this, Spekman, Isabella, MacAvoy, and Forbes (1996) recognize the importance of individual representatives throughout the development of the CIOR. In their study of international strategic alliances, central to the success of the alliances were “alliance managers” or “champions” who were responsible for the “care and feeding of the alliance” (p. 352) for their organization throughout each state of the CIOR’s life-cycle. These relationship champions advanced the vision among the alliances participants and promoted the development of informal interpersonal relationships both within and between partner organizations by utilizing their own personal relational networks developed over time. Spekman, Isabella, MacAvoy and Forbes further purport that these individuals must possess certain abilities including the capability to concentrate on both the business and interpersonal activities of the relationship and the flexibility to play a variety of roles within the relationship such as strategic sponsor, advocate, networker, facilitator, and mediator.

Although both Larson (1992) and Spekman, Isabella, MacAvoy and Forbes (1996) recognize the need for high-level personal involvement in the development of a CIOR, each recognizes the importance of these individuals at difference phases of the relationship’s development. Whereas Larson sees the role of an individual as predominately useful at the initiation of the relationship, Spekman, Isabella, MacAvoy and Forbes argue that this involvement is essential
throughout the existence of the relationship. Additionally, Larson proposes that a single individual from one organization can play a more significant role in the development of the interorganizational relationship whereas Spekman, Isabella, MacAvoy and Forbes imply that that each organization must have a champion to ensure the success of the relationship.

Both authors complement each other by recognizing the importance of individuals to the successful development of a cooperative interorganizational relationship and, taken together, provide a comprehensive perspective on how individuals can affect a CIOR. Neither explores, however, the role that a single individual can play or the importance of a single individual in the success of an interorganizational relationship in all stages of development. In this case study, one individual fulfills both the role of initiator for the relationship and champion of the relationship for both institutions.

**Research Findings**

Research findings are presented in Chapters Four and Five. Chapter Four provides a description of the case that includes historical and background information on Mercyhurst College, the Erie community and the three local government subunits—the City of Erie, City of Erie Public Schools, and Erie County. In addition, information is provided on the property tax exemption challenges and payment in lieu of taxes requests experienced by local nonprofit organizations, including the areas colleges and universities.

Chapter Five provides an analysis of the town-gown relationship that exists between Mercyhurst College and local government utilizing the properties
of cooperative interorganizational relationships outlined above. What makes this case exceptional is the presence of a single individual who serves as both the initiator and the champion of the relationship for both organizations throughout the three time periods investigated in this study. The personal characteristics of this individual and how he influenced or contributed to the development of the town-gown relationship are utilized as the primary means of description.
Chapter 4

CASE DESCRIPTION

The purpose of this dissertation was to investigate how the relationship between Mercyhurst College and its local government was altered as a result of a property tax-exemption challenge or contribution request. This chapter provides the historical and social context for analyzing the town-gown relationship between Mercyhurst College and the local government organizations in Erie, Pennsylvania. First, it provides historical and background information on Mercyhurst College. Second, it presents historical information on the Erie community, outlines the functions and organization of the three local government organizations, and discusses the causes of the local government's fiscal difficulties. Finally, this chapter describes the efforts of the local taxing bodies to obtain financial resources from the area's nonprofit institutions through coercive and nonconfrontational methods and the impact of these efforts on the local government organizations fiscal resources. Included in this discussion is a description of the contributions made by Mercyhurst College in response to a request for assistance by local government.

Mercyhurst College

Mercyhurst College was founded in 1926 by the Sisters of Mercy, a Catholic Religious Order devoted to aiding the poor, infirmed, and uneducated.
The vision for this institution of higher learning began in 1920 when the Bishop of Erie, the Reverend John Mark Gannon, asked the Sisters to move from Titusville, Pennsylvania to Erie to begin a college-preparatory school for women. In 1922, the Sisters, under the direction of Mother M. Borgia Egan, purchased 76 acres of land on a hill overlooking the city as a site for their school. Mercyhurst College opened its doors on September 7, 1926 with 23 women students. The Commonwealth of Pennsylvania granted the college a charter to award a B.A. degree in 1928. In 1931, with an enrollment of 131 students, the institution received full accreditation by the Middle States Association of Colleges and Universities (Taylor, 1976).

The college's early years was a period of growth and development which focused on creating an image of the college for the Erie community. In building an "image of quality and taste that would attract both parents and their daughters to the institution," (Taylor, 1976, p. 8) a variety of educational, cultural, and social events were established. Concerts and lectures were provided to supplement the classroom instruction as well as promote the college in the local community; seasonal proms and formal teas were established to prepare students with "what the Mercyhurst code viewed as essential to develop in the young woman an urbanity which fitted her proper role in home and world affairs" (Taylor, 1976, p.9).

Enrollment at the college grew steadily and reached 500 by the early 1950's. The faculty and administration of the college was originally comprised entirely of Sisters. As enrollment increased, however, it became necessary to
hire lay individuals as well. By 1960, the faculty was comprised of 25 Sisters and 12 secular members. The top administrative posts, including the presidency, continued to be held by Sisters (Taylor, 1976).

The 1960's began a period of change for the institution as the college sought to redefine itself as a means of guaranteeing that "both the benefits of a Christian Liberal Education and training adequate to pursue effectively a career" (Taylor, 1976, p. 18) would continue. Several changes occurred which established the foundation for the institution's future. One modification was changing the college from a women's college to a coeducational institution. The Board of Trustees amended the charter in 1969 to allow the college toward degrees men.

The addition of men on the campus created the need for a second change—the development of academic programs and cocurricular activities of interest to male students. Curriculum changes during this period included adding new majors in business, hotel and restaurant management, law enforcement, dental assistance, and computer science to the college's already established majors in the sciences, arts, humanities, and teacher education. Mercyhurst also established intercollegiate athletic programs in baseball, basketball, and crew (Mercyhurst College, 1997c; Sr. Carolyn Herrmann dies, 1997; Taylor, 1976).

A third, and perhaps biggest, change occurred in the administrative structure of the institution. Until 1963, Mercyhurst College was governed by a board comprised of 25 Sisters of Mercy and the Mother Superior, who served as the ex-officio president of the college. In response to Mother M. Borgia Egan's
departure from leadership, the institution's Articles of Incorporation were revised to provide for a separate president and a Board of Trustees comprised of both Sisters and lay individuals. The first president under the revised charter was Sister Carolyn Herrmann. Sr. Carolyn first came to the college as a student, earning a bachelor's degree in both chemistry and biology. After completing graduate degrees, she returned as a faculty member. She served as the chair of the Chemistry Department, Dean of Women, and the academic dean before being appointed president in June, 1963. Her accomplishments as President included implementing the restructured Board of Trustees as outlined in the institution's revised Articles of Incorporation; launching a three phase blueprint for curricular change which included replacing the two semester system with a three term program, and adding a wide range of concentrations or majors with both a liberal arts and career focus; establishing the institution's first alumni, public relations, and development offices; and supervising its first capital and fund raising campaigns. During her term of office, lay individuals also replaced Sisters in the positions of Registrar, Academic Dean, and Treasurer (Sr. Carolyn Herrmann dies, 1997; Taylor, 1976).

In 1971, Sr. Carolyn indicated that she would retire as President of Mercyhurst in 1972. Because a qualified Sister of Mercy was not available to take over as President, the college conducted a national search and hired its first lay president, Dr. Marion Shane. Under his leadership, the college continued to implement the curricular and administrative transformations begun during Sr.
Carolyn's presidency (Taylor, 1976). When Dr. Shane left Mercyhurst College in 1980, Dr. William Garvey became the institution's second lay President.

Dr. Garvey originally came to Mercyhurst College in 1962 to serve as the chair of the Education Department. In 1970, he became the college's first lay Vice President of Academic Affairs, a position he held until 1976 when he left the institution to become Erie County's Director of Administration. Dr. Garvey returned to the college in 1978 to direct the institution's first graduate program in criminal justice (Mercyhurst College, 1997a). With the departure of Dr. Shane, Mercyhurst conducted another national presidential search. At the urging of others, Dr. Garvey submitted his name for consideration and was eventually selected for the office by the Board of Trustees (Garvey, personal communication, October 30, 1997).

Mercyhurst College, under Dr. Garvey's leadership, has continued to grow with the institution's enrollment, academic programs, and facilities all increasing (Mercyhurst College, 1997a). Enrollment at the main campus of Mercyhurst College grew from 1400 to over 2100 students between 1980 and 1997. Much of this growth can be attributed to the reputation and expansion of the college's academic programs. During Dr. Garvey's tenure as President, the college has developed nationally known programs in anthropology and archaeology, established the first undergraduate program in Research/Intelligence Analysis, and initiated an adult college to enable nontraditional students to complete undergraduate and graduate degrees (Mercyhurst College, 1997a).
To accommodate this growth, the institution has spent over $30 million dollars since the late 1980's to expand and renovate its facilities. New buildings and facilities on the campus include a performing arts center, student union, ice center, apartment style student housing, and a football field. In addition, a fourth floor was added to the library and an automation system was installed, providing Mercyhurst students with the most advanced instructional information technology system in northwest Pennsylvania. These improvements were possible as a result of a successful capital campaign which raised $12.3 million over an 18 month period, an amount twice the institution's original goal (Mercyhurst College, 1997a, 1997b). As a result, the main campus now consists of 46 buildings on 50 acres of land, which the college purchased from the Sisters of Mercy in 1993.

In 1991, Mercyhurst College expanded its course offerings and began its McAuley Division which offers one- and two-year community college programs at three extension campuses in Erie County (Mercyhurst College, 1996, 1997a). One of these extension campuses is the North East Center which provides residential facilities and offers Associate Degrees and certification programs in vocationally oriented fields such as Culinary Arts and Wine Technology, Computer Systems Support, Office Management, Materials Management, and Law Enforcement. The North East Campus is also the home to Northwest Pennsylvania's only Police Academy, a program Mercyhurst established to train area police officers (Mercyhurst College, 1997c).

Mercyhurst College today enrolls over 2800 students (57% women, 43% men) on four campuses throughout the Erie area. It offers associate through
master's degrees in over 35 liberal arts, career, and pre-professional areas of study. In addition, the college employs 310 people, including over 100 full-time faculty members, and has an annual budget exceeding $33 million (Mercyhurst College, 1997b, 1997c). The institution has been ranked in the top tier of northern liberal arts colleges by *U.S. News and World Report* since 1995 (*U.S. News and World Report*, 1997), and added the rating as one of the "ten best priced values in education" among regional liberal arts colleges in the North in 1997 (*Mercyhurst rated*, 1997). Mercyhurst’s motto, Carpe Diem or "seize the opportunity," reflects the institution’s quest to fulfill its mission of being not only a "high quality, Catholic, liberal arts, teaching centered, value-oriented institution, [but] one also inspired by the Sisters of Mercy to create a special place for ‘all who need education and support’" (*Toward the Next Century*, 1995, p.1).

**Erie, Pennsylvania**

The community of Erie is located in northwestern, Pennsylvania along the bank of Lake Erie between the Ohio and New York borders. Originally inhabited by the Eriez Indians, the area was first discovered by a French missionary in 1615. It later served as a military outpost during both the French and Indian, and Revolutionary Wars (Chamber of Commerce, 1996). The town was established when the Pennsylvania legislature passed a bill calling for the “establishment of a town called Erie” in 1795 (Garvey, 1993; Chamber of Commerce, 1997a).

Once established as a community, the population of Erie increased steadily, from 500 in 1812 to 10,000 by 1851. By 1895, the port city had grown to 40,000 inhabitants and developed industries that continued attracting immigrants.
into the area throughout the first half of the 20th century. The population of Erie reached its peak of 138,000 in 1960. By 1990, however, the total number of inhabitants had declined to 110,000, a trend that is expected to continue into the early 21st century (Garvey, 1993).

Today, Erie is a diverse community—ethnically, religiously, and economically. The ethnic composition of its residents is German (28%), Polish (16%), African American (13%), Italian (11%), Irish (10%), Yankee (a term used to refer to those of English, Canadian, Scotch-Irish, and Scottish descent) (7%), and Hispanic (2%). Over 60% of the population is Catholic (Garvey, 1993). Rather than a single business or industry, Erie is dependent on a number of small or medium sized industries for its economic exigency including manufacturing, service, tourism, health care, and education (Garvey, 1993; Times-Publishing, 1996; Chamber of Commerce, 1996).

Erie has the distinction of being the third largest city in the Commonwealth of Pennsylvania. It also serves as the “signature” or “center” city for Erie County's 39 municipalities (cities, townships, and boroughs) and 280,000 inhabitants. As a “center” city, Erie provides county residents with essential services including water, transportation, and newspapers; access to major hospitals; educational, cultural, and professional sporting events; and other amenities such as a zoo, public library, and civic center (Garvey, 1993). Although an urban center, with many of the cultural offerings of a larger and more sophisticated community, the City of Erie is also often described as a “big small town ” (Garvey, 1973; 1993) because of its stable economy, relationship orientation, and agreeable life style.
Local Government Organizations

City residents and property owners live and operate under the jurisdiction of three units of local government—the government of the City of Erie, the City of Erie Public School District and Erie County. Each political subdivision serves an unique function and provides the community with essential municipal services. Although the local government subunits finance these services through a variety of revenue streams, their primary source of funding is the local real estate property tax.

City of Erie

The government of the City of Erie enacts laws and provides city residents and property owners with police, fire, public works (garbage collection, recycling, sewer, water, and streets), zoning and planning, licensing, and building inspection services. The city government, in addition, is responsible for collecting all city, county, and school district property taxes. As an organization, the City of Erie operates under the leadership of a full-time elected mayor and a seven member city council.

Erie has had two mayors since the mid 1960's. Louis Tullio was first elected Mayor in 1966 and served until his death in 1989. After a short period in which Pat Liebel, Tullio's executive assistant, served as Acting Mayor, Joyce Savocchio was elected and began serving in 1990. The city has since imposed a three term limit on the office of mayor; consequently, Savocchio will give up her position when her third term ends in 2002 (J. Savocchio, personal communication, October 29, 1997).
The government of the City of Erie has a general operating budget of $43 million dollars (Miller, 1997a). The budget is funded by two primary sources of revenue: a 1% wage tax on all persons employed within the city limits; and the real estate property tax collected from city property owners. Erie's 1997 tax rate was 43.23 mills, of which 30 mills supported the general operating budget (J. Savocchio, personal communication, October, 29, 1997; Erie Area Chamber of Commerce, 1997b).

**City of Erie Public School District**

The Erie Public School District administers the Commonwealth of Pennsylvania's system of public education and provides educational services for the City of Erie's school age population. The school district provides instruction to 12,000 of the city's 18,000 school age students through its 14 elementary, 3 middle, and 3 high schools. The school district also furnishes student related services--such as busing, reading, counseling, and nursing--as well as special education services to all qualifying students in the city regardless of whether they attend a public or private school (J. Barker, personal communication, October 30, 1997; J. Piekanski, personal communication, October 21, 1997).

The Erie Public School District is led by a full-time superintendent and an elected school board. The current superintendent, James Barker, joined the school district as a teacher in 1973. After holding various administrative positions at the district level, he was appointed superintendent in 1992.

The school district's general operating budget in 1997 was over $80 million dollars. Although the school district receives state and federal funds to
support special education and programs for at-risk populations, its primary
source of revenue is also the real estate property tax. The Erie School District's
tax rate was 51 mills in 1997, making it the heaviest taxer for city property
owners (J. Barker, personal communication, October 30, 1997; Eric Area
Chamber of Commerce, 1997b).

**Erie County**

The government of Erie County provides a number of services such as
courts, criminal justice, human services, and public health and safety to all
county residents including those residing in the City of Erie. The county is also
responsible for conducting and maintaining the property value assessments
utilized by municipalities and school districts in levying real estate property taxes.

Erie County has utilized a Home Rule form of government since 1976 and,
therefore, operates under the leadership of a full-time elected County Executive
and a seven member part-time elected county council. The current County
Executive, Judy Lynch, has held the position since 1982 (J. Lynch, personal
communication, September, 24, 1997). Erie County's total 1997 budget was
almost $180 million dollars, with approximately $50 million designated for general
operating expenses (*County council up taxes 1 mill, 1997*; Guerriero, 1997). The
county has three major sources of revenue: federal, state, and municipal grants;
fees for services; and property taxes. Unlike the city and school district, the
property tax is not the county's primary source of funds; only 20% of the county
revenues are derived from the property tax. (*Erie County, 1999*).
Community Fiscal Distress

Since the mid 1980's, the City of Erie and the Erie Public School District have found it increasingly difficult to obtain the financial resources needed to provide city residents with necessary municipal and educational services.¹ Mayor Savocchio and Superintendent Barker both attribute the cause of their fiscal distress primarily to the inability of the city and school district to raise adequate resources with the property tax and cite several factors which they believe are contributing to inadequate property tax resources.

One reason that the real estate tax is considered an inadequate source of revenue, particularly by city leaders, is that expenses for necessary services exceed the amount of funds received from property tax collections. Property tax revenues finance less than 50% of the city's total operating budget while necessary services comprise over 60% of expenditures. Savocchio (personal communication, October 29, 1997) stated that, "If you look at police and fire alone, they make up 60% of that $43 million dollar budget. So in the [property] taxes . . . what we collect, that isn't sufficient to even pay for police and fire." With the cost of providing municipal services continuing to increase, the lack of tax revenues becomes more critical.

The second factor is the rising cost of providing services. For the City of Erie, the increase in expenses is the result not only of rising prices, but also greater public expectations for the quality and types of services provided.

¹ Erie County is not experiencing these same fiscal difficulties because of its multiple sources of funding and larger base of tax support (Lynch, personal communication, September 24, 1997).
Savocchio (personal communication, October 29, 1997) stated that, "a tremendous burden is being placed on cities to provide services. Costs escalate really daily, not only in terms of personnel, but in terms of the types of equipment, in terms of the expectations."

The Erie Public School District, on the other hand, attributes greater service costs to an increase in federally mandated requirements for services coupled with a decrease in federal funds to finance these government stipulations. Of particular concern is the effects that federal mandates have had on the cost of educational services for special education students in the school district. Barker indicated that while the cost to educate an average student is between $4,000 and $5,000 per child, mandated federally required services have raised the per pupil cost of services for special education students to almost $12,000. At the same time, since these requirements were commissioned, the amount of federal monies designated to K-12 education has been reduced from 7% to less than 4% of the federal budget. The result is that local school districts must fund a greater portion of the cost of these service requirements with other sources of revenues. Barker (personal communication, October 30, 1997) indicated that, while suburban communities with increasing tax bases can compensate for this loss of federal revenue, urban communities with declining populations and tax bases, like Erie, are particularly "hard hit fiscally" and less able to make up for these lost revenues.

The third factor contributing to insufficient property tax revenues is taxation limits imposed by the Commonwealth of Pennsylvania. The City of Erie
is classified as a Third Class, Optional Charter city and is limited by state statutes
to two sources of revenue: (a) a 1% wage tax on individual incomes earned with
the city limits, and (b) the real estate property tax collected from city property
owners. State statutes also establish boundaries on the use of property tax
revenues and limit the general operating portion of the tax to 30 mills. The City
of Erie has reached its general fund taxing limit and is unable to raise additional
revenues for essential services with the property tax. Savocchio (personal
communication, October 29, 1997) stated that

we have reached our general fund taxing limit which is 30 mills. We can
only raise taxes on employee pensions, parks and recreation, debt
services, and what they call shade tree . . . for tree planting and removal.
So for us, in other words, I can't raise taxes to increase the size of my
police or fire bureaus, or even to keep them at their current level because
that comes under the 30 mills.

A fourth contribution to their perception that the property tax is an
inadequate source of revenue is that city officials believe that depressed property
values, resulting from the lack of timely countywide property value

2 Real estate property taxes can be collected to support pensions, debt services,
parks, shadetree and general operating expenses only. Commonwealth statutes
initially cap the general operating portion of the property tax at 25 mills. With
court approval, the rate can be increased to a maximum of 30 mills.

3 In 1998, the City of Erie was able to restructure its budget and remove certain
expenses from its general operating budget. This reduced the general fund
portion of the property tax to below the 25 mill limit. In 2000, the general
operating portion of the property tax was 23.66 mills (J. Weigel, personal
communication, October 12, 2000).
reassessments, is limiting the amount of revenue they can raise with the real
estate tax. There has not been a countywide reassessment of property values in
Erie County since 1969. Consequently, the current assessed value of city
property is only 25% to 30% of its current market value (J. Savocchio, personal
communication, October 29, 1997). When coupled with the state imposed tax
rate limits, the value of the revenues the city collects is also decreasing.
Savocchio (personal communication, October 29, 1997) indicated that, “with all
the economic development, with all of the growth that Erie has undergone in
these past eight years, our taxes are very flat” and “we are losing as time goes
on.”

Finally, the fifth factor contributing to inadequate property tax resources is
the large number of tax-exempt organizations located within Erie’s city limits.
Approximately one-third of the real estate in the City of Erie is owned by nonprofit
organizations and is exempt from property taxation. Barker and Savocchio both
reported that nonprofit organizations are attracted to Erie because, as a “center”
city, the resources that they need to fulfill their organizational missions are readily
available. Savocchio (personal communication, October 29, 1997) indicated that,

4 In 1997, Judge George Levin ordered Erie County to reassess all property
values. His decision was upheld by the Pennsylvania Commonwealth Court in
May, 1998 (Millcreek Township S.D. v. County of Erie, et al. [1193 C.D. 1997]) on
the grounds that the current method of reassessment in Erie County violated the
Uniformity Clause of the Pennsylvania Constitution and the Equal Protection
Clause of the U.S. Constitution. Plans are currently underway to complete the
reassessment by 2003. (see also “Court says tax imbalance unconstitutional,”
1998.)

5 In 1997, 33% of the total assessed value of property in the City of Erie was
owned by nonprofit organizations.
"many nonprofits tend to want to locate in cities because they believe the access to other services that they need to fulfill their operations are close at hand. . . . And so as a result, we are getting more and more tax-exempt organizations in Erie."

Savocchio and Barker are also concerned that the increasing number of nonprofit institutions in the Erie community is reducing the availability of taxable real estate as well as property tax revenues. Savocchio (personal communication, October 29, 1997) stated that as the number of nonprofits in the community grows, the city has "a smaller and smaller amount of land that is really now taxable," with the result being that "fewer people are paying larger amounts" of taxes. Barker reported that the financial resources of the school district was also affected by the large number of nonprofit organizations in the community. "Our city is about 38% tax-exempt. So again, we suffered from that (J. Barker, personal communication, October 30, 1997).

The economic constraints, resulting from an inadequate source of property tax revenue, led city and school district leaders to begin looking for additional sources of revenue to meet their fiscal needs. With few choices for additional funds available, they sought to maximize property tax revenues and considered the nonprofit organizations as an answer to their financial woes. City and school district leaders targeted nonprofit organizations for two reasons. First, the 1985 decision by the Pennsylvania Supreme Court (See Chapter Three for a discussion of Hospital Utilization Project v. Commonwealth of Pennsylvania), clarifying the definition of a "purely public charity," enabled city and school district
officials to consider the nonprofit organizations within the City of Erie as a potential source of additional revenue and an answer to their financial woes. The second reason was their belief or expectation that all community members, including the nonprofit organizations, have an obligation to share in the cost of the community and the services that it provides. Barker, in particular, indicated that the school district targeted the charitable organizations because of the belief that the nonprofits have an "obligation to assist the very clients that they were serving" (J. Barker, personal communication, October 30, 1997). Savochchio (personal communication, October 29, 1997) also believes that the nonprofit organizations "have come to this city because this was the place to be. If that's the case then there should be a responsibility in the maintenance of those services." She further stated that, "the problems are revenues. So you have to face that and you have to say to a community, 'everyone has got to share in this.' Times are changing, and if we were in a better financial situation, this would not even be part of the discussion" (J. Savocchio, personal communication, October 29, 1997). As a result of these perceptions, between 1988 and 1993, the taxing authorities in Erie generated a series of requests for contributions to the city's nonprofit institutions--noncollegiate and collegiate--which qualified for the realty tax-exemption as charitable organizations.

Payment in Lieu of Taxes Requests to Noncollegiate Institutions

The City of Erie first utilized the HUP criteria in August of 1988 when Mayor Louis Tullio asked St. Vincent Hospital and Hamot Medical Center to each make a $100,000 PILOT to the city treasury or face a challenge to their property
tax-exemption. St. Vincent Hospital agreed to a settlement with the city (Corbran & Miller, 1990), however, Hamot Medical Center refused. In response, the city immediately filed an appeal with the County Tax Assessment Board, asking the board to review Hamot's tax-exempt status. The Erie Public School District, also experiencing fiscal problems, joined the city in challenging the hospital's tax exemption and quickly filed an appeal as well.

Savocchio and Barker both indicated that the reason for the appeal was the belief that Hamot Medical Center was involved in activities that were not related to their health care mission. Hamot Medical Center was founded in 1881 by a private charity to provide health care for the Erie community. In 1981, the hospital underwent a major reorganization and created a new institution, Hamot Health Systems, Inc. (HHSI) to oversee operations of a variety of health-related organizations, of which the hospital was one. The City and School District of Erie questioned the tax-exempt status of Hamot Medical Center because of several properties owned by the hospital's parent organization. HHSI owned several properties including a condominium, office building, and marina which did not relate to the health care mission of the organization. Consequently, as a subsidiary of HHSI, Hamot Medical Center profits went to the parent organization and were used to advance purposes unrelated to health care. Barker (personal communication, October 30, 1997) stated that, "we were very clear that they were into for-profit areas. . . . They had taken the profits and invested that into a for-profit and they were even making more profits."
After a series of hearing, the assessment board ruled, in December of 1988, that the medical center was entitled to a tax-exemption on the properties in question. The Erie School District appealed the assessment boards ruling to the Court of Common Pleas in January, 1989. On May 18, 1990 the court reversed the assessment board's ruling on the hospital’s tax-exempt status and ordered Hamot Medical Center to begin paying property taxes retroactively to January 1, 1989 (The City of Erie Public School District v. the Hamot Medical Center of the City of Erie. No. 138-A-1989 [C.P. Erie County 1990], 144a Pa. Commonwealth Ct. 668 [1992]). In his opinion, Judge George Levin ruled that Hamot Medical Center only met one of the five criteria of a purely public charity--it only relieved the government of some of its burden. In determining that Hamot Medical Center was not tax-exempt, Judge Levin further ruled that

HHSI itself has no charitable purpose. It does not promote health but it seeks to expand itself through conglomerates, and make the corresponding profits. The best proof of HHSI's true intent is their Master Plan, which includes plans for a restaurant, condominiums, and private homes, By virtue of this entire factual scenario [Hamot Medical Center] no longer has any goals or purposes independent of HHSI. (The City of Erie Public School District v. The Hamot Medical Center of Erie, No. 138-A-1989 [C.P. Erie County 1990], p. 123)

On appeal, the Commonwealth Court of Pennsylvania affirmed the finding of the lower court that the organization should not retain it tax-exempt status (The City of Erie Public School District v. The Hamot Medical Center of the City of
Erie, 144 Pa. Commonwealth Ct., 668 [1992]). The case was discontinued in July, 1992, while waiting an appeal to the Pennsylvania Supreme Court, when Hamot Medical Center was reorganized so that it could remain tax-exempt. At that time, the corporation agreed to make annual payments in lieu of taxes to the city, school district, and county equal to 50% of its assessed property tax value (about $300,000) for five years (Grobman, 1994).6

The decision by the Commonwealth Court affirming Hamot Medical Center’s for-profit status set in motion a series of events which led to widespread challenges to the exempt status of almost every nonprofit organization in Erie County. In 1992, the Erie County Board of Assessment Appeals and the County Solicitor’s Office sent letters to over 600 nonprofit organizations indicating that their status as a tax-exempt entity was being reviewed (Leland, 1994; Palatella, 1992a). These organizations were also apprised that they would be liable for taxes in 1993 unless they could prove, at hearings before the Board of Assessment Appeals (Statement of Charitable Organizations, 1993), that they met the definition of a purely public charity outlined in the HUP criteria (Miller, 1992; Palatella, 1992a). By November, of the 300 charitable organizations that had been reviewed, only three had met the five-pronged definition of a public charity and had retained their full tax-exemption. As a result, the Board of Assessment Appeals sent letters to the remaining nonprofit organizations revoking their tax-exempt status and requiring them to remit property tax

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6 Both Hamot Medical Center and St. Vincent Hospital signed agreements in 1997 to extend these payments in lieu of taxes for another five years (J. Barker, personal communication, October 30, 1997).
payments in 1993. Each association was assured that their case would be heard by the board after the fact, their exempt status reinstated if warranted, and any property taxes paid refunded (Miller, 1992; Palatella, 1992a; Statement of Charitable Organizations, 1993).

This action by the Board of Assessment Appeals led to numerous appeals that quickly overwhelmed the Court of Common Pleas (See McKinney, 1992; Miller, 1992c; Palatella, 1992b, c) and caused Judge George Levin to urge the parties to reach out-of-court agreements. To reach an out-of-court settlement with the nonprofit organizations, the Board of Assessment Appeals, County Solicitor’s Office and the taxing bodies involved in the controversy developed a process for reviewing the tax-exempt status of the nonprofit charities in a more amenable manner (Statement of Charitable Organizations, 1993; Palatella, 1992c). The agreement included two major components. First, the tax authorities reversed the action of the Board of Assessment Appeals and reinstated the tax-exempt status of all charitable organizations that filed appeals in the Court of Common Pleas for 1993. Second, they also developed procedures for the nonprofit organizations to utilize in making payments in lieu of taxes while waiting for hearings with the assessment board concerning their tax status for 1994 (Statement of Charitable Organizations, 1993; F. Fabrizio, personal communication, October 22, 1997).

Organizations were presented with two options for settling their tax status and negotiating any voluntary contributions with their taxing bodies. The first option was to agree to make yearly payments in lieu of taxes equal to 50% of
their assessed property tax for 1993 through 1996 without any further negotiations with taxing authorities. This alternative also gave levying organizations the authority to declare certain organizations as charities and preserve their tax-exemption (Statement of Charitable Organizations, 1993; F. Fabrizio, October 22, 1997).

The second choice given to charitable associations was to mediate a taxation status with committees comprised of delegates from the taxing bodies. These groups would employ a uniform set of criteria in determining an entity's charitable or exempt status. Four outcomes to these arbitrations were possible. The nonprofit organization could be found: (a) fully exempt and not liable for property taxes or voluntary contributions; (b) taxable and required to remit the tax owed; (c) partially exempt and required to make payments in lieu of taxes (PILOTS) equal to 25% of its assessed property tax; or (d) partially exempt and required to contribute voluntarily 50% of its assessed property tax. The outcome of this hearing would then be honored by the Erie County Board of Assessment Appeals (Ratification of Settlement Procedures, 1993; Approval of Internal Operating Procedures, 1993).

Organizations choosing the second option appeared before these specially convened committees in 1993. Those that were found to be partially exempt signed agreements indicating that they would make the required PILOTS for tax years 1993 through 1996. These agreements, which add approximately $600,000 to the City of Erie's and the Erie Public School District's annual property tax revenues, were renewed by the taxing authorities in 1997 for an
Voluntary Contribution Requests to Collegiate Institutions

One group of charitable institutions specifically excluded from these controversial PILOT proceedings was the city's two private institutions of higher education, Gannon University and Mercyhurst College. In establishing the hearing procedures, they were declared to be purely charitable and, therefore, fully exempt from property taxation. Savocchio (personal communication, October 29, 1997) stated that, "whether or not they totally are [purely charitable] is another question but it was accepted that that would be the approach. . . . and that's what all three bodies agreed to."

Although declared charitable and tax-exempt, the city's colleges were not immune to the city's search for additional revenue. In 1989, Mayor Louis Tullio died and Joyce Savocchio was elected to replace him. Mayor Savocchio, in inheriting the city's financial difficulties, also viewed the charitable organizations as a potential source of additional revenue to meet government's fiscal needs. With the Hamot case still pending, she approached several nonprofit institutions in the summer of 1990, including the city's private institutions of higher education, and informally asked them to make voluntary contributions to the City of Erie.

7 The Erie Public School District and the City of Erie each receive approximately $500,000 annually from the payment in lieu of taxes agreements reached with the city's noncollegiate charitable organizations including St. Vincent Hospital and Hamot Medical Center.
Unlike Mayor Tullio, however, Savocchio neither prescribed the terms of the contributions nor threatened to challenge the institutions' property tax exemptions if they failed to respond. She, instead, allowed the organizations to determine how and what they would contribute, permitting them to "show their good faith" in supporting the government's needs (J. Savocchio, personal communication, October 29, 1997).

Although Mayor Savocchio did not tie her request for contributions to the tax-exemption issue, the leaders of both institutions of higher education were aware of the Hamot case and concerned about how their responses to the mayor's request would impact the future of their institutions' tax-exempt status. These considerations, however, led the colleges to reply in two different manners: Gannon University chose not to donate to the city at that time (J. Savocchio, personal communication, October 29, 1997; Garvey, personal communication, October 30, 1997) while Mercyhurst College decided to contribute resources to support local government (W. Garvey, personal communication, October 30, 1997).  

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8 Mercyhurst College is one of the largest property owners in the City and County of Erie. As a nonprofit organization, its 50 property holdings, which have an assessed value of over $17 million dollars, are primarily tax-exempt (Erie County Office of Tax Assessment, 1997). The college, however, pays real estate property taxes to local government entities on several tracts of land which are not used for educational purposes including several houses and vacant lots, a vineyard, and a caretaker's cottage. The amount of real estate property taxes paid increased from almost $20,000 to over $37,000 between 1990 and 1997 (J. Lieb, personal communication, October 28, 1997). Without its nonprofit status, Mercyhurst's annual property tax payments would be approximately $200,000.
Mercyhurst College’s Contribution

The decision by Mercyhurst College’s President, Dr. William Garvey, to make a contribution to the City of Erie was based in part on the nonconfrontational method used by the Mayor in requesting assistance from the college. Dr. Garvey stated that when Savocchio approached him about making a contribution she indicated that she wanted to “deal with this on a voluntary basis [rather] than push it to the next level.” Dr. Garvey agreed with her and, after discovering that the city had an immediate need for police cars, approached the college’s Board of Trustees with her request (W. Garvey, personal communication, October 30, 1997). Garvey reported that “I went to the board and explained the problem of nonprofit taxation and told our board that we have a choice of either fighting this or cooperating.” He further recommended that because the mayor was trying to resolve the issue in a nonconfrontational manner, the college should respond in kind “There was the feeling that we were dealing with a friend, we ought not to push the envelop. We ought to do what we can to cooperate.”

The Board of Trustees agreed with Dr. Garvey that the college should help the city (Mercyhurst College Board of Trustee Minutes, October 4, 1990) and, at its next board meeting, concluded that it should offer contributions to the other local governing bodies as well (Mercyhurst College Board of Trustee Minutes, December 13, 1990). These resolutions marked the beginning of a formal college policy to help and support all the taxing bodies in Erie on an as needed basis (W. Garvey, personal communication, October 23, 1997).
On December 14, 1990, Dr. Garvey sent Mayor Savocchio a letter informing her of the board’s decision to “assist the city of Erie in meeting its growing financial burden” (Garvey, personal communication, October 23, 1997), and outlining the college’s gift to the city. The institution’s donation, worth $90,000, included $60,000 to purchase three police cars and a $30,000 scholarship fund ($10,000 annually for three years) for police officers to enroll in criminal justice courses at the college.

At the same time, a letter was sent to Erie County’s Executive, Judy Lynch, informing her of the Board of Trustees decision to offer a donation to the county of $25,000 in goods and services over a three year period in “appreciation for the many services rendered to the College by the county of Erie” (W. Garvey, personal communication, October 23, 1997). The gift included a $15,000 scholarship fund for county employees to enroll in Criminal Justice or Business courses and a college van for the county Prison.

Mercyhurst’s contribution to the Erie Public School District under the policy of helping local taxing entities took a different form. For reasons unrelated to financial difficulties, the school district approached the college, prior to Mayor Savocchio’s request for a voluntary contribution, about relocating its gifted education program for elementary and middle school students to the campus. The program was originally housed at a local elementary school, but conflicts between the gifted education and the elementary school faculty and administration made it necessary to find a new locale for the program. After several months of negotiating the arrangements and renovating facilities, the
school district's gifted education program moved to Mercyhurst College in 1991 (J. Barker, personal communication, October 28, 1997; W. Garvey, personal communication, October 23, 1997; J. Piekanski, personal communication, October 21, 1997). President Garvey indicated that, even though the school district's desire to locate the program at Mercyhurst was not motivated by the need for financial resources, the timing of the move enabled the college to include it as a contribution under its new policy of helping the taxing entities.9

**Impact**

Although the City of Erie and the Erie Public School District have received some financial resources from the nonprofit organizations as a result of these tax-exemption challenges and voluntary contribution requests, their fiscal problems remain. Barker (personal communication, October 30, 1997) reported that the school district, like many other urban areas in the United States, is still "constantly experiencing financial difficulties." Savocchio (personal communication, October 29, 1997) indicated that the City of Erie continues to operate with a budget deficit and that she must look for additional sources of revenues each year: "Out of the $43 million dollars that we operate on a general fund budget, we get $20 million out of property tax and $8 million out of income [tax]. Which means I have to find $15 million dollars from other sources in order to operate the services of the City of Erie."

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9 Between 1992 and 1997, Mercyhurst College made additional contributions to local government as a result of this policy decision. These contributions will be described in Chapter Five.
Barker and Savocchio, however, are both appreciative of the limited revenue that results from these contributions. For Barker, the payments from the nonprofits organization are "a mill of taxes that we didn't have to raise" (J. Barker, personal communication, October 30, 1997) on other property owners. Savocchio (personal communication, October 29, 1997) stated that, although it is not a lot of money, "for us it was at least something that would help." She further reported that the PILOT and voluntary contribution requests were never meant to solve the community's fiscal problems. Instead the contributions were requested for two reasons. First, both the payments in lieu of taxes and voluntary contributions were intended to be a "somewhat stop gap measure" (J. Savocchio, personal communication, October 29, 1997) to provide short-term resources until a more permanent solution to the city's fiscal problems could be found. Although she does not know the solution to the financial distress, she indicated that something has to happen. Either our state government [has] to give us assistance in some way to offset this lack of revenue or we have to get the money from someplace because it is not going to serve anyone well, including the nonprofits who come to the city for services, if those services are not going to be available. (J. Savocchio, personal communication, October 30, 1997)

Second, the primary reason for the tax-exemption challenges and PILOT requests was to compel the nonprofit organizations to get involved in supporting the local community. Savocchio and Barker both reported that their requests for assistance were initiated in part out of their expectation that all community
members should be supporting local government. Savocchio in particular indicated that this expectation was brought about by a lack of revenue to provide necessary services and the large number of nonprofit organizations in the community.

Cities have the responsibility of keeping services and they are not given the means, even by their own state to do it. . . . The problems are revenues. So you have to face that and you have to say to a community, "everyone has got to share in this." Times are changing. And if we were in a better financial situation, this wouldn't even be a point of discussion. But we are not. And if everybody is a community member, then they have got to share in the cost of their community. (personal communication, October 29, 1997)

She further extended this expectation to include the nonprofit organizations which have located in Erie because of the services the city provides. She purported that, "[the nonprofit organizations] have come to the city because this is the place to be. If that's the case then there should also be a responsibility in the maintenance of those services" (personal communication, October 29, 1997).

The perception of both Savocchio and Barker is that the noncollegiate nonprofits were unwilling to fulfill their responsibility in spite of repeated requests and, thus, a fair and equitable way needed to be established for the nonprofits to share in the cost of government. Savocchio stated that,

we need relief. To this point the nonprofits have not accepted that. So you ask, but at some point it has got to be more than asking. Because the
asking isn't receiving the responses. . . . public safety should be
everybody's best interest. If that means there has to be a fair and
equitable way for nonprofits to share it then I think that has to be done.
(personal communication, October 29, 1997)

Barker echoed her comments and indicated that

One of the great debates is the ability of industry and others to avoid their
fair share as a corporate community member which then goes into higher
profits, etc. At the same time, not supporting the infrastructures, schools,
roads . . . there is a big debate about that. . . . [The nonprofits] contribute
nothing to maintaining the infrastructure or even the plants, physical
buildings that house the tremendous number of nonprofits. So that's
where it ended up, in a lawsuit. (personal communication, October 30,
1997)

Savocchio and Barker viewed litigation and threats to the nonprofit
organizations' tax-exempt status as the only means available to get them to
understand their need to share in the cost of government. In stating why they
sought to overturn Hamot's charitable status, Barker indicated that

What began as a dialogue with the hospitals, which I was a part of, we
had hoped that, when they were both reporting record profits, and they
were a tax-exempt entity, that we felt that they had a obligation to assist
the very clients they were serving. We tried to sit down and handle it
amenably but honestly the CEO of one of the hospitals [Hamot] was just
very arrogant and said "we don't have to give you anything, don't bother
us." He was very petulant with the entire group of us who were there and kind of solidified that the only way to deal with this was through litigation.

(personal communication, October 30, 1997)

As a result of the initial litigation with Hamot Medical Center, the government organizations felt that the tax-exempt status of all the nonprofit organizations needed to be reviewed to determine which were really purely charitable. For Savocchio, this process was a last attempt to get the nonprofits to help.

I don't think any city wants to be put in that position. I don't think it's something that anybody relishes doing. So when a city does what they are really saying to the broader community . . . is "you know, we've tried everything we know how to do to have you cooperate with us, to find together a way."

Barker explained that the tax-exempt status of the collegiate institutions was not included in this review for two reasons. First, it was not included because local government officials believed that the colleges were already meeting their community expectations and sharing in the cost of the government. Barker contrasted the attitude and approach of the colleges with that of the other nonprofit organizations in describing why the collegiate institutions were not involved in the payment proceedings:

It has to do with their community involvement, their ability to understand the necessity to work with and cooperate with taxing bodies. The colleges have provided scholarships, have provided support, they have been seen
as a working partner, as a contributor to community development, to student development and have a much more open and accepting approach to initiatives that they are able to assist either through their institutions or jointly as part of the solution for the kids in the community. So the significant difference was the attitude, the approach and the appropriateness of their meeting the various taxing bodies requests at times. They were seen as contributing as opposed to taking. . . . Therefore, they were not included in the lawsuit. (personal communication, October 30, 1997)

Second, the tax-exempt status of the colleges was not challenged because the government leaders recognized that questioning the tax-exempt status of these institutions could jeopardize the partnerships that existed between the organizations. Barker reported that, although they knew that they could legally challenge the tax-exempt status of the colleges (other school district informants indicated that they had considered including the colleges in the tax-exemption proceedings), maintaining the long term town-gown relationships and community partnerships that already existed between the colleges and government entities was more important than the short term resources that could be attained through coercive measures. In speaking about Mercyhurst College in particular, Barker stated:

we [were] very familiar that we could legally legitimately do that. We have looked at that, we have discussed it, we have concluded that that is not in [Dr. Garvey's] interest or the interest of this community to do that. . . . We
are very supportive of our colleges and universities. (personal communication, October 30, 1997)
Chapter Five

FINDINGS

This dissertation examined five elements of the town-gown interorganizational relationship (environment, organizations, organizational representatives, interface and outcomes) between Mercyhurst College and the city, county and public school district of Erie before, during, and after voluntary contribution deliberations to ascertain both the changes in the relationship and the elements contributing to these modifications. Utilizing cooperative interorganizational relationship (CIOR) theory, this chapter identifies the changes that occurred in the town-gown relationship between Mercyhurst College and the local government organizations during the period under investigation as well as how or why these developments occurred.

The town-gown relationship between the government organizations in Erie and Mercyhurst College can best be described as an informal cooperative interorganizational relationship based on a complex network of organizational and interpersonal relationships that emerged over a considerable period of time. During the time period under investigation, this relationship developed from one characterized by ad-hoc cooperation into a well-coordinated, vertically integrated relationship governed by social processes that mutually benefits both parties. Prior to the voluntary contribution deliberations, Dr. Garvey explained that if the
city needed something from the college, such as a place to hold a meeting, 
"[Mayor Louis Tullio] would call."¹ James Barker reported that a similar 
interdependence existed between the college and the Erie Public School District 
during this time period: "if we wanted to visit the college, if we wanted to send a 
group of students to one of their events, we would call them." College and 
government representatives describe the current relationship much differently. 
Almost all informants utilized phrases such as "excellent working relationship," 
"strong relationship," and "partnership" to depict the existing town-gown 
relationship. One government informant went so far as to refer to Mercyhurst 
College as a member of local government:

We have a strong relationship with Mercyhurst in particular because it has 
been a left arm in some of our social service programs. It has worked very 
closely with the human services area and criminal justice area of the 
county. That makes it kind of an appendage. (J. Lynch, personal 
communication, September 24, 1997)

Critical to the development of this relationship was a single organizational 
representative or individual. This person not only showed a willingness to engage 
in a more cooperative relationship with the local government organizations in 
Erie, but also displayed the leadership qualities and personal characteristics 
necessary to establish and nurture an environment for the relationship to develop 
and evolve. Dr. Garvey, the President of Mercyhurst College, was recognized by

¹ All personal quotations in Chapter Five were obtained through interviews with 
college and government representatives between August and October 1997. A 
list of informants with interview dates is available in Appendix C.
almost all college and government participants as the key to the town-gown relationship between the government organizations and Mercyhurst College. Statements such as, “Dr. Garvey is the key element . . . the town-gown story with Mercyhurst College,” and “Dr. Garvey personifies the connection between the college and community,” are indicative of Dr. Garvey’s contributions to the interorganizational relationship’s growth and development. Dr. Garvey aided the evolution of the CIOR over a 35 year period by establishing Mercyhurst’s reputation for cooperation in the Erie community, a precondition necessary for the development of organizational alliances, and then serving as both the initiator (Larson, 1992) and the relationship champion (Spekman, Isabella, MacAvoy & Forbes, 1996) of the partnership.

Building a Community Reputation

Larson (1992) indicates that an important precondition for the development of a CIOR is an organizational reputation for cooperation. One way that an organization can build a reputation for cooperation is through the personal reputations and relationships of its leaders. Dr. Garvey’s earliest contribution to the development of the CIOR with the government organizations in Erie was to play a critical role in establishing Mercyhurst’s reputation in Erie as a community partner. Dr. Garvey did this by building a personal reputation for cooperation through his involvement in local civic and political activities during his early days as a faculty member and administrator at the college. The motivations for Dr. Garvey’s involvement, resulting from the interaction of personal and organizational variables, were fourfold: the mission of the institution;
environmental changes within the institution which created a need for the college to become more visible in the Erie area; the leadership model of Sister Carolyn Herrmann, President of Mercyhurst from 1963 to 1972; and a personal interest in civic involvement.

First, Dr. Garvey was motivated to become involved in the Erie community and build the college's reputation as a community partner as a result of Mercyhurst's mission. Part of the mission of Mercyhurst College is to be community oriented. While the institution has always been dedicated to serving the local community, the reasons for its commitment have evolved since the college's inception in 1926. In its early days, the institution's commitment to the community was limited to the historical mission of the Sisters of Mercy, who founded the college, which focused on meeting the social needs of its community, or providing for the needs of the poor, infirmed, and uneducated. Dr. Garvey reported that, "part of the mission of the Sisters of Mercy was to provide for the community, to make a difference in the town." An example of Mercyhurst's early commitment to this mission occurred during the depression when the Sisters served a hot lunch to men in need. Although not anticipated, this outreach reaped benefits for the college as Dr. Garvey related:

The Sisters of Mercy in the past were always open to helping the poor and the unfortunate. So the college has a history. The grotto was built by unemployed workers during the great depression who came up here for lunch everyday. They built the grotto as a sign of their gratitude for the
college feeding them everyday. So that history of being interested in the community's social concerns is a Sisters of Mercy tradition and heritage.

The institution's mission of helping the local community later extended beyond the tradition and heritage of the Sisters of Mercy and became part of the mission of the college as leaders developed the attitude or philosophy that supporting the local community was what a college is supposed to do. Sr. Carolyn Herrmann was the first college leader to adopt the belief that a college should be an integral part of the community—an attitude transmitted to Dr. Garvey who served as Academic Dean during her presidency. The impact of Sr. Herrmann's vision is evident in Garvey's belief that colleges have a dual role in a community: first, "colleges have the responsibility to do all they can to help the community," and second, the role of the college "is to make the community better, to expand the horizons of the community, to make it a better place." As a result of this philosophical perspective, he explained that Mercyhurst College "seeks to be in the community," not just "of a community."

Second, environmental changes within the institution were also factors that encouraged Dr. Garvey's community involvement. Until the 1960's, the college's governing board had been comprised only of Sisters of Mercy. A change in Mercyhurst's charter requiring the appointment of lay individuals, first to an advisory board and then to the board of trustees (Taylor, 1976) led to a need to establish relationships with local community leaders as a means of developing a base from which to draw board members. Additionally, when the college became co-educational in 1969, it needed to obtain additional financial
resources to develop a curriculum, establish student activities, and build facilities that would attract male students. As a former women’s college, most of its alumni were social workers, teachers and housewives. Dr. Garvey indicated that they were all wonderful but that “they had not been in positions of influence or wealth unless they had married into it. The result was that the college didn’t have, as it began to look at its development base, it did not have the strong friends at the stage that it would need to grow and develop.”

While the historical and philosophical motivations for serving as a community partner focused on the college meeting community needs, college officials began to recognize that the institution’s mission of being a community partner could benefit the college as well. In response to these needs, President Herrmann determined that the institution needed to create “friends of influence and power” who could support the institution both with their leadership and finances. She chose to reach out and help the community as a means of establishing a base of support and extending the influence of the institution because it needed “the community to serve as in some way alumni until the alumni are numerous and wealthy enough to carry it on its own.” Thus, expanding the college’s mission of being a community partner to include economic support became part of the institution’s plan for the long-term financial well being of the college. Dr. Garvey made it clear that this was not the primary reason the college wanted to build a reputation as a community partner, but that “it [did] have a corollary of financial return.”
Third, Dr. Garvey’s participation in local civic and political affairs was motivated by the example set by President Carolyn Herrmann. In response to the institution’s needs, Sr. Carolyn began to get personally involved in civic affairs as a means of cultivating relationships with community leaders who could then serve as officers and financial supporters for the college. Although the specifics of her community involvement were not discussed by participants, they reported that her wide range of community activities led her to acquire a reputation as a community leader. Mary Daly reported that “she did a great deal for the community. She won every award that there was at that time.” Daly also stated that, in doing so, “she got Mercyhurst’s name in the community” and began establishing the college’s reputation as a community resource.

Sr. Carolyn transmitted her vision of Mercyhurst as an integral part of the community, during her presidency to the young faculty member she had hired while serving as Academic Dean, William Garvey. Dr. Garvey originally came to Mercyhurst College in 1962 to serve as Chair of the Education Department. He later served as Chair of the social science department before being appointed the college’s first lay Vice President of Academic Affairs in 1970. Mary Daly reported that during this time, Garvey was “one of the only male faculty on the campus. At least he was the most aggressive, and dynamic, and was a real go-getter. . . . Ultimately, [Sr. Carolyn] made him dean of the college.”

Sr. Carolyn served as a role model for Garvey in terms of how to implement the college’s mission in the local community. As Academic Dean, he not only helped realize the college’s academic changes, he also followed her
lead in getting involved in the local community. When asked what led him to become involved in the local community, Dr. Garvey responded that the primary reason for his participation was to build the college's reputation as a community partner, or to show that the college was willing to engage in a more cooperative relationship with the local community. Garvey reminisced that Sr. Carolyn "was very civic minded. She encouraged it. She herself was very active. And so, I followed that lead, but began to give a lot of speeches and do other things that got me involved in the community."

Finally, Dr. Garvey's was motivated by a personal interest in civic involvement. Although Dr. Garvey followed Sister Carolyn's lead in becoming actively involved in civic affairs, it was his personal decision to extend his community involvement into the political arena. Two factors were instrumental in leading to his participation in political activities: (a) his personal interest in local politics; and (b) his interpersonal relationships with local political leaders. Dr. Garvey's political involvement not only extended the college's reputation for cooperation to the government arena, but also enabled Dr. Garvey to develop a personal reputation as a political authority, that is someone who understands the local politics machinery rather than being a politician. Several respondents indicated that "he kind of has a reputation in the city as being politically savvy," and Dr. Garvey "is seen as an authority on political life rather than as political."

Dr. Garvey's political participation began in the early 1970's as a result of his doctoral dissertation, which focused on the history of local politics in the Erie area. The value of his study is noticeable among local officials, who noted that,
"He did quite a thorough study in politics in the city of Erie and was very knowledgeable about Erie's political history. I think that really was kind of the basis for the reputation that he acquired." Dr. Garvey personally attributed the start of his political reputation, as well as the college's reputation in this arena, to a poll the college conducted in the early 1970's that accurately predicted the outcome of the local mayoral race:

We ran a poll in the early 70's that really established the reputation of the college and indirectly me when we predicted the outcome of the local race. . . . And that led to a kind of image that the college had, kind of had their finger on the pulse of politics. And that I was competent in that area. That led to a series of other things that I was involved with over time, on a private citizen basis.

In addition to his interest in politics, Garvey reported that his political involvement was also a result of his interpersonal relationships with many of the political figures in Erie. "I had been involved in several polls and strategy sessions with candidates and had picked up a wide acquaintance in political circles." In addition to the associations he developed as a result of the polls, Garvey had personal relationships with several government officials that originated outside of the political arena. One of the relationships was with Louis Tullio, Mayor of Erie from 1965 to 1989.

Dr. Garvey's relationship with Mayor Tullio began in the 1950's when Dr. Garvey was a student at Gannon University where Tullio was the Director of Athletics and the basketball coach. Garvey, as sports editor of the school paper,
wrote an article critical of the basketball program. In response, Tullio called
Garvey to discuss what he had written. Their relationship developed and
continued after both men left Gannon. Tullio went to work for the Erie School
District (Garvey, 1973) and Garvey taught and coached at a local Catholic high
school. Garvey remembers that during this time, “I got to know him pretty well.
He was a very friendly and helpful guy. I became sort of a protégé of his over
time.” The relationship, although interrupted when Garvey went to graduate
school, resumed when he returned to Erie and continued as Tullio was elected
mayor.

Although the relationship was more professional than personal, it was a
close and strong relationship based on mutual regard which created a sense of
trust between them. According to Garvey, “I was an admirer of his and he knew
that. I think he trusted me and so he would call on me for opinions from time to
time. . . . It was close but not by any means a friendship level. . . . It was a strong
relationship.”

During this time period, Garvey also developed relationships with
individuals who would serve in elected positions throughout the late 1970’s,
1980’s and 1990’s. This included Rob Robinson and Judy Lynch, Erie County’s
first two County Executives, and Joyce Savocchio, who succeeded Tullio as
Mayor in 1990. Like the relationship with Tullio, these associations originated
outside of the political arena. Garvey’s political involvement, however, is what
enabled these relationships to grow.
The resulting political identification from the polling and his personal relationship with political figures led Dr. Garvey to become personally involved in local politics as a private citizen. This involvement took two forms. First, he supported candidates for political office, both financially and as a political consultant and advisor. Garvey indicated that he actively supported both the former and current mayors of Erie as well as the former and current county executives. In regard to his support of former Mayor Louis Tullio, Garvey reported

I was actively involved in his campaign. He wasn't a particularly good writer. He was great in a one to one setting but not very good in terms of crowds. He would call on me from time to time to write speeches, or work with him on his speeches. He would call me to his house and I would work with him on his speeches. I was sometimes a part of his campaign strategy meetings.

In addition to financial and advisory support, Garvey's aid to Savocchio also included encouraging her to run for office: “I encouraged her to go for political office. I encouraged her to run for mayor.”

Second, Dr. Garvey's political involvement also included becoming involved in the political process. This involvement began in the mid 1970's, during his tenure as Academic Dean at Mercyhurst. Dr. Garvey served as the Chairman of the committee supporting the establishment of a Home Rule Charter for Erie County and the election of a full-time county executive. When the measure passed, he actively supported the campaign of one of the candidates
for county executive. With his candidate's victory, Garvey left his position at Mercyhurst in 1976 to serve as the county’s first Administrator, a position he held for almost two years.

**Initiating a Relationship**

Larson (1992) states that, in addition to an organizational reputation for cooperation, a necessary element to the development of a cooperative partnership between organizations is an initiator, someone displaying an initial desire to engage in a more cooperative association. The initiator accomplishes this by “actively working to build close relations” (Larson, 1992, p. 89). Dr. Garvey’s role in the development of the CIOR between Mercyhurst College and local government organizations shifted from reputation builder to initiator (Larson, 1992) when he was appointed President of the college in 1980. Dr. Garvey conveyed Mercyhurst’s readiness to employ a more cooperative relationship, first with the community at large and then with the local government organizations, when he began actively utilizing college resources to meet community needs. Three individual characteristics—resulting from the interaction of organizational, environmental and personal variables—guided Dr. Garvey’s decision to commit institutional resources to support the local community: his sense of civic responsibility, his knowledge of Mercyhurst’s mission and his understanding of the community and its needs.

After serving as Erie County Administrator, Dr. Garvey returned to Mercyhurst in 1978 to direct the college’s graduate program in Criminal Justice. When Sr. Carolyn retired from the presidency in 1972, Mercyhurst hired its first
lay president, Marion Shane. Although Dr. Shane continued the institutional and curricular changes begun under Sr. Carolyn’s leadership, as a newcomer to both the institution and Erie, he apparently did not share her vision for Mercyhurst’s commitment to serving the local community and did not continue her involvement in the Erie community. Mary Daly indicated that “he kept a very low profile. I don’t think anyone in the community even remembers him.” This resulted in a decline of Mercyhurst’s visibility in the Erie area, and a reduction in both enrollment and financial support. When Dr. Shane resigned as President in 1979, Dr. Garvey was asked to submit his name for consideration. Due to the difficulties the college was experiencing, the board of trustees decided to appoint an insider to the position and named Dr. Garvey as his replacement in 1980. When asked about the events surrounding his rise to the presidency, Dr. Garvey related that applying for

the presidency to me was something I did because I was pressed to it but not that I had much hope of it succeeding. At the end they decided that they wanted to stay inside. There was a good deal of turmoil in the college. The college was not doing well. They decided that they should go with an insider. That’s what happened.

Due to his long time affiliation with Mercyhurst College and the Erie community, Dr. Garvey brought with him to the presidency not only knowledge and understanding of the institution and its mission, but also knowledge and understanding of the local community and its needs. The interplay of these understandings, in conjunction with Dr. Garvey’s sense of civic responsibility, led
to the renewal of the college’s commitment to helping Erie, in the manner set forth by President Herrmann years earlier. Under his leadership, the college once again made a “deliberate, concerted effort... to become an important part of the community” (W. Garvey, personal communication, October 23, 1997). Dr. Garvey noted how the interplay of these variables directed the college’s community vision and mission during this time:

When I became President there was a natural sympathy that came from all these [political] contacts and understanding of the people. It was something that I was interested in and something that I had done. It was good for the college and it was the kind of thing a college should do.

Others also recognize that the college’s participation in the community under Dr. Garvey’s leadership is a result of the interplay of these variables.

Michael Fuhrman stated that historically,

the college played from time to time roles in the community. But not really until Sister Carolyn Herrmann... Then when President Garvey got involved, that’s when the college then played a specific role in the community. He’s always played a role. [He] was county administrator for a year, ran Robinson’s campaign for county executive. So he has always had that interest. ... I think in some ways, the college has always reflected his interest in the civic good.

Rita Cappello, in speaking about the college’s contributions to the community at large, also acknowledges that the source of Mercyhurst’s civic commitment is Dr. Garvey’s own sense of civic responsibility:
he has a very strong sense of community, very strong sense of participation. . . . So he's really involved in the community. He has a strong sense of the responsibility that someone in his position has. I also think it is part of just the kind of natural interests that he has.

The interaction of Dr. Garvey's understanding and sensitivity to the local community and its needs with his sense of civic responsibility also led him to extend Mercyhurst's mission of being involved in the Erie area. In doing so, he signaled the college's willingness to engage in a more cooperative relationship with the local community. The actions that indicated this desire for a new type of relationship was Dr. Garvey's deployment of college resources to meet community needs. He indicated that the college's decision to support the community with its resources was a natural one because "Mercyhurst's attitude is whatever will help the community. Its purpose is to serve citizens."

Meeting Community Needs

Dr. Garvey first displayed a willing to engage in a more cooperative relationship with the community at large. Early in his presidency, he began deploying institutional resources to provide area residents with a variety of activities and services to enhance the quality of life in Erie and meet community needs. Assistance was provided by Mercyhurst in three areas: cultural, social and educational.

Cultural

One of the most frequently cited contributions that Mercyhurst makes to the Erie community is to the cultural needs of the community. The college is
perhaps best known for its contribution to the arts. One county representative reported that

Mercyhurst has their roots in this community more so than probably, in my opinion, more than any other school. They are very well known in the arts. Any art kind of thing they are always associated with Mercyhurst. They are just rooted in the community. (R. Wilga, personal communication, October 28, 1997)

Erie has a vibrant cultural community to which Mercyhurst has contributed in a number of ways. One of the institution’s important contributions in this area is the D’Angelo Young Artist Competition, which Dr. Garvey initiated in 1976 while serving as Academic Dean. This annual competition brings rising young musicians from all over the world to Erie to compete for prize money and an opportunity to launch their musical careers. This competition has gained an international recognition as one of the United States’ most endowed music competitions.

Mercyhurst also supports the Erie arts community by sponsoring concert and lecture series, as well as dance and theatrical productions. In addition, when Dr. Garvey discovered that independent and foreign films were bypassing Erie’s commercial theatres, he began a monthly film series to bring these productions to the community. Garvey indicated that

Nobody in Erie shows these kinds of movies. It’s the policy of the college to provide for the community what it can’t get in commercial theaters. After [one particular] movie was over, there were about 220 people there,
several came up from the community and thanked me. They said it is wonderful that the college is doing this. . . . A person came up and said “it is absolutely brilliant that you can do this. We are so grateful that someone is interested.”

In 1997, the college purchased a 35 mm projector system to improve the quality of the showings. Dr. Garvey indicated that service to the community was part of the college’s decision to purchase the equipment. The Board approved the purchase when told it would be “good for the town.”

To support its commitment to the arts, the college completed construction on a performing arts center in 1996. The D’Angelo Performing Art Center, which houses both a large concert hall and a smaller theater, is named after the wife of a local cardiologist who has been a major benefactor of the college as well as the Erie arts community. The center is the only facility capable of hosting major productions between Cleveland and Buffalo. About the performing arts center, Mayor Savocchio believes that “it certainly adds to the quality of life. So that performing art center just added another dimension to what was already a thriving arts community. It has been very successful and has been very well received by the community.”

Social

Other often cited contributions are in the area of providing for the social and community life needs of Erie residents. Mercyhurst opens the doors of its campus to meet these needs in a variety of ways at the community, organizational, and individual level. The biggest community event hosted by
Mercyhurst College for area residents is its annual Old Fashioned 4th of July Celebration. Mercyhurst began hosting an annual Independence Day celebration in 1984 after Dr. Garvey visited an Independence Day celebration in Philadelphia and decided to bring that type of celebration to Erie. Originally begun as a way for the college to say thank you to its neighbors for supporting the college, it has now grown into a city/county wide event. Gary Bukowski, Mercyhurst’s Vice President of Institutional Advancement, indicated that, at the time, “there was no place in Erie to celebrate. Now we have a big 4th of July.” During its first year, the celebration attracted 1,500 to 2,000 people. By 1997, 30,000 to 40,000 individuals attended the celebration on the main campus while another 15,000 people were present at a similar celebration held at the college’s Northeast campus, begun in 1992. Mary Daly, Mercyhurst’s Vice President of External Affairs stated that, “it was going to be a nice little family tradition for the neighborhood. It was a party. We just kept building on it and building on it. . . . Now it is huge, shoulder to shoulder people.”

The celebration is designed as a means for families to celebrate the birth of the nation together. The celebration begins around 6:00 p.m. and concludes with a fireworks display at 10:00 p.m. A variety of activities and entertainment including magic shows, puppet shows, jazz musicians, big bands, ice skating performances by a local Olympic ice skater, and scavenger hunts. In keeping with its mission to provide for the community, activities are offered to the public primarily free of charge. Daly stated that “its wonderful and everything is free,” although “we might charge a dollar for something in the performing arts center.”
The motivation behind offering such an event was expressed by another college administrator: "We don’t charge people to come here. It’s a nice way for [the community] to get on campus." Over the years, the event has become not just a college event but also the way “Erie celebrates America’s birthday.” Mayor Savocchio echoes this thought in her response that “our 4th of July, basically the city’s, most people you know go to Mercyhurst.”

Another example is the college’s leadership in planning and directing the Greater Erie Bicentennial Celebration. Planning for the bicentennial celebration began in 1992 when Dr. Garvey gave a presentation on Erie politics to a group of community leaders. In the presentation, he mentioned that the city’s bicentennial would occur in 1995 and that no plans were yet being made to celebrate the event. At the group’s suggestion, Dr. Garvey spoke to Mayor Savocchio about the city’s need to recognize its 200th birthday. Dr. Garvey indicated that when he spoke to the Mayor Savocchio, “I suggested to her that she needed to [do something about the Bicentennial] because, as an historian, people drew it to my attention, that the city was coming up on its 200 birthday and nothing was being done.” The mayor agreed and called upon City Council to adopt a resolution forming a “commission of civic-minded individuals representing all facets of [the] community” to plan and implement “a fitting commemoration of Greater Erie’s bicentennial” (Program Report, 1995, p. 3).

Upon its formation, the Commission appointed Dr. Garvey as its Chair. Dr. Garvey immediately engaged the college in planning the celebration. Erie’s Bicentennial Celebration was a year-long endeavor that included over 50 public
events throughout 1995. The main event, the "Parade of the Century," included hundreds of floats and 5,000 participants, and was viewed by over 100,000 spectators. Other events included a celebration of the area's history sponsored by the Erie School District, cemetery tours, lectures, arts shows, and a closing ceremony. The Commission provided two gifts to the city to commemorate the event: (a) a tower was built on the city's public dock to provide a place for residents to gather and enjoy the city's view of Lake Erie; and (b) an endowment was established to support the city's tercentenary celebration in 2095.

Mercyhurst also serves the social needs of the community in less visible ways. One less known way is allowing community groups and organizations to utilize its facilities for meetings and events at minimal or no charge. Examples include allowing a local protestant church to hold services in campus facilities for two and a half years (W. Garvey, personal communication, September 22, 1997) and permitting a local Olympic figure skater to use its ice rink, both at no charge (G. Bukowski, personal communication, October 24, 1997). Mary Daly stated that "anybody wants to come up here and have a meeting, any organization, they can come up here. We get them up here. Whether it is the March of Dimes, the ADD people, can't tell you how many, we don't charge them anything." Michael Fuhrman added that the college does these things as a result of its desire to help these organizations. He commented that that "our objective is to help them. A lot of these people who do come do it for and with volunteers. It's hard for us to charge them."
Mercyhurst also sponsors other events that enable local residents to visit the college and participate in institutional activities. The college has a program that allows Erie’s senior citizens to enroll in classes at the institution at minimal cost, and provides free ice skating and sponsors an annual Christmas party for inner city and underprivileged children. The institution also offers free admission to sporting events including football games because it “wants the community to feel that it is their team” (W. Garvey, personal communication, September 22, 1997).

Mercyhurst is also concerned about the social and safety needs of its neighbors and serves them in a number of ways. To encourage its neighbors to participate in college events, Mercyhurst also provides President’s Cards to those residing in the neighborhood surrounding the campus. The card provides these residents with free or reduced price tickets to films and performing arts events, as well as free admission to college’s ice rink.

In addition, the college provides several services to its neighbors in conjunction with its annual 4th of July celebration that shows its concern over the impact the event has on the neighborhood. Several incidents of firework debris falling in the residential area and resulting in minor damage and injury have caused residents to express concern over the safety of setting off fireworks in the area. The college has responded to these concerns by providing safety briefings to area residents, and hiring a landscaper and roofing company to clean up and repair any damage associated with the fireworks. Daly indicated that, because the college’s first concern is the safety of the people, “we now have special
firemen assigned to Briggs Avenue. If anything goes wrong, they can call and stop the fireworks.” In response to property damage, she explained that,

if anything happens, we work directly with neighbors. We will buff cars. . .

We have a roofing company that checks all the roofs on Parade Blvd. Landscaper come out and takes care of all debris. We do everything. Nobody does that kind of stuff. All these neighbors have their gutters cleaned out once a year for free. They get their roofs checked once a year. All Briggs Avenue. Every roof checked, every gutter cleaned, every lawn swept.

**Educational**

Although Mercyhurst College primarily serves traditional aged college students from outside the Erie area, it provides a variety of services that support the educational and workforce needs of the larger Erie community. One important service is that the college operates the area’s only Police Academy. Mercyhurst College began the Police Academy in response to the community’s need for trained law enforcement personnel. Although initially funded by a federal grant, appropriations for the program are now provided by the college. It provides the training at a low cost because most individuals and communities are limited in their ability to pay. Mercyhurst’s Police Academy continues to train most of the police officers in the region. Garvey indicated that “the college began the program in response to that need. . . . If we weren’t concerned about the professional training of police in this region, we would not do it. . . . We are the only one doing it in this region.”
As part of its commitment to public safety, Mercyhurst has also hosted, since the early 1980's, an annual Law Enforcement Conference that recognizes and honors the work of area law enforcement personnel. The event, which is held each May, is attended by 400 to 500 area law enforcement personnel. As part of the conference, Garvey indicated that "awards are given to the top law enforcement people in the area. . . . as an ongoing recognition of the work these people do."

Mercyhurst College also meets the educational and workforce needs of the local community through its McAuley Division. Although Erie County has a population of 280,000, the area lacked a community college to provide postsecondary workforce training to area residents. In response to this need, Dr. Garvey began Mercyhurst McAuley in 1991 to provide all area residents with an opportunity to attend a postsecondary educational institution. Courses of study include: (a) one-year job preparation certificates for a variety of employment opportunities including Clerical Specialist, Information Technology Specialist, Legal Office Assistant, and Materials Management Technician; and (b) two-year associate degree programs in areas such as Business Administration, Computer Systems Support, Culinary Arts, and Physical Therapy. Courses are offered at three locations in Erie County including the college's residential North East Extension Center.

Mercyhurst also serves the needs of nontraditional college age students through its Adult College. The Adult College is designed for adults who are seeking to complete a four-year degree, expand their knowledge in certain areas,
and/or prepare for new careers or graduate study. This division, located at the main campus, provides nontraditional students with a "centralized service center where [they] can obtain information and conduct college business quickly and conveniently" (Mercyhurst College, 1997c).

**Meeting Local Government Needs**

Dr. Garvey, as President of Mercyhurst College, also initiated a more cooperative relationship with the local government organizations. Although the college adopted the policy to support the community at large early in Dr. Garvey's presidency, it was not until later that Mercyhurst formally extended this policy to include the local political subunits. As a result, Mercyhurst's relationship with the local government entities during Dr. Garvey's tenure as President falls into two distinct phases. The first phase encompasses the period prior to 1990 when the college provided limited support to the city, county, and school district of Erie under its policy to help the community at large. Dr. Garvey and others reported that the college provided services such as a place to hold meetings or educational services to the school district in response to requests for assistance on an as needed basis.

Two separate requests for assistance by government officials in 1989 and 1990 changed the type of support that Mercyhurst provided the government organizations and ushered in the second phase of the town-gown relationship. The first event was the Erie School District's need to move its elementary and middle school gifted education program from its location at a local elementary school to a new setting. The location of the program in a general school setting
and the lack of teacher resources to provide the diversity and depth of educational experiences the school district desired led district officials to seek alternatives and conclude that the best place to accomplish these goals was a local university. In 1989, school district officials approached several area colleges for assistance and Mercyhurst College “embraced the idea” (J. Barker, personal communication, October 28, 1997). Dr. Garvey recalled that the superintendent’s assistants “came to see me and said they wanted to do something with their gifted education program and asked if I would be interested. I said yes. That’s how it all began.” After determining the program’s needs, Dr. Garvey agreed to provide the school district classroom space in Zum Hall, the college’s main academic building, as well as other facilities and educational resources for the program’s 250 participants (50 per day) and four faculty members. The school district’s elementary and middle school gifted education program moved to Mercyhurst College in 1991.

The second event contributing to the change in support that the government organizations received from Mercyhurst occurred a few months later. In 1990, Joyce Savocchio, the newly elected Mayor of Erie, approached Mercyhurst College, as well as several other nonprofit organizations, with the city’s need for additional financial resources and asked the institution to make a voluntary community contribution. Dr. Garvey remembered that the mayor’s request was presented under the guise of “what can you do to help. I don’t want to create problems for the college but we’ve got to get the nonprofits involved in helping the city.” Dr. Garvey’s response to the mayor was “what do you need?”
When he was informed that the city needed police cars, President Garvey took the city's request for help to the college's Board of Trustees. Garvey stated about this experience that "she told me you need to do something, she told me what she wanted, and I said 'I'll go to the board.'"

Dr. Garvey took the city's request for help to the Board of Trustees in October 1990. He not only presented the city's request for help, but also recommended that the college should adopt a formal institutional policy that the college would provide assistance to all the local political subdivisions. Like Dr. Garvey's earlier decision to support the community at large with college resources, his idea to support all the local government organizations was also the result of an interplay of personal, organizational and environmental variables.

One assumption in the formation of CIOR's is that they develop to help organizations manage their environments and resources during times of uncertainty, when the future state of their environments is unknown (Ring and Van de Ven, 1994). Dr. Garvey's understanding and sensitivity to the Erie environment is a key factor in his response to the mayor's request for help and the formation of the CIOR between the college and local government organizations that resulted. Although the mayor did not tie her request for help to the tax exemption controversy developing in Erie, Dr. Garvey was aware of the fiscal problems being experienced by local government, the uncertainty these difficulties were creating for the political organizations and their attempts to reduce this uncertainty through tax exemption challenges. These understandings led him to believe that the Court of Common Pleas was going to overturn Hamot
Medical Center's tax exempt status and that it would only be a matter of time before the charitable status of other nonprofit organizations in the community was questioned. Additionally, Dr. Garvey knew that a widespread challenge to the tax-exempt status of all nonprofit organizations could create an uncertain environment for the college as well.

Since Mercyhurst’s mission of community involvement was tied to providing for the long term financial health of the institution, Dr. Garvey also felt that the best way to protect the college’s nonprofit status and the institution’s financial resources in a period of uncertainty was to extend the college’s mission of being a community partner to the local government organizations. He believed that just as the college set out to create “friends” from the community as means of obtaining needed financial and influential support from area residents, it should also support the government organizations as a means of creating “friends” in government to protect its resources. Garvey indicated that

If the college attitude is that it is a part of the community, is a positive force in the community, enters into community affairs, makes facilities available on a regular basis—not just occasionally—then there is feelings that the college is part of the government structure and that you are not going to take it on. . . . To tax Mercyhurst would be taxing their own body.

Dr. Garvey's concern for the long term financial well being of the institution as a motivation for proposing that the college help the local government organizations is evident in the following comment:
I went to the board and explained the problem of nonprofit taxation and told our board that we have a choice of either fighting this or cooperating. It was my opinion that the Hamot thing was going to be lost and it doesn't make sense to fight it. I think if we show a willingness to be helpful and supportive we won't give them a reason to fight it.

Spekman, Isabella, MacAvoy and Forbes (1996) state that “to act in the best interest of the alliance might appear, at first glance, to run counter to the firm’s best interest.” (p. 354) The college’s mission of community involvement for philosophical reasons, because it is what a college is supposed to do, in conjunction with his sense of civic responsibility, however, led Dr. Garvey to propose that the college assist the local government organizations for one additional reason—out of a concern for both town and gown. In doing so, he defined Mercyhurst’s response to the city’s request for assistance as a community partnership issue rather than as a financial issue for the college. Dr. Garvey stated that because of the college’s “deliberate policy decision to be this community partner,” the college’s response to the “taxation issue was a logical one.” He also recognizes that the college’s position on this issue is unique:

But not many colleges enter into a community that way. So when you look at the taxation issue, they are not going to be as open to the issue if they don’t enter into it in that way. They will see it as a nuts and bolts, dollars and cents issue. They need to see it as a community issue. But only if you have a community framework will you do that. If you don’t have a community framework, you will evaluate it in a narrow gauge of what is
good for you. And it may not be good for you at all but that's the basis from which you will evaluate it.

The Board of Trustees agreed with Dr. Garvey that the college should offer contributions to the local governing bodies not only as a means of avoiding "further discussion of taxation" but also as a means of developing a positive working relationship (W. Garvey, personal communication, October 23, 1997; Mercyhurst College Board of Trustee Minutes, December 13, 1990). These resolutions marked the beginning of a formal college policy to help and support all the taxing bodies in Erie on an as-needed basis.

**Initial Contributions**

As an initial contribution to the City of Erie, the board agreed to provide the city with the financial resources (approximately $60,000) to purchase three police cars and established a $30,000 scholarship fund ($10,000 annually for three years) for police officers to enroll in criminal justice courses at the institution. Dr. Garvey communicated the Board's decision to Mayor Savocchio in a letter in December 1990. About the donation, Savocchio stated that Mercyhurst "did it with extremely good will and I think it was a win-win situation for . . . them as well as for the city." At the same time, Dr. Garvey informed Judy Lynch, Erie County Executive, by letter of the college's new policy to support local government. He offered to create a $15,000 scholarship fund for county employees to enroll in Criminal Justice or Business courses and donated a college van for the county Prison.
Since Mercyhurst had recently agreed to provide facilities and resources for the Erie Public School District's elementary and middle school gifted education program, Dr. Garvey did not offer additional help. President Garvey indicated that even though the school district’s desire to locate the program at Mercyhurst was not motivated by the need for financial resources, the timing of the move enabled the college to consider it as a contribution under its new policy of helping the taxing entities.

**Continuing Contributions**

Mercyhurst College has continued to help local government with its resource needs and has expanded the services or contributions offered as part of its formal policy since these initial offerings. In response to a second request for support, the college voluntarily donated three additional police cars to the city and established an additional $45,000 ($15,000 annually) in scholarship resources for county employees in 1995 (W. Garvey, personal communication, October 23, 1997; A. Roth, personal communication, October 1997; F. Scalise, personal communication, October 1997). In 1997 the college also provided $2,500 in matching funds to establish a program, operated by the Erie County District Attorney's Office, to reduce domestic violence, child abuse and violence against the elderly (*Mercyhurst alums are talking about*, 1997).

Mercyhurst also supported the county by providing facilities for the North Coast School, the county's alternative high school for “at-risk” and non-traditional students. The idea for locating the North Coast School at Mercyhurst College originated with the superintendent of the Mill Creek School Division who wanted...
to develop an alternative program for dropouts and older individuals seeking to obtain a high school diploma. Because of a prior relationship with Mercyhurst, district officials asked Dr. Garvey if the college could provide facilities for the school. Ron Wilga, Principal of the North Coast School, stated that Dr. Garvey's initial response was "no, I don't think so because I don't have the room, but let me see." A few days later, however, Wilga received a call that a possible space, in the basement of a dormitory, had been located. Wilga indicated that "lo and behold, it was exactly what we wanted," so "we moved to Mercyhurst." Dr. Garvey reported the reason why the college was willing to support the program: "it was good for the county and the kids. . . . It was a program that we took on because we wanted those kids in a setting that was more positive."

The North Coast School located at Mercyhurst College in the fall of 1996. After one year, the school was forced to move because the college needed the space to accommodate an increase in enrollment. Although the school has relocated, Mercyhurst continues to support the school and provide resources by conducting the school's fire drills and providing security. Wilga stated that "Mercyhurst provides our security for us. They come down here in the evening to check and make sure the building is okay." Mercyhurst will also be the site for the School's graduation ceremonies in the Spring of 1998.

In addition, Mercyhurst College began providing, in 1995, facilities and resources for the county's Institute for Child and Family Policy, a public policy organization which examines and evaluates local, state and federal policies affecting children and families in the Erie community (T. Gamble, personal
The Institute was first established by the county's Office of Children and Youth Services as the Community Policy and Planning Council for Children to promote collaboration among various agencies providing services for children. The council soon realized that it needed staff support. Since it would be a conflict of interest to have the county or one of its sponsoring agencies provide these services, the council recognized that a college could provide for this need. Tom Gamble, Director of Children and Family Services, asked Dr. Garvey if Mercyhurst could provide the necessary support and he replied that "housing an institute would be one way that the college could respond." Dr. Garvey indicated that the reason the county asked Mercyhurst to sponsor the program was because its purpose was to evaluate the effectiveness of child and family programs in Erie. He stated that "they put it here because they wanted a neutral site. If somebody has to say hard things about the effectiveness of the services it is better to come out of the college rather than its own agency."

A contract was developed between the county and the college, primarily to regulate the flow of monetary resources to the college, but also to provide a means of dissolving the relationship if it did not work. Garvey indicated that the institute is an independent institution that rents space at Mercyhurst. The college then pays the institute's employees with the money received. Garvey stated that "it is a self funding program that we give space to and supervision to. The college gets nothing out of it. It's a county function that they pay for and is housed on this campus."
The Institute was originally established as part of the Social Science
division of the college and supervised by the Dean of the division. Now, however,
it is seen more as a college function, with the Director reporting directly to Dr.
Garvey. This change may have coincided with a change in the institute's director
after its first year. When looking for a new director, Dr. Garvey approached
Gamble about combining the director position with a professorship at the college.
Gamble left his job at the county in 1996 to come to Mercyhurst where he serves
as an associate professor of criminal justice and psychology in addition to the
director of the institute. Garvey, in summing up why the county approached the
college to sponsor the institute, indicated that "any time they have needed an
independent agency, whenever they have needed a third party, they have turned
to the college."

Mercyhurst College has provided additional resources to the Erie Public
School District under its policy to help local government agencies as well. In
addition to contributing facilities for the elementary and middle school gifted
education program, Mercyhurst College also supports the school district's gifted
high school program by providing college level courses for gifted high school
students in the community. In 1997, 75 high school students from area public and
private high schools were enrolled in college courses at Mercyhurst College
(Mercyhurst alums are talking about, 1997). The college also furnishes the
school district with free tickets to performing arts and cultural events as a means
of increasing student interest in the arts (J. Barker, personal communication,
October 28, 1997; M. Fuhrman, personal communication, October 1997).
Mercyhurst College also supports the school district's Academic Sports League. James Barker, the district's Superintendent, developed the idea to start an Academic Sports League in which school children would compete in academic subjects (math, science, humanities, and literature) just like athletics, and approached Dr. Garvey and Mercyhurst College for assistance in getting it started. Specifically, he was seeking a site for the events, four-year scholarships for winners, and assistance in garnering support from other colleges. Mercyhurst was able to provide the district with all of these. Garvey stated that, in general, Barker has "called on the college a number of times and we have responded each time." In regards to the Academic Sports League, he indicated that "he wanted Mercyhurst to be a site." Barker reported that "we were looking for full four year scholarships which is not an easy thing to obtain. [Dr. Garvey] gave the first four-year scholarship which he has now dedicated there at Mercyhurst to the Academic Sports League." Dr. Garvey and Mercyhurst were also instrumental in garnering support from the other colleges. Barker indicated that "his support, his approval took the lead. Once he, then the other colleges joined in."

Mercyhurst continues to respond to the requests of all the government organizations to utilize Mercyhurst facilities by offering the use of its facilities to them at no charge. One example is that the Erie School District uses Mercyhurst on a regular basis as a place for its Leadership Academy, a collaborative effort of business, higher education, and public and private schools to develop a national model of leadership training for school administrators. The city of Erie hosted the Pennsylvania League of Cities annual meeting in 1998 and held a banquet at
Mercyhurst. Garvey indicated that the mayor’s office called and asked the college to host the event. In this case, the city was to pay the expenses of the banquet and the college’s music department would provide entertainment.

**Outcomes**

Mercyhurst’s adoption of a formal policy to support the local government organizations, in response to Mayor Savacchio’s request for a voluntary contribution, not only signaled a readiness to engage in a more cooperative relationship with the local political subunits, but also changed the CIOR between town and gown from an ad-hoc cooperative relationship to a well-coordinated, vertically integrated, informal voluntary association. Dr. Garvey’s role as the initiator of this change is recognized by government personnel. Judy Lynch, in particular, acknowledges Dr. Garvey’s role in the evolution of the town-gown partnership through his use of college resources to support the community’s resource needs:

I think that the reason is that there has been an overt attempt on the part of Dr. Garvey to strengthen those relationships and to have those relationships in existence. . . . A lot depends on how a president or teaching staff feel about the opportunities that the relationship could have. Dr. Garvey has seen those relationships as very important and he’s strengthened them by making Mercyhurst available.

**Champion of the CIOR**

Spekman, Isabella, MacAvoy and Forbes (1996) link the continuation of an organizational partnership to the presence of a relationship champion, an
individual “responsible for the care and feeding of the alliance” (p. 352) and providing an environment in which the relationship can develop and evolve. Because an interorganizational relationship is a “complex interaction of business and interpersonal activities” (Spekman, Isabella, MacAvoy, & Forbes, 1996, p. 350), a champion must focus on both the responsibilities and the personal relationships that comprise the CIOR. Consequently, the work of a champion includes: establishing the vision of the interorganizational relationship by seeing the competitive advantage or mutual benefits that each organization can achieve as a result of the partnership; translating and communicating the vision of the relationship downward so that trust, commitment, and understanding are prevalent at all levels of interaction within the CIOR; resolving conflict in a manner that benefits the interorganizational relationship rather than the organizations themselves; and relying on informal networks and social ties in discharging responsibilities as well as attending to the interpersonal aspects of the CIOR (Spekman, Isabella, MacAvoy, & Forbes, 1996).

Just as Dr. Garvey served as the initiator of the CIOR between Mercyhurst College and local government, he also functions as the champion of the relationship, and has been responsible for the nurture and development of the organizational alliance since its inception. Although Spekman, Isabella, MacAvoy and Forbes (1996) purport that each organization in the alliance must have its own champion, in this situation, Dr. Garvey serves as the champion for both gown and town. Dr. Garvey is able to act as champion of the CIOR for both the college and local government organizations because of three personal
characteristics resulting from the interaction of personal, organizational and environmental variables: (a) his status as a community leader; (b) his ability to focus on the interpersonal activities of the organizational partnership and to utilize social ties in developing and maintaining the CIOR; and (c) his qualities as a charismatic leader.

**Status as Community Leader**

First, Dr. Garvey functions as the relationship champion for both the college and the local government entities because of his dual role as both a college and community leader. Representatives from both town and gown recognize Dr. Garvey's polymorphic influence (Merton, 1968) in Erie. Mayor Joyce Savocchio explained that, "Dr. Garvey has established, or has added to the prestige of Mercyhurst College. But in his own right, he is viewed as a community leader and not simply as a president of a college. He almost has gained an identity outside of that which has helped tremendously." Mercyhurst's Michael Fuhrman, Director of the Performing Arts Center, similarly stated, "Dr. Garvey does have a very distinctive role in city life. There are four or five individuals in the city that play a role and Garvey is one of them." Echoing this, Vice President Mary Daly explained, "He is the most active individual in the community . . . He is the leader in Erie, after the mayor . . . There are a couple of bankers, but Dr. Garvey is the most recognized figure."

The reasons identified for Dr. Garvey's status as a community leader vary. Cappello cites Garvey's previous work in politics as the basis for his knowledge and insight into the Erie community and his standing as a community leader.
Savocchio and Daly agree but further link his identification as a community leader to environmental changes within the Erie community. Savocchio asserted that his reputation is due to a shift in the locus of influence in the city:

I think that some of the new leadership we are going to see in the next century, and leadership shifts, I believe is going to come from the educational world. It's moved from the private sector to the financial sector. It's gone from industrial to financial. Now it's moving into the public sector and I think in the next century education and educational leadership is going to play a very significant role.

Mary Daly concurs that the locus of influence in the Erie has shifted to the educational community and provides a reason for the change. She purported that this is the result globalization and the merger of local institutions into large conglomerates:

What has happened in Erie is that the banks have become nationally owned or state owned. All of the corporations have come in with their big businesses up here at the Summit Mall and so all the little, small businesses where you would try to pull your leaders for the community have either left the city. . . . So now what's happening is that they are looking to the colleges for stability and leadership. Dr. Garvey is the one they look to ultimately.

Dr. Garvey's involvement in the greater local community supports these statements about his civic role. In addition to his early involvement in community and political activities, he has participated and played leadership roles in civic or
fraternal organizations such as the Rotary Club, the Erie Historical Society and
the Erie Board of the Pennsylvania Economy League. He has also served on the
governing boards of a variety of community and business organizations including
the Erie Port Authority, Metro Health Center, Erie Conference for Community
Development, Irish-American Partnership, and Hamot Heath Center. His
involvement has led to him receiving numerous awards including the
Distinguished Civic Service Award and the Louis J. Tullio Community Service
Award from the Erie Chamber of Commerce, the Erie County Historical
Association Award for Outstanding Service to Local History, the Outstanding
Community Leadership Award from the Dr. Gertrude Barber Center, and the
Distinguished Career Award from the Sales and Marketing Associations of Erie.
In 1995, Garvey was honored as one of the 100 outstanding Irish Americans in
the United States (Garvey Biographical Profile, 1997).

Dr. Garvey's role as a civic leader is further supported by the fact that
government leaders seek his advice or help with government and education
matters. Cappello remarked that Dr Garvey is the "kind of person you want to go
to when you have concerns, or want advice, or some help. You really don't mind
going to him." Garvey himself explained that the government organizations have
sought his help with government matters and that he has assisted them on
numerous occasions. Among the examples he cited, he reported that "[Dr.
Barker] was looking for advice on several things having to do with new initiatives
[in the Erie School District], one of which was a leadership academy. He wanted
input from the various parts of the community .... He's called me from time to
time on the academic sports league that he started."

Interpersonal Relationships

Ring and Van de Ven (1994) indicate that CIORs “merge, grow, and
dissolve over time as a consequence of individual activities” (p. 95).
Relationships between organizations, therefore, are really relationships between
people, and the interpersonal relationships that exist between these boundary
spanning individuals help shape and modify the developing CIORs (Hutt,
Stafford, Walker, & Reingen, 2000). In addition to his dual role in the Erie
community, Dr. Garvey serves as the champion of the CIOR for both town and
gown because of his ability to focus on the interpersonal activities of the
organizational partnership and to utilize social ties in developing and maintaining
the CIOR (Spekman, Isabella, MacAvoy, & Forbes, 1996). Dr. Garvey
accomplishes this because he (a) understands the necessity of interpersonal
relations; (b) has developed his own network of interpersonal relationships with
government representatives; and (c) displays personal characteristics within the
CIOR which enhance his development of personal relationships with other
organizational representatives.

Importance of Interpersonal Relationships

Dr. Garvey understands the importance of interpersonal relationships at
two levels. First, he recognizes their importance in the Erie community. On
several occasions, Dr. Garvey reported that “Erie is a town where personal
relationships are very important. Relationships are less institutional than
"He further indicated that the reason that personal relationships are so important in Erie is because it is a "big village." Although he does not provide a definition or detailed description of a "big village," he seems to be describing a close-knit community in which personal relationships are diverse, individuals interact with each other in multiple roles and settings over a long period of time and "the larger group and the kinship group play a particularly dominant role" (Huston & Burgess, 1979, p. 21). In addition, because many individuals are linked through kinship and friendship ties, a close-knit community is characterized by a high degree of consensus regarding community values and norms which promotes the development of trust and commitment between individuals. Dr. Garvey alludes to the presence of these characteristics in the Erie community:

That's the way it works. The most effective people in Erie tend to be those whose word is their bond. Things work on personal relationships. Erie is a big village, and therefore, who asks what and what they believe about the person who asked is everything . . . . People give to people . . . . There's a number of people who have high respect, and people believe that they can get things done or that they can do things well and they will give you more.

Second, Dr. Garvey understands the need for interpersonal relationships among individuals within the CIOR. James Barker, in particular, recognizes this quality in Dr. Garvey and the benefit it brings to the organizational partnership:
He fosters and nurtures relationships and fully understands that it is on the basis of that relationship that, when they have the relationship, individuals, whether it is myself or others in the organization, are more willing to take a risk in terms of changing the relationship or design or the contacts to creating new ventures.

**Network of Interpersonal Ties**

In addition to understanding the importance of personal relationships to the interorganizational relationship, Dr. Garvey has developed his own set of social ties with government representatives at all levels of the CIOR and utilizes these relationships in the care and nurture of the CIOR. Dr. Garvey stated that “[I have] personal relationships with government leaders . . . friendly, social relationship[s] with government officials.” These friendly, social relationships are welcomed by the government leaders who reported that “[Dr. Garvey] has been a lifelong friend” (J. Savocchio, personal communication, October 29, 1997); “Dr. Garvey is a good friend of mine” (R. Wilga, personal communication, October 28, 1997); and he is “like the friend that occasionally, if you would need something, you give them a buzz” (J. Barker, personal communication, October 28, 1997).

Although Dr. Garvey acknowledges that these interpersonal relationships are friendly, and that government leaders consider him a friend, he avoids using the term “friend” when describing his relationship with these individuals. The basis for this distinction is the absence of social interaction, or interaction in strictly social settings, in the associations. He prefers to think of these relationships as professional friendships or associative friendships (see Reisman,
1981) where the purpose of the interaction is business related rather than social. As a result, he describes his relationship with Judy Lynch as "strictly a professional, somewhere between friendship and just occasional contact. It's not close." Elsewhere he refers to her as an "acquaintance." Concerning his relationship with Mayor Savocchio, he stated that it is "not like I'm a good friend. I mean they would call me a good friend but it's not. The social intercourse of good friendship is missing." Finally, in describing his relationship with Barker he reported that it is "warm, supportive, friendly, but it is not intimate."

Dr. Garvey's relationships with government representatives developed from a variety of starting points, each characteristic of the development of personal relationships within a close-knit community (See Huston & Burgess, 1979) or by someone with roots in the local area (Merton, 1968). Several relationships are long-term and preceded his tenure as President at Mercyhurst College. His relationship with Judy Lynch began in the 1970's when he served as a consultant at Villa Maria High School, where Lynch was a faculty member. Dr. Garvey's political involvement led to a renewal of the association when he served as Erie County's Administrator and Lynch served as a member of the county council. Although primarily a business relationship, some social interaction occurs between them as a result of social memberships. About the relationship, Dr. Garvey explained

I was Director of Administration for Erie County, the first one. She was a county councilwoman. So I got to know her much better through that.

Then, when I left government, Judy and I connected up again in a book
club. She was a member of a book club that meets every month. She became a member. I was already a member. So we got to renew those acquaintances. I've supported her in office. I was impressed with her as a councilwoman so I supported her when she ran for county executive. I was not a close advisor or anything, but a supporter. I continue to support her every time she runs.

Although they have some social interaction, Dr. Garvey indicated that his interaction with Lynch is sporadic and mostly business inspired. He reported that Occasionally I may call her or she will call me. It is business inspired. There is no social interaction. . . . It's a personal relationship in terms of contact with the book club. Unless there is a reason, there is no contact. . . Strictly a professional [one]--somewhere between friendship and just occasional contact.

Dr. Garvey's interpersonal relationships with Mayor Savocchio and her assistant, Rita Cappello, are also long-term relationships that began when the two women were students at Mercyhurst College in the 1960's. Dr. Garvey served as Savocchio's faculty advisor and their tie remained a student/teacher relationship until she became mayor. According to Garvey,

Joyce is a former student. I knew Joyce while she was here. She was a history major. I was her advisor. I encouraged her to go to graduate school. I encouraged her to go for political office. I encouraged her to run for mayor. . . . She always used me as a reference.
Savocchio described the relationship in similar terms: "I went to Mercyhurst. Dr. Garvey was one of my mentors. He's been a lifelong friend."

Until Savocchio became mayor, contact between the two was infrequent and primarily occurred at college gatherings. Garvey reported that "I would see her at college affairs when she would attend . . . . The contact was very sporadic, but whatever it was, it was supportive, it was always warm as a former teacher-student would be." This sporadic but regular pattern of interaction continued once Savocchio was elected Mayor. She reported that Dr. Garvey "is definitely one of the people I contact on a regular basis." About the interaction she indicated that Sometimes it's "can you assist with this." Or he might call me and say "what do you think of this idea?" I mean, there's a give and take conversation. I think there's also broader planning because he serves on the port authority and other community groups. So our interaction sometimes might be not maybe specific to Mercyhurst but I would say it's fairly regularly.

Dr. Garvey's relationship with Rita Cappello, Savocchio's assistant, is also a former student-teacher relationship that has continued through the years. Cappello stated that "I basically took educational philosophy courses from Dr. Garvey at the college. I graduated in 1964. So I've known [Dr. Garvey] on and off, well for those many years since I was a student. We have always maintained a friendship over the years." Their relationship took on an additional element when Cappello served on the faculty at Mercyhurst. She reported that "I also taught at Mercyhurst. I taught in the education department for six or seven years.
So actually that was interesting because at one point [Dr. Garvey] and I were peers."

Dr. Garvey's personal relationship with Erie School District Superintendent, James Barker, is not a long-term relationship; instead, it is the result of the interorganizational relationship between Mercyhurst College and the Erie City School District. Dr. Garvey first became acquainted with Barker when the school district approached the college about hosting its gifted education program. Although he knew of Barker as a result of the college's relationship with the Erie School District, Garvey "never met Barker" prior to that time. It was not until Barker became superintendent, in 1992, that he "got to know him pretty well." Barker concurred that his relationship with Dr. Garvey is a professional relationship that began as a result of working together on projects.

Dr. Garvey has also developed social ties with other organizational representatives in the CIOR. While Dr. Garvey limited his comments about his personal relationships with government representatives to the leaders of those organizations, he alluded to relationships that he has developed with members of the Erie City Council. In addition, all other government representatives interviewed mentioned having a relationship with Dr. Garvey. These relationships also began in a number of ways. For many respondents, the sense of having personal relationships with Dr. Garvey is the result of living and working in Erie and knowing or knowing of Dr. Garvey for a long period of time. James Piekanski, Erie School District's Supervisor of Special Education, explained: "I've lived in this community my entire life, I've grown up in this community and
whenever there is a major community thing happening . . . Dr Garvey is always there.” Tom Gamble, the Director of Erie County’s Institute for Child of Family Policy, stated “I have known Dr. Garvey for a long time. I knew him before he knew me. [It was] a professional relationship that began through Dr. Garvey’s involvement on community boards and committees.” Almost all respondents, however, mentioned that they have a relationship with Dr. Garvey because they are all former or current adjunct faculty members of the college (T. Gamble, personal communication, October 27, 1997; J. Piekanski, personal communication, October 21, 1997; F. Scalise, personal communication, October 28, 1997; R. Wilga, personal communication, October 28, 1997).

Representatives on both sides of the interorganizational partnership recognize the importance of Dr. Garvey’s interpersonal relationships with government representatives to the CIOR. In speaking about the city’s relationship with Mercyhurst, Cappello remarked that the “personal relationship with Dr. Garvey has made a difference.” She added that “I just think that the feeling because of the fact that we’ve known Dr. Garvey for so many years might appear to be different. It’s like working with an old friend.” Piekanski commented that “the relationships that he has developed with different members of the school board, or city council, or all of the different governing entities, I think go a long way in establishing a relationship for the college. I think it is something that is immeasurable in terms of how much support that gives.”

Many interorganizational characteristics such as trust, communication, understanding and commitment are the result of successful interpersonal
relationships within the alliance relationship (Spekman, Isabella, MacAvoy & Forbes, 1996). Savocchio and Barker both explain how their interpersonal relationships with Dr. Garvey have affected positively these characteristics of the CIOR. Savocchio believes that her relationship with Dr. Garvey has enhanced communication: “So I mean that made it certainly a lot easier in the sense that you could sit down and speak very frankly and have an excellent working relationship.” Dr. Garvey also recognizes the importance of his personal relationships with city officials to interorganizational communication. He indicated that the college’s donation of police cars was easier to arrange because Savocchio was mayor: “There was the feeling that we were dealing with a friend.”

Barker also believes that his personal relationship with Dr. Garvey has enhanced and enriched the organizational relationship between the college and the Erie School District. First, he indicates that his interpersonal relationship with Dr. Garvey has been a factor in the development of trust in the CIOR. In particular, he recognizes the cumulative effect that multiple interactions over an extended period of time have had on the interorganizational partnership:

Dr. Garvey and myself and others who have worked on other projects in that, if there became conflict or there was confusion or the community heat was turned on, didn’t fold up the tent and go home. That there was that commitment factor and trust factor that we would always work to each others mutual benefits and that kind of relationship evolved over a number of years. It wasn’t a single event, or a single action. There were many instances and occasions that we had the opportunity in the two institutions
to have partnerships and relationships and do things that were somewhat unique and that evolution of trust and understanding regarding the leadership style made us most comfortable and kind of saying, "okay, let's do this." We know they are going to do it right. We know they are going to be consistent. We know if there are problems they are going to work with us to work through them.

Second, Barker reported that his personal relationship with Dr. Garvey has enhanced the relationship by causing the school district to increase its commitment to the CIOR by intensifying its resource contributions to the interorganizational relationship. As an example, he reported that the school district's contribution to the Erie Bicentennial was a result of his personal relationship with Dr. Garvey:

Dr. Garvey headed the Bicentennial. We were probably the single major player in there. We put on a production. We rented the civic center and 6,000 people spent tens of thousands of dollars and made it one of the signature events. . . . Had someone else been in that role, I can assure you we would not have participated to that level or that degree. And he has tremendous leadership and we were committed to making this the signature event with Dr. Garvey at the helm. We worked very hard to contribute to that. We feel through his leadership and the relationship that we had, we helped make the bicentennial a historical [event].
Personal Characteristics

Dr. Garvey also displays personal characteristics within the interorganizational partnership which enhance his development of social ties with other organizational representatives. These capabilities arise primarily because Dr. Garvey is other-oriented rather than self-oriented and provides an environment than recognizes the contributions and value of those around him. He accomplishes this is several ways.

First, Dr. Garvey lets others take the credit for his ideas. Mark Fuhrman indicates that this is because he does not want the recognition for himself. He reported that “[Dr. Garvey] will have these ideas and we'll run with it. Then selective amnesia hits and it was our idea. That's the kind of individual he is, doesn't want to be recognized.”

Second, Dr. Garvey treats others with respect and attention. He does this by honoring and recognizing special groups. One group that he recognizes is government leaders. Mark Fuhrman reported that, as part of the Erie Bicentennial celebration, Dr. Garvey held a party to recognize city and county council members. He

would go out of his way and force us and encourage us to go out of our way . . . to invite them to these functions, to create a special seat for these people, recognition for these city council and county council members and representatives. . . . We had a big birthday party where we honored city people. . . . It wasn't actually doing special favors for them. It was actually
treating them with respect because they were serving the city and should be recognized for that.

Another group that Dr. Garvey honors on a regular basis is the Sisters of Mercy. One reason he does this is to recognize their work in establishing the college. Mary Daly reported that “When he talks about the college, it’s not the Mercyhurst College corporation, it’s all the Sisters. He is there to give tribute to them, to name buildings after them, to keep their memory alive.” This is evident in his desire to keep the transfer of the college property from the Sisters of Mercy to the Mercyhurst Corporation from becoming public. As a result, Daly further stated that “We never had anything in the paper, never a story that Mercyhurst is no longer owned by the Sisters of Mercy. Nobody in Erie knows it. They think the Sisters of Mercy still own this place.”

A second reason he honors or attends to the Sisters is so that they continue to feel part of the institution. Daly again indicated that

Even though the Sisters of Mercy do not own anything—"it says a lot about Dr. Garvey—you would never know that. He invites them down at Christmas time, has a party. Once in a while he does go up and see them. All the old nuns, every Christmas, Valentines Day, Easter, 4th of July, will get a case of beer from him... The Sisters of Mercy tell him that he is like an associate of Sister of Mercy. He is right there for him. All because of his masterful way.

Third, Dr. Garvey is available and accessible to those around him. Several government representatives reported that he is available in a general sense.
Piekanski indicated that Dr. Garvey is “always there if we need him” while Cappella commented that “he’s always been there for us.” Savocchio, Cappello, and Barker spoke of accessibility in the sense that he is reachable. Cappello stated that when there is a problem, “just a phone call and it’s all taken care of. It would be a very simple thing to call [Dr. Garvey]. If I call him and he’s not available right then, he always returns my call. Within an hour, two hours, whatever.”

Dr. Garvey’s accessibility is not limited to government leaders; he is available to other individuals and groups as well. Daly indicated that

Any kid can come to Dr. Garvey’s office, anyone from outside. . . . No one is to be given the run around. No student, no salesperson . . . . Anybody has a problem, they call Dr. Garvey. Any businessman has a problem and they need a consultant, they call Dr. Garvey . . . . If [there is] ever a late breaking story, [the press] call and want to talk to Dr. Garvey. [He is] always accessible to them. So when he calls and wants to talk to them, they are also accessible to him.

Charismatic Leader

Spekman, Isabella, MacAvoy and Forbes (1996) report that two important characteristics of an alliance champion are the capability to translate and communicate the vision of the CIOR downward to all participants so that relationship values are present at all levels within the organizational partnership, and the ability to resolve differences in a manner that benefits the interorganizational relationship rather than the individual organizations. Since
they tend to focus on the managerial role of the relationship champion, they further purport that the champion fulfills these responsibilities as a strategic sponsor, advocate, networker, and facilitator (Spekman, Isabella, MacAvoy, & Forbes, 1996). Dr. Garvey, however, performs these functions of the champion as a transformational or charismatic leader.

House, Spangler and Woycke (1991) define charismatic leaders as “exceptional leaders who have extraordinary effects on their followers and eventually on social systems” (p. 365) as a result of their ability to “exercise diffuse and intense influence over the beliefs, values, behaviors, and performance of others through [their] own behavior, beliefs, and personal example” (p. 366). The ability of a leader to influence followers so profusely springs from the bonds that exist between them in conjunction with the personality traits of the leader that contribute to the formation of the relationship. The presence of a charismatic relationship between leader and followers can be delineated through the actual behaviors of the leader and the emotional attachment the followers have for the leader (Sosik, 2001).

Among the attributes of a transformational leader is the ability to (a) articulate or dramatize the vision in a manner that encourages follower commitment, (b) ensure followers of their competency and (c) provide them with opportunities to experience success (Behling & McFillen, 1996). Dr. Garvey utilizes these qualities in disseminating the vision and values of the CIOR downward to alliance participants from both town and gown. Within Mercyhurst he accomplishes this by encouraging faculty and staff to support the institution's
mission of community service and providing them with the opportunity and capacity to participate. Within the CIOR, he fulfills this function by creating a team environment that promotes interaction between college and government representatives.

**Communicating the Institutional Mission**

Dr. Garvey promotes commitment to the vision of the CIOR among Mercyhurst employees by encouraging them to support the institution's mission of community partnership and providing them with the opportunity and capacity to participate. Dr. Garvey indicated that he encourages employees to participate in community service activities for two reasons. First, he encourages employee participation in civic life because "it is a public need. We still encourage it because these are important functions in the community" (W. Garvey, personal communication, October 23, 1997). Second, Dr. Garvey promotes service to the Erie area because he recognizes that it provides additional linkages between the college and local community.

Dr. Garvey encourages college employees to support the college's commitment to the community through active participation in a number of ways. First, he rewards community service and provides incentives for faculty and administrators to participate. For faculty, the rewards for community service are part of the promotion and tenure process. Dr. Garvey reported that, although teaching is still the most important criteria, "to make tenure, faculty have to show that they have made a difference in the life of students, made a difference in the life of the college, made a difference in the life of the community." For
administrators, encouragement to become involved in the local community comes in the form of release time or flexible working conditions to accommodate community volunteer activities. This is evident in Dr. Garvey's account of a conversation he had with an employee seeking time to help with a fundraising campaign to benefit the local Boys and Girls Club:

She's on a committee to raise money for the Boys and Girls Club. She will have to make calls during the day. She asked if I would have any problems since she'll be out of the college quite a bit through the campaign. I said, "go right ahead, as long as you make up that work." It's good for the city to help the Boys and Girls Club." So she was encouraged to do that.

Dr. Garvey also encourages college employee involvement in the community by sponsoring employee participation in community organizations such as Leadership Erie, a program designed to create future civic leaders for the Erie community. Mike Fuhrman, Director of the Performing Arts Center at Mercyhurst, reported:

The college sponsors up and coming administrators and faculty members to play a role in the City. The city developed a program called Leadership Erie. . . . which was designed for young administrators to get involved and know the city fabric and to dig up some things and make some improvements somehow. There were about 40 members. The college sponsored me to get involved.
As a result of rewarding community service, Dr. Garvey reported that "Mercyhurst people are interwoven in the community... We could go down a whole list of people who are playing public functions." As examples, Dr. Garvey stated that Mercyhurst personnel serve as the chairs of the Stairways Board, Public Library Board, and the Publications Committee of the Erie County Historical Society. Gary Bukowski, Mercyhurst's Vice President of Institutional advancement and Erie County Council Member for over 20 years, echoed Garvey's remark by stating that "a lot of us have done a lot in the community. It's the way we feel it should be. I know there is more with all the voluntary services that our faculty, staff, and administration do for the community."

Second, Dr. Garvey involves faculty and staff in the college's community and government partnership activities. An example of employee involvement in community partnership activities is the support college administrators provided to the Erie Community Bicentennial celebration. In speaking about the Bicentennial celebration Dr. Garvey indicated that "the event would not have happened if not for Mercyhurst." He further purported that "the college led the celebration. When I say lead, I mean lead. It wasn't just me, it was the whole college... It was the posture of the college to help. So everybody entered into it in that spirit." Dr. Garvey's comments were echoed by other administrators who reported that "the college took on the whole role of starting the groundwork of the bicentennial," and "whenever anything needed to be done, the whole college community did it."

College administrators lent support to the Bicentennial Celebration in many ways. First, Mercyhurst's personnel were diverted from their regular
college responsibilities to support the Bicentennial celebration. Mark Fuhrman, a college administrator, was given a leave of absence to serve as the Executive Director. Second, the public relations staff designed the Bicentennial logo, wrote press releases and planned the final days' ceremonies. Third, the business office managed the commission's budget and paid the bills until a separate 501(c)3 organization could be created, and offices and a staff were secured. In addition, the maintenance staff provided chairs for public events and constructed a small park for the city in conjunction with the celebration's closing ceremonies.

Opportunities for involvement in the college's community and government partnership activities are not limited to college administrators. Jim Piekanski reports on Dr. Garvey's desire for college personnel, particularly faculty, to be involved and cooperate with school district personnel in the operation of the gifted education program:

Dr. Garvey has been very concerned that his faculty work with us and that his students work with us, pretty much on an as needed basis. His theory, or philosophy, is that if you ask, meaning us, if we ask, he wants them to cooperate with us and give it to us. I've been with him numerous times, numerous times, when he has talked to his faculty and to people about cooperating with us and doing things for us. . . . And the faculty for the most part has been 100% cooperative.

He continues by providing examples of how Mercyhurst faculty members have assisted the school district's gifted education program.
The professors do labs for us, they do, I would call them, mini-lessons or mini-units. We might ask a science professor to do a unit on weather. . . . They may say, “here’s what we, or here’s what I can do within my schedule. You have five different groups of kids coming in, I can give you the next three Tuesdays. I can’t come the other days of the week.” That’s fine, we’ll take our Tuesday groups and will design a unit lesson for them on three Tuesdays and have the professor assist us or develop a lesson, maybe go to his lab and do it. Then, that’s cool for Tuesday. So it’s a very flexible program. It needs to be with the different things we have going on. So maybe the rest of the kids will never get the weather unit. So what?”

Third, Dr. Garvey involves Mercyhurst employees in community service activities by empowering them with the ability to initiate partnership activities with community and government organizations. The college’s 1994 offer to provide educational services to Erie County employees was actually initiated by Gary Bukowski and Andrew Roth, Mercyhurst’s Vice President of Enrollment Services.

Bukowski also initiated a joint project between Mercyhurst College and a neighboring school district to create the Greenway Project, a community recreation and nature reserve. The idea for the project began after Mercyhurst received a 35 acre land gift which the institution used to create an ecological and wildlife preserve where faculty and students could conduct wetland research. The property, however, was located adjacent to two other land parcels utilized for similar purposes—the Millcreek Township Recreational Area and a nature center operated by the Millcreek Township School District. Gary Bukowski indicated
that, at first, little interaction occurred between the college and the other two property owners. He stated that it was "like three neighbors whose backyards link but nobody wants to talk to each other." Bukowski championed joining the properties and combining organizational resources to enhance the educational and research potential of the area. Thus, a formal agreement was established between Mercyhurst College, the Millcreek Township Recreational Area and the Millcreek School District to establish the Greenway Project and create over 200 acres of green space, consisting of a variety of habitats and plant communities, which can be used by the greater Erie community for recreational, educational and research purposes.

Bukowski stated that,

I just thought it would be a great idea to have three entities working together in a consortium. So we worked out sort of a consortium where we helped them and they helped us. People walk now through our property. Our Ph.D.'s--which they don't have--go out and give lectures and share equipment.

Concerning the project's success, he further reported that "Our kids have got a lot from it. I think the school district kids have."

Finally, Dr. Garvey encourages Mercyhurst faculty and staff to support the institution's community mission by utilizing his persuasion skills, a recognized personality trait of charismatic leaders (Sosik, 2001). Fuhrman described how Dr. Garvey encouraged him to support the community partnership mission of the college in his position as the director of the college's performing arts center:
He said as a college it is our responsibility to the community to open up--this isn't here just for Mercyhurst people, you're not here just to make money for me, which I think I am, your role is to help out the community when you can. . . . When we talked about prices, charging for the rental of the facility, that is where that played a role. That part I didn't understand but it did play a role. . . . In order to preserve that right or area, it is our responsibility as a nonprofit organization to provide those services. That's where it started to come down to this is more that just our mission statement, it is something we need to be aware of. I didn't understand it that much. But the discussion did come up and it does play a role in providing the facilities at a lower cost to preserve that right.

**Communicating the CIOR Vision**

Dr. Garvey promotes commitment to the vision and values of the CIOR among alliance participants from both town and gown by creating a team atmosphere within the organizational partnership that encourages interaction and cooperation among and between college and government representatives. Several college employees recognize the team atmosphere that Dr. Garvey has created within Mercyhurst College. Mary Daly reported that, in supporting the Erie Community Bicentennial celebration, “we all worked together. It was a team effort.” Mark Fuhrman described how Dr. Garvey creates a sense of cooperation among college personnel: “Dr. Garvey is our quarterback so to speak. So I think in essence, we are doing it. It’s a team thing which he has an uncanny ability to create that sense. . . . he has this natural ability to lead and to galvanize those
around him.” As a result, he adds that “the majority of the administrators and faculty members here are willing to go the extra mileage. Because it is done in a nonthreatening, non do or die— we must do this—it’s done in a very humane, respectful way. I don’t know how to quite say it. You want to do it.”

Dr. Garvey creates a team atmosphere specifically within the interorganizational relationship by promoting or encouraging the development of interpersonal relationships between organizational representatives involved in the CIOR. Although many government representatives indicated that their personal relationships with Dr. Garvey and other members of Mercyhurst’s faculty and administration are the result of their connections to the college, Dr. Garvey has contributed to the development of these interpersonal associations in a number of ways.

First, Dr. Garvey creates a welcoming atmosphere for government personnel. One way he accomplishes this is by ensuring that school district employees teaching in the school district’s gifted education program feel like they were part of the college community. Piekanski indicated that the college provides gifted education faculty members with faculty parking permits because “they want us to feel like we are part of the faculty.”

Second, Dr. Garvey also has contributed to the development of interpersonal ties by maintaining an informal institutional culture that facilitates communication and cooperation among boundary spanners. Tom Billingsley recognizes the informal culture at Mercyhurst and attributes it to the philosophy of Dr. Garvey. He further ascribes Dr. Garvey’s successful implementation of an
informal culture to two things: the size of the college ("We can get a way with being informal because we are a small school.") and Dr. Garvey’s ability to hire individuals who are comfortable working in a casual environment.

This informal culture facilitates communication and cooperation, as well as the development of personal relationships, by creating an environment where all Mercyhurst personnel are accessible and available to government representatives in the same manner that Dr. Garvey is available and accessible to government leaders. Rita Cappello reported on the link between cooperation and the availability or willingness of Mercyhurst personnel to support the city with its resource needs: “it is a very easy and open kind of relationship and when we need support on any kind of activities it’s always very easy to call Mercyhurst and everybody there is just really always available, always cooperative.” Capello and Jim Piekanski both reported on the impact of the informal culture on their ability to communicate with college representatives. Cappello indicated that “I do work, for example, a lot with Mary Daly who is in their PR department. We call each other all the time on different things. Mary is excellent in her area and . . . has always been available to me.” Jim Piekanski added that “anytime I need anything all I have to do is pick up the phone and call Dr. Billingsley.” Billingsley agrees that this ease of communication exists in the CIOR with the school district and stated that “they will call if they need something.”

Third, Dr. Garvey delegates CIOR responsibilities to faculty and staff, and empowers them to act on his behalf. His delegation is particularly evident in the personal relationships that have developed between college personnel and
school district representatives involved in the gifted education program on
Mercyhurst's campus. To assist the school district in the operation of the gifted
education program, Dr. Garvey appointed two liaisons to facilitate the school
district's acquisition of resources and assimilation into Mercyhurst's culture, and
to serve as a point of contact for Jim Piekanski, the school district's Supervisor of
Special Education. He appointed an administrator, Tom Billingsley, to maintain a
hospitable environment for the gifted education program and to create a support
system for their use of college facilities, and a faculty member, David Palmer, to
arrange use of academic resources and involvement of Mercyhurst faculty and
students. Whether intended or not, the liaisons also served as a catalyst for the
development of personal relationships between school district and college
personnel. Piekanski in particular noted the importance of the liaisons to the
formation of personal relationships between college and school district
personnel. In speaking about the formation of ties between Mercyhurst and
school district faculty, he stated:

A lot of the initial contacts were made through [our faculty liaison]. For
example, we would say that we would like our kids to take part in some art
activity. He would say, “Let's see what we can do.” Then he would come
back a few days later and say, “Professor so and so is willing to have the
kids come in and do an art activity. Let's go meet with him.” He would
take one of our staff by the hand and kind of get the meeting together.
That's how a lot of those relationships were made . . . . He was kind of the
person who did the introductions, made the overtures to their side, to their faculty, who [as a result] became very good friends with our faculty. Piekanski reported that his personal relationship with Dr. Billingsley has led to the development of personal relationships with other administrators as well. Ring and Van de Ven (1994) propose that "personal relationships increasingly supplement role relationships as a cooperative IOR develops over time" (p. 103). The development of personal relationships between school district and college personnel reduced the role of the liaisons in the CIOR. Rather than utilize the liaisons, gifted education faculty now contact Mercyhurst personnel directly. Piekanski reported that "we don't work through [the liaison] very much anymore. We have grown beyond needing him because we all have our own interpersonal relationships with the people we need to work with . . . . It just adds another person to the mix and it isn't necessary any longer." Billingsley and Palmer support this change and commented that as the gifted education personnel have established their own personal relationships with Mercyhurst people, their help is no longer needed because they make the contacts themselves. Billingsley also noted that, as a result of these relationships, the school district has assimilated into the culture of the college.

These personal relationships have also reduced Dr. Garvey's role in the daily operation of the CIOR. Piekanski stated that, although he can reach Dr. Garvey if he needs to, he no longer contacts Dr. Garvey on a regular basis: He reported that "I can get to Dr. Garvey if I need to. To be very frank with you, I don't bother Dr. Garvey anymore with hardly anything. Sometimes I feel bad
about that. What has happened is that we have developed such a good relationship with everybody else that it isn't necessary to go to him for anything."

Finally, Dr. Garvey creates a team environment within the CIOR by promoting the achievement of partnership goals over individual organizational objectives within the interorganizational alliance. Mark Fuhrman reports on Dr. Garvey's willingness and ability to give up organizational goals to fulfill the mission of the CIOR:

He has a way. There were people at these meetings who would want to see their project first. There's a way, I don't know how [Dr. Garvey] does it, of letting this sort of manifest and bubble and come out. But he hits a certain brass or flute that somehow deflects or fights it or agrees with. He conducts. He's like Ariel from the Tempest. Ariel is his way of seeing something come around, not always to his way. I learned that you sometimes have to give up 40% or 60% of what you want for the betterment of the committee.

Barker also attributes this characteristic of the interorganizational relationship to Dr. Garvey:

the relationship was strong because of the leadership of Dr. Garvey and his style. Where we did have disagreements we would look at what was the primary objective. And then the approach was that whatever side felt they needed to concede to achieve the objective so that it avoided the traditional conflict over ideological issues.
**Follower Attachment**

When charismatic leadership is present in a relationship, followers demonstrate a strong emotional attachment to the leader and respond to the leader with awe, inspiration and empowerment (Gibson, Hannon, & Blackwell, 1998). Almost all college and government participants confirmed Dr. Garvey's utilization of charismatic leadership qualities in serving as the champion of the CIOR by revealing their intense feelings toward him as an individual. Statements such as "[Dr. Garvey] is one of a kind," "he is a visionary," "he is magnificent, he spellbounds you when he talks," and "I just enjoy thoroughly enjoy being with him" are indicative of the feelings and attachments that participants have for Dr. Garvey. The strongest sentiment that CIOR representatives exhibit for Dr. Garvey is respect. Rita Cappello stated several times "I respect [Dr. Garvey] a great deal." Her respect for Dr. Garvey is based on two things: his knowledge and his abilities. She further indicated that "He's very knowledgeable, he's very well read. He always has an interesting take on things. So anyway, I've just always had a lot of respect and a lot of affection for [Dr. Garvey]. . . . [he] does things with intelligence, substance in leadership, with style."

Mary Daly conveyed not only her own respect for Dr. Garvey, but also the respect he receives from the community at large in her comment that he is the "most influential and respected man in the entire Erie area. Everybody thinks nothing but the highest of him." The basis of this respect for Daly, as well as other CIOR participants, is Dr. Garvey's leadership style and the example he sets for other people. She further reported that "he is a very humble man. If anything
else he has taught every one of us that you... don’t have to be a person that is unapproachable to be successful and respected." She sums up the affection that everyone has for Dr. Garvey in her statement that:

Everybody thinks nothing of the highest of him. They absolutely love him wherever he goes. No matter what he does, it seems like it turns to gold. He has that kind of commanding presence. You would think he is governor or something. You should see the way people treat him in Erie. They way he has to work through a crowd. He is always late for everything. Everyone in the city knows that and they always get a kick out of it and say “we’ll wait for Dr. Garvey.” He’s that kind of person that you cannot have someone fill in for Dr. Garvey because everyone is disappointed. Everyone wants to see him. They just love him.

Follower attachment and recognition of Dr. Garvey’s leadership within the CIOR also led several informants to express concern about the future of the town-gown relationship when Dr. Garvey completes his tenure as President. One college administrator noted that “it will be interesting to see what happens when the time comes that Dr. Garvey leaves.” While this individual expects the relationship with local government to continue “as long as the person in the presidency seat at the college talks to and gets along with the mayor’s office and they ... continue to support each other,” others are not as certain. Another Mercyhurst representative who stated, “it scares me. I’m afraid of what it will be like when he steps down,” is apprehensive about the future town-gown relationship for two reasons. First, this concern is based on a perceived lack of
an internal candidate to replace Dr. Garvey who has his knowledge of the
institution and its mission:

Just like with Sr. Carolyn, [there is] nobody to take his place. So it will be
another outside person who comes in. I do not think it will be anybody
inside. It is going to be difficult to keep up what he has created, because
he knows where all the strengths and weaknesses are in the institution.

Finally, anxiety over the future of the town–gown relationship is based on a
recognition of Dr. Garvey’s relationship with the Erie community:

When we are talking about town and gown, we are talking about Erie and
Dr. Garvey. There is this marriage. So it is a very unique story. . . . When
we get another president, it is not going to be like that. . . . It will never be
the town-gown story that we have now.
Chapter Six

CONCLUSION

Summary of Findings

The town-gown relationship between Mercyhurst College and its local government organizations definitely was altered as a result of the city of Erie's request for a voluntary contribution from the college. However, instead of worsening the relationship as several scholars have suggested (Leland, 1994; Rudnick, 1993; Fritschler & Mitchell, 1995), the relationship between the organizations was strengthened. The city's appeal for help with its fiscal difficulties and the college's response to develop a formal policy to assist local government with its resource needs served as a catalyst in the evolution of the relationship from one characterized by ad-hoc and limited cooperation into a well-coordinated, vertically integrated, informal and voluntary association.

Critical to the development of this relationship, however, was a single organizational leader, Dr. William Garvey, who not only showed a willingness to engage in a more cooperative relationship with the local government organizations in Erie, but also displayed the leadership qualities and personal characteristics necessary to establish and nurture an environment for the relationship to develop and evolve. Dr. Garvey influenced the evolution of the CIOR over a 35-year period while serving as a faculty member, dean, and then
President of Mercyhurst College. He contributed at each phase of the relationship's development by directing or facilitating the interactions across the environments and the organizations, and through his personal attributes.

An important precondition for the development of a CIOR is an organizational reputation for cooperation (Larson, 1992). Dr. Garvey's first contribution to the development of the CIOR between Mercyhurst College and the local government organizations was to elaborate Mercyhurst's reputation for cooperation in the Erie community. He first built a personal reputation for cooperation through involvement in political and civic affairs. He then extended the cooperative mission of the institution, employing the leadership model of Sister Carolyn Herrmann, his mentor and former president of the college. As institutional changes created a need for the college to become more visible within the community, Garvey extended his civic involvement and his interpersonal relationship with political leaders.

Dr. Garvey's contribution to the development of the CIOR between Mercyhurst College and the local government organizations shifted from reputation builder to initiator (Larson, 1992). As President, he conveyed Mercyhurst's willingness to engage in a more cooperative relationship by actively utilizing college resources to meet government needs. When the mayor requested a voluntary contribution to help the city with its resource needs, he committed college cooperation and resources. His positive response resulted from three personal characteristics: his ethic of civic responsibility, knowledge of Mercyhurst's mission, and understanding of the community and its needs.
Recognizing the city's financial difficulties while managing the long term financial well-being of the college and strengthening the college's mission of community involvement, Dr. Garvey proposed that the college's trustees adopt a formal policy of helping all the local government subunits with their resource needs. This action became the first step in institutionalizing the new CIOR between town and gown.

In the development of the interorganizational partnership between Mercyhurst and local government, Garvey also constructed an environment in which the relationship could development and evolve (Spekman, Isabella, MacAvoy & Forbes, 1996). Although Spekman, Isabella, MacAvoy and Forbes (1996) report that each organization in a CIOR alliance must have its own champion, Dr. Garvey acted as the alliance champion for both the college and the local government organizations. Three personal characteristics, resulting from the interaction of personal, organizational and environmental variables, contribute to his ability to serve as champion for both organizations: (a) his status as a community leader; (b) his ability to focus on the interpersonal activities of the organizational partnership and to utilize and encourage social ties in developing and maintaining the CIOR; and (c) his qualities as a charismatic leader.

Dr. Garvey understands the necessity of interpersonal relations both in the Erie community and within the CIOR. He developed and maintains his own network of interpersonal relationships with government representatives as a result of his community involvement, long-term relationship with Mercyhurst...
College, and interaction within the CIOR. However, rather than relying on merely his own initiatives, he recognized the need to ensure the same behavior among the personnel of the college. He encouraged participation by letting others take credit for his ideas, treating others with respect and attention, and making himself available and accessible to those around him.

As a charismatic leader, Dr. Garvey functions as the CIOR champion by disseminating the vision and values of the CIOR downward to alliance participants from both town and gown. Within the college, he communicates and garners support for the institution's mission for community involvement. He rewards community service and provides incentives for faculty, staff, and administrators to participate in community and government partnership activities and empowers them to initiate partnership activities with community and government organizations. As a charismatic leader, he accomplishes these strategies by utilizing his persuasion skills.

Within the CIOR, he communicates the vision of the partnership to participants from both organizations by creating a team atmosphere that encourages interaction and cooperation among and between college and government representatives and by promoting the development of interpersonal relationships between organizational representatives involved in the CIOR. He creates a welcoming atmosphere at Mercyhurst for government personnel; maintains an informal institutional culture that facilitates communication and cooperation among boundary spanners; delegates CIOR responsibilities to faculty and staff, empowering them to act on his behalf; and promotes the
achievement of partnership goals in conjunction with individual organizational objectives within the interorganizational alliance.

Conclusions

First, this study extends knowledge about the town-gown relationship between colleges and local government organizations and interaction between college and local government officials. Little is known about the relationship between colleges and their communities. Few studies have addressed any aspect of the relationship between a college and its local community in general, and none have focused specifically on the relationship between a college and local government. This study provides an in-depth investigation into the relationship between a college and local government and insight into how college and government officials interact in a specific community.

Colleges historically have maintained relationships with their local communities that were rooted in resource dependence and exchange. Typically, these relationships began when colleges needed community fiscal and physical resources and the locale desired the educational services the colleges provided (Potts, 1977). As the number of higher education institutions proliferated, these relationships became distant as colleges relied less on their local communities for resources and looked to a wider community (including alumni, denominational leaders, and philanthropists) for money, students, and support instead (Leslie, 1977).

The historical relationship between Mercyhurst College and the local Erie community, however, progressed in a different manner. Instead of moving from
close to distant, the relationship migrated from distant to close. Although early in its history the institution relied on the Erie community for students, its founders, the Sisters of Mercy, had limited need for financial and leadership support from the local community. Thus, the college maintained a cooperative, yet distant town-gown relationship. When Mercyhurst became coeducational and independent from the Sisters of Mercy and initiated a more regional focus, it decreased its reliance on the local community for students, and increased its reliance on the Erie area for financial and leadership resources. This enabled a close relationship to develop between town and gown. This case study therefore adds to the contemporary understanding of local cooperation.

Second, more specifically, this dissertation expands knowledge of the relationships between colleges and local governments in which property tax-exemption challenges or voluntary contribution requests have occurred. Again, little is known about the historical relationships between colleges and local government agencies in communities challenging the property tax exemption of nonprofit organizations or requesting voluntary contributions. This study provides insight into the historical relationship between town and gown in this setting. In this case, the relationship between town and gown was found to be positive and characterized by an incipient history of cooperation that preceded the request for a voluntary contribution. This positive example challenges the assumption that property tax deliberations or voluntary contribution requests worsen the town-gown relationship by creating a negative, combative, and conflictual situation between the college and local government organizations (Bok, 1982;
Blumenstyk, 1988; Selland, 1981). This study does, however, support Selland's findings that the development of institutional policies in regard to the tax exemption issue and adequate communication between town and gown are important elements in the development of better college-community relationships. In this case, the college's adoption of a formal policy to assist local government with its resource needs in response to the mayor's request for financial assistance and interpersonal relationships between college and government officials intensified the cooperative relationship that already existed informally between the entities. A college's attitudes toward the request for financial assistance and the community are important factors in the type of policy an institution will develop and the relationship that results (Healy, 1995a). Dr. Garvey's definition of the contribution request as a community issue rather than a financial issue for the institution and the institution's organizational mission of community support were key factors in the college's response to support local government needs and the organizational partnership that arose.

Third, this investigation also advances organizational theory within the analysis of higher education institutions. Although history scholars recognize that colleges develop interorganizational relationships, higher education organization theorists have employed a different perspective. Colleges and universities are portrayed as relatively autonomous organizations that possess unique characteristics and as somewhat insulated from the environment rather than dependent on it for survival (Baldridge, Curtis, Ecker, & Riley, 1977). The normal focus, therefore, is on intraorganizational relations and how members within the
organization or organizational subsystems interact with one another. Despite a paucity of focus on interorganizational relationship in higher education among organizational theorists, scholars have analyzed interorganizational relationships between colleges and other organizations (Bumba, 1986; Ekong, 1986; Hoeflich, 1994; Hotalling, 1995; Rooney, 1985; Schmick, 1986; Smutz, 1984; Varecka, 1992). None of these investigations, however, focused on the relationship between a college and its local government organizations. Additionally, most of these studies employed a static approach, describing the nature of the interorganizational relationship at a specific time in the association’s history. Only Rooney (1985) explored the factors contributing to the success and longevity of a voluntary consortium between an urban city and university and employed a dynamic approach by examining the interorganizational relationship and the factors contributing to its development over a period of time. This dissertation extends interorganizational research within higher education to include college relationships with local government entities and provides a first glimpse into factors that can influence the development of an interorganizational relationship between town and gown. This study also supports Hotalling’s (1985) and Rooney’s findings that the personality and abilities of decision makers are important factors in the development and maintenance of a CIOR between a college and other organizations. In this case, the personal characteristics of the college’s president were key elements in the development of the CIOR.

Finally, this dissertation extends research within cooperative interorganizational relationship theory in general. One important contribution is in
the area of interpersonal relationships. Interpersonal or social relationships are critical factors in the development of trust, commitment, reciprocity and understanding between organizations in a CIOR (Larson, 1992; Ring, 1997; Ring & Van de Ven, 1994; Spekman, Isabella, MacAvoy, & Forbes, 1996).

Although recognized as an important element, how social relationships between relationship participants influence the CIOR has never been explicated. This study supports the findings of earlier research that interpersonal relationships affect the characteristics of the CIOR and also extends knowledge by demonstrating how social ties aid the development of CIOR characteristics in an organizational partnership. In this case, interpersonal relationships between Dr. Garvey and government leaders enhanced the development of trust, commitment, reciprocity and understanding within the CIOR. Trust, commitment, and understanding were influenced by the cumulative affect of multiple interpersonal interactions between college and government leaders.

Interpersonal relationships at all levels of the CIOR enhanced communication between the organizations that facilitated the reciprocal exchange of information and resources between town and gown.

This dissertation also expands CIOR theory by identifying roles of individuals in the development of a CIOR between organizations. Most CIOR studies ignore the role of individuals, as well as important personal characteristics, in the establishment and maintenance of interorganizational alliances. Larson (1992) and Spekman, Isabella, MacAvoy and Forbes (1996) are the exceptions. Larson identifies the role of organizational representatives in
building an organizational reputation for cooperation and in initiating a more cooperative relationship with another organization. Spekman, Isabella, MacAvoy and Forbes recognize the role of individuals as champions of the CIOR in creating an environment conducive to the maintenance and continuation of the alliance. They, however, purport that each organization in the alliance needs its own individual champion to aid the maintenance of the partnership. This case study demonstrates that one person may fulfill each of these roles, that is, helping to build the organization's reputation, initiating a more cooperative relationship, and then working to maintain it. Additionally, one individual may fulfill the role of champion for both organizations in the interorganizational partnership.

**Implications**

The findings and conclusions of this dissertation provide several implications for institutions of higher education. The results of this study highlight the need for colleges and universities to develop good relationships with other organizations in their communities, particularly with their local government agencies. Many institutions of higher education do not have good relationships with their locales as a result of common town-gown tensions (Selland, 1981) or indifference; others do not have discernable relationships due to a lack of awareness of interdependence or of the need to develop and maintain positive associations with their communities. Since colleges are dependent on their local communities for a variety of resources, and with organizational and local government policies and actions having the ability to impact the missions and
resources of institutions of higher education--both public and private--all colleges and universities would be better served if they recognized their interdependence and need to establish and maintain cooperative relationships with other organizations in their environments, and developed policies to become better citizens in their cities and towns.

Additionally, while the economic boom of the late 1990's brought an increase in revenue to local governments and lessened their need to seek additional resources through property tax exemption challenges and contribution requests, the current economic downturn has created a new period of scarce resources which could bring about a new round of tax challenges for colleges and universities. Colleges could be forced to increase tuition, decrease faculty and staff, reduce salaries, or cut services to students if they lose their real estate tax-exempt status or are required to make large payments in lieu of taxes to their local governments. By initiating a cooperative stance and working to develop a positive relationship with the local community prior to the development of fiscal distress and a search for additional resources, a college can create a consistent means of communication between town and gown, reduce institutional uncertainty in regards to the local environment, and manage any tax challenges or payment requests that might occur. A good working relationship with local government could even encourage government officials to adopt policies or take actions to support the college's mission and protect its resources if the association is perceived as beneficial to the community and worth preserving.
Institutions of higher education seeking to form cooperative relationships with their locales, for whatever reason, can take a number of steps to aid the development of the partnership. First, an institution's board of trustees can adopt a formal policy that the college will engage in a cooperative association with its locale and support the community and needs. Second, because presidential leadership is an important element in the successful implementation of institutional policies, the board should incorporate developing a cooperative relationship with the local community into the president's official job description and empower him or her with authority to commit the human, fiscal and physical resources necessary to ensure that the university actively participates and supports the local community. When hiring a president, the board should seek candidates who share the institution's commitment to community involvement and can communicate it to internal and external constituents, have a history of personal involvement in local civic and political activities, have an interest in understanding the needs and concerns of the local environment, and have the ability to develop interorganizational and interpersonal relationships on behalf of the college.

The president, in implementing the board's policy, must actively work to initiate a cooperative relationship with the locale and then sustain it over a period of time. If the institution does not have a prior reputation for cooperation, the president can signal a willingness to engage in a more supportive relationship by developing personal relationships with local leaders, offering campus expertise and resources to solve community problems and meet local needs, and inviting
local leaders and organizations to college events. Within the institution, the president must insure that the college's commitment to the community is disseminated to constituents throughout the college and valued by other institutional leaders. The president can accomplish this by establishing an institutional environment that encourages students to volunteer with local community groups, rewards faculty and staff who participate in community activities, provides opportunities for personnel to support the college's community partnerships, and empowers them to initiate activities and develop relationships that aid the institution's community objectives.

**Recommendations for Future Research**

A lack of research on town-gown relationships from both an historical and interorganizational perspective within the realm of higher education provides numerous opportunities for additional research in these areas. More specifically, the findings of this dissertation raise some interesting questions for future study regarding the historical and interorganizational nature of relationships that exist between colleges and their local governments. What types of interorganizational relationships exist between colleges and local government entities? How do they develop? This study should be replicated in other communities to ascertain both the types of interorganizational relationships that exist between town and gown and the factors that contribute to their development over time. A multiple case study methodology could be employed to investigate the interorganizational relationships between different types of collegiate institutions and different types of communities. Do the town-gown relationships of comprehensive universities
differ from those of liberal arts and doctoral institutions? How do the factors contributing to the development of a town-gown relationship in a large urban city compare to those influencing relationship development in a small rural community? What is the role of organizational mission in the development of a college-local government relationship?

Critical to the development of the town-gown relationship investigated in this dissertation was the personal and leadership characteristics of the college president. This finding raises additional questions: what roles do college presidents play in the development of interorganizational college-local government relationships and what personal characteristics influence the development of those relationships? A second recommendation for future research is to investigate specifically the role of the college president in the development of town-gown relationships in diverse types of institutions and community environments and their personal factors contributing to the formation of these associations. Several characteristics of the president in this investigation—a long term affiliation with the institution, a local orientation toward the community (Merton, 1968), and charismatic leadership (House, Spangler, & Woycke, 1991)—raise interesting questions about the effect of length of tenure and college affiliation, posture toward the community and leadership style on the development of college-local government relationships and provide additional areas of inquiry.

Numerous opportunities exist for further research on the town-gown relationship between colleges and local government organizations in
communities experiencing property tax exemption challenges and contributions requests. Since collegiate institutions and communities differ, a third recommendation for additional research is to replicate this study in other communities that have experienced property tax exemption challenges and contribution requests to determine the types of town-gown interorganizational relationships that exist in these communities. This study examined the town-gown relationship in a community in which government officials challenged the property tax exemption of all the nonprofit organizations with the exception of the colleges. The collegiate institutions were already cooperating and contributing to the community and meeting the needs of local government. In most communities, however, local government officials begin by challenging the property tax-exempt status of the collegiate institutions because of the size and values of their properties. Additionally, any request for voluntary contributions are usually cloaked in terms of a payment in lieu of taxes in exchange for not questioning the tax-exempt status of university real estate. How do the interorganizational relationships between the colleges and local government entities in these communities compare to the town-gown relationship in Erie? Future research should include the investigation of interorganizational college-local government relationships specifically in communities that had challenged the tax-exempt status of a collegiate institution or requested payments in lieu of taxes in a coercive manner in exchange for not questioning the institution's property tax exemption. The objective would be to determine the type of interorganizational relationships that exist between the colleges and the local government.
organizations before, during, and after the tax-exemption challenges or payment requests as well as the factors contributing to their development over time. The specific responses of the institutions' presidents could also be examined to determine the choices that those individuals made in response to the challenges or payment requests, and how those choices influenced the resulting town-gown relationship.

Although this project shows the development of a CIOR between a college and local government organizations, the relationship has only begun to be institutionalized. To date, it has not outlived the tenure of its champion, Dr. William Garvey. Dr. Garvey has ensured that the relationship will continue by formally adopting an institutional policy to aid the local government organizations, by communicating and encouraging support for Mercyhurst's mission of community involvement and government support within the institution and disseminating the vision and values of the CIOR downward to relationship participants from both town and gown. Given Dr. Garvey's role in maintaining the partnership, however, the future of his creation once he steps down as president is uncertain. A final recommendation for further research is to investigate the relationship between Mercyhurst College and the local government organizations in Erie again after Garvey steps down as president, to ascertain the progress of the relationship. Since the continued success of the cooperative partnership may depend largely on the individual who replaces Garvey as president at Mercyhurst, the personal and leadership characteristics and choices of this individual as they relate to the town-gown relationship should also be examined.
Appendix A

INTERVIEW PROTOCOL

The research problem being addressed in this study is to examine the interaction between a college and local government that have engaged in property tax or payment deliberations and to determine the extent to which their interactions have altered the preceding town-gown relationship. This study accomplishes this purpose by tracing the patterns of social interaction between the college and local government over a period of time. As a participant in the interaction, you have knowledge of the facts, activities, and interactions that occurred. I am interested in discovering as much as possible about the activities that occurred during these transactions as well as your perceptions of the interactions that transpired.

This interview should take about two hours. I would like to remind you that by consenting to this interview you have agreed to participate in this study. Please note that your participation is voluntary, you may skip any question you prefer not to answer, and you may stop at any time. In addition, the confidentiality of your responses will be maintained at your request. Once the interview has been transcribed, you will have the opportunity to review your comments for accuracy. I'd like to ask your permission to tape record the interview to ensure that your comments are recorded correctly. The results of the study will also be available once the project is completed.

Do you have any questions? Thank you for your cooperation.

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I. Environment

1. Attributes in the immediate context that affected the relationship

2. Extent to which the college and local government are dependent upon the immediate context for resources.

3. Societal forces in larger context that influence the relationship.

4. Distribution of resources in the environment and the extent to which distribution influences the interaction.

II. Organizations

1. Interests each organization brings to the interface.

2. Perceptions each organization has about itself and the other organization.

3. Internal characteristics of each organization relevant to the interaction

4. Importance of the relationship to each organization.

5. Amount of resources each organization has committed to the relationship.

III. Organizational Representatives

1. Individuals involved in the interface and organization each represents.

2. Role of each representative in their organization and the interchange.

3. Communications and actions of each representative present in the exchange.

4. Personal representative characteristics that affected the interface. Relevant personal traits, characteristics, skills, and communication abilities.

5. Individual perceptions, feelings, and attitudes each representative has about themselves and other representatives.
IV. Interface

1. Actual activities and communications that occurred during the exchange.

2. Purpose of the interaction.

3. Structures and processes governing the relationship.

4. Patterns of interaction utilized during the exchange.

5. Interpersonal behavior of representatives in the interface.

V. Outcomes

1. Actual conclusions reached or courses of action taken as a result of the interchange.

2. State of the relationship at conclusion of the event.
Appendix B

CODES FOR DATA ANALYSIS

Environment
- Immediate Environment: ENVIM
- Larger Context: ENVLAR

Organizations
- Interests: ORGINT
- Perceptions: ORGPER
- Characteristics: ORGCHR
- Importance: ORGIMP
- Resources: ORGRES

Organizational Representatives
- Role: REPROL
- Characteristics: REPCHR
- Perceptions: REPPER
- Communications: REPCOM
- Actions: REPACT

Interface
- Activities: INTACT
- Communications: INTCOM
- Definition: INTDEF
- Organization: INTORG
- Patterns of Interaction: INTPAT
- Strategies of Interaction: INTSTR

Outcomes
- Conclusions: OUTCON
- Actions: OUTACT
- State of Relationship: OUTREL

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# Appendix C

## INTERVIEW LIST

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<thead>
<tr>
<th>Informant</th>
<th>Title</th>
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<tr>
<td><strong>Mercyhurst College</strong></td>
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<tr>
<td>Tom Billingsley</td>
<td>Dean of Administration</td>
<td>September 23, 1997</td>
</tr>
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<td></td>
<td></td>
<td>October 29, 1997</td>
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<tr>
<td>Gary Bukowski</td>
<td>V.P. of Institutional Advancement</td>
<td>October 27, 1997</td>
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<tr>
<td>Mary Daly</td>
<td>V.P. of External Affairs</td>
<td>September 23, 1997</td>
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<td>Michael Fuhrman</td>
<td>Director, Mary D'Angelo Performing</td>
<td>October 23, 1997</td>
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<td></td>
<td>Arts Center</td>
<td></td>
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<tr>
<td>William Garvey</td>
<td>President</td>
<td>August 22, 1997</td>
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<td></td>
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<td>Bill Kerbusch</td>
<td>Director of Physical Plant</td>
<td>October 27, 1997</td>
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<tr>
<td>Tom Lee</td>
<td>Director of Finance</td>
<td>September 23, 1997</td>
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<td>James Lieb</td>
<td>Assistant Director of Finance</td>
<td>October 28, 1997</td>
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<tr>
<td>David Palmer</td>
<td>Academic Dean, Northeast Campus</td>
<td>October 27, 1997</td>
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<tr>
<td>Andy Roth</td>
<td>Dean of Enrollment Services</td>
<td>October 24, 1997</td>
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<td><strong>City of Erie</strong></td>
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<tr>
<td>Rita Cappella</td>
<td>Assistant to the Mayor</td>
<td>October 29, 1997</td>
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<tr>
<td>Charlene Markowitz</td>
<td>Coordinator of Special Events, Licensing and Permits</td>
<td>October 29, 1997</td>
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<td>Joyce Savocchio</td>
<td>Mayor</td>
<td>October 29, 1997</td>
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<td>Interview Dates</td>
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<td>Florindo Fabrizio</td>
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<td>October 22, 1997</td>
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<td>Tom Gamble</td>
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<td>October 27, 1997</td>
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<td>Judy Lynch</td>
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<td>Frank Scalise</td>
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<td>James Barker</td>
<td>Superintendent</td>
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<td>October 30, 1997</td>
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