THE ADOPTION OF LOAN REPLACEMENT GRANTS FOR LOW- AND MODERATE-INCOME STUDENTS AT AMERICAN COLLEGES AND UNIVERSITIES: A COMPARATIVE CASE STUDY

by

Adam Joseph Argaylis Lips

B.A., University of Notre Dame, 1997

M.A.T., University of Portland, 1999

Submitted to the Graduate Faculty of

The School of Education in partial fulfillment

of the requirements for the degree of

Doctor of Education

University of Pittsburgh

UNIVERSITY OF PITTSBURGH

SCHOOL OF EDUCATION

This dissertation was presented

by

Adam Joseph Argaylis Lips

It was defended on

April 2, 2009

and approved by

Michael G. Gunzenhauser, Associate Professor
Administrative and Policy Studies
University of Pittsburgh School of Education

Peter Miller, Assistant Professor
Department of Foundations and Leadership
Duquesne University School of Education

John C. Weidman, Professor and Chair
Administrative and Policy Studies
University of Pittsburgh School of Education

Dissertation Director: Erik C. Ness, Assistant Professor
Administrative and Policy Studies
University of Pittsburgh School of Education

THE ADOPTION OF LOAN REPLACEMENT GRANTS FOR LOW- AND MODERATE-INCOME STUDENTS AT AMERICAN COLLEGES AND UNIVERSITIES: A COMPARATIVE CASE STUDY

Adam J.A. Lips, EdD

University of Pittsburgh, 2009

In recent years, a growing number of American colleges and universities have implemented financial aid policies targeted at lower-income students. These initiatives – referred to in this study as Loan Replacement Grant (LRG) programs – seek to reduce or eliminate loans as part of student financial aid awards and replace them with grants. Since the first LRG was instituted in 1998, the programs have proliferated; in the past five years over 40 institutions have adopted LRGs.

This qualitative study investigates *how* and *why* LRGs are adopted at colleges and universities. Using a comparative case study design, the policy adoption process at three institutions is considered in relation to the diffusion of policy innovation theory – a widely accepted mechanism for investigating the spread of new policies across adopting units. The theoretical framework, which has been derived from policy innovation and diffusion literature, consists of eight dimensions and guides analysis of archival data and interviews with institutional policymakers. The core study finding offers support for a "unified theory" (Berry, 1994) of policy adoption, which simultaneously considers the influence of internal determinants and

diffusion-related factors. Results suggest that in LRG adoption, an evaluation of internal determinants is most effective in describing an institution's *ability* or *capacity* to implement programs, while diffusion-related factors provide insight regarding the *likelihood* that institutions will adopt. Additional findings point to a centrality of institutional finances in the policymaking process, the prominent role of policy entrepreneurs, and the influence of institutional problems stemming from underrepresentation of lower-income students. Among diffusion explanations, competition between institutions and the borrowing of policy ideas out of convenience represent the most relevant factors in LRG adoption.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACKNOWLEDGEMENTS

In working toward completion of this project, I have benefitted tremendously from the help and guidance provided by a number of people. Their input, advice, and support played a crucial role in this dissertation, and I will forever be grateful for their assistance. Three years ago, when Erik Ness joined the Higher Education faculty at the University of Pittsburgh, I had no idea how influential he would be in helping me to establish a dissertation topic and ultimately earn my degree. Throughout his time at the institution he has been overwhelmingly generous and patient, providing thoughtful and thorough feedback on my writing and encouraging me at times when I doubted my abilities. His work has informed this project, and without his insights I am unsure of the direction it may have taken. I am honored that he agreed to take on the role as my advisor and chair.

I have also benefitted from the guidance of the other members of my committee. Since I arrived at the University of Pittsburgh, John Weidman has supported my work and provided much needed guidance – especially during my first few semesters. One reason I was able to complete this program was through the generous financial support of the department that Dr. Weidman chairs. I am grateful to Michael Gunzenhauser for helping me to become a better writer and a more thoughtful researcher. Though I was only enrolled in two of his courses, they were among the most influential and enlightening that I experienced during my doctoral study.

Pete Miller has been a great friend of mine for over 15 years, and I have tremendous respect for the work he has done. His support throughout this process has meant a great deal to me.

I also want to thank colleagues and friends who helped me with this project. Dan Walls, for whom I worked at Emory University, was instrumental in facilitating access to interview participants at all of my case institutions. Without his help, data collection would have been an extraordinary challenge. I am also grateful to my friend Michael Krafve who, over the past year, spent a great deal of time reading every word of this manuscript. His suggestions helped me to clarify my writing and focus my analysis.

Finally, the support of my family over the past four years has been instrumental in the completion of this project. I am grateful to my mother, Rosemary, who has always taken an interest in my work. I appreciate the support of my father, Orville, who consistently asked about my progress and provided encouragement. I want to thank my brother, Erik, who proved to be an outstanding resource because of his background in financial aid. My daughter, Anna, has provided welcome and needed distraction from the seemingly endless writing process over the past 15 months. Most importantly, I am thankful for the support and companionship of my wife Carol. She has been extraordinarily patient with me over these past four years, allowing me to pursue this degree full-time and then helping me as I stressed over my courses and struggled through this project. Carol's willingness to allow me to pursue this goal, and the encouragement she provided while I was in the process made all the difference. Without her, it never would have happened.

1.0 INTRODUCTION

For several decades, political scientists have studied the diffusion of policy innovation, which considers how new ideas (innovations) are spread (diffused) from one unit to another (Walker, 1969). The majority of research on such diffusion in the United States has focused on state-level issues, such as examining how policy changes, including the establishment of state lotteries (Berry & Berry, 1990) and the implementation of various tax initiatives (Berry & Berry, 1992), have spread between states. More recently, scholars have begun to investigate the innovation and diffusion of state higher education policies (Cohen-Vogel & Ingle, 2007; Cohen-Vogel, Ingle, Levine, & Spence, 2008; Doyle, 2006; Hearn & Griswold, 1994; Ingle, Cohen-Vogel, & Hughes, 2007; McLendon, Deaton, & Hearn, 2007; McLendon, Hearn, & Deaton, 2006; McLendon, Heller, & Young, 2005).

The bulk of the research on higher education policy innovation has focused on state policy and has been concerned with determining whether diffusion is present and, to a lesser extent, with various factors associated with the diffusion phenomenon (Berry & Berry, 2007). However, to date, little has been done to consider the adoption process itself – specifically with regard to *how* and *why* units adopt and implement programs. Additionally, higher education researchers have focused mainly on state policies and not addressed initiatives implemented by individual postsecondary institutions.

This dissertation examines the adoption of a recently introduced institutional financial aid initiative that aims to increase the representation of low and moderate-income students in higher education. These initiatives, which will be referred to in this study as "Loan Replacement Grant" (LRG)[1] programs, seek to greatly reduce – or in some cases even eliminate – loans in the financial aid awards of low-income students and replace them with grant aid that does not require repayment (Lips, 2008; Pallais & Turner, 2006, 2007; The Institute for College Access and Success [TICAS], 2008a). The primary objective of this qualitative study is to investigate *how* and *why* LRGs are adopted at colleges and universities in relation to the diffusion of policy innovation theory.

1.1 CONTEXT AND PROBLEM

1.1.1 Inequity in Postsecondary Access

Although higher education in the United States is more accessible today to students from all socioeconomic backgrounds than ever before, there is evidence that the system is becoming less equitable (Astin & Oseguera, 2004; Lee, 2002). Currently, there are more students from lower-income families qualified to attend college than at any point in the nation's history (Advisory Committee on Student Financial Assistance [ACSFA], 2002; Winston & Hill, 2005). However, the number of economically disadvantaged students attending four-year institutions has not

[1] While the phrase "Loan Replacement Grant" has been used by a small number of institutions to describe their financial aid programs for lower-income students, it is not a commonly accepted term. Institutions often refer to their LRGs by their specific brand name or simply a "financial aid initiative." In order to assure consistency and accuracy, this label will be applied to the programs discussed in this study.

increased significantly, suggesting that college choice may not be a reality for students of lower socioeconomic status (SES). Recent findings indicate that the highest achieving low-income students are enrolling in 4-year colleges at a similar rate (77%) as the lowest achieving high SES students (78%) (ACSFA, 2002).

1.1.2 Financial Aid Initiatives Associated with Inequity

While there is no singular explanation for system-wide inequity, it has become increasingly clear that a combination of state, federal, and institutional admission and financial aid initiatives implemented over the past few decades have contributed to the problem (Gladieux, 2002; Redd, 2004). Expansion of the federal loan program, the decreased purchasing power of the Pell grant, and state and institutional aid priorities that have shifted from supporting financial need to rewarding merit have created barriers for low-income students (Heller, 2002b; McPherson & Schapiro, 1998). These initiatives, and others, represent a trend in financial aid practice in which financial support is increasingly offered to students from wealthier backgrounds at the expense of the economically disadvantaged.

1.1.3 Loan Replacement Grants as a Response to Inequity

In 1998, Princeton University implemented the first known LRG when it promised students from lower income families – defined by the university as those earning less than $40,000 – that their entire aid eligibility would be met with grant assistance, and no loans would be required (Princeton University, 1998). In 2003, the University of North Carolina became the first publicly funded institution to offer an LRG (Pallais & Turner, 2006). The university's initiative, known as

The Carolina Covenant, replaced loan amounts with grants and work-study to students from families with income at or below 200% of the federal poverty line. Since the first of these initiatives was implemented, nearly 50 four-year institutions have adopted initiatives with similar aims, and over 40 of these colleges and universities have introduced LRGs in the past five years (Lips, 2008). In their development and implementation, LRGs are built upon a well-developed body of research suggesting that the removal of college price barriers promotes both college access and choice for the economically disadvantaged (e.g., Paulsen & St. John, 2002).

There are two broad types of LRG initiatives – No-Loan LRGs and Loan Cap LRGs (Lips, 2008). In the No-Loan programs, institutions guarantee eligible low-income students that their financial aid award will consist entirely of grants or a combination of grant aid and Federal work-study. Loan cap programs offer relief by capping loan amounts and using grant aid and work study to meet remaining need. While the specific terms of each program differ, they commonly utilize a family income amount to determine eligibility.[2] In some cases this may be a specific dollar amount, and in others it may be another benchmark (e.g., Pell grant eligibility). Families whose income falls below the pre-determined amount are eligible for the program if the student is admitted. Appendix A summarizes the currently active initiatives, and lists them by institution.

Both public and private institutions that have adopted some form of loan replacement grants have reported increases in the enrollment of lower-income students (Avery et al., 2006; Tebbs & Turner, 2006). Given these early signs of success and evidence that removing college price barriers holds promise for expanding postsecondary opportunity (e.g., Heller, 2002b; Hossler, Schmit, & Vesper, 1999; Mumper, 1996; Paulsen & St. John, 2002), support of the

[2] Of the 61 total LRG initiatives, 42 utilize an income level to determine eligibility while the remaining 19 programs are offered to all financial aid recipients at the awarding institutions (Lips, 2008).

continued proliferation of LRGs appears to be a valuable aim. Additionally, understanding why the programs diffuse across institutions and how institutions arrive at the decision to implement loan replacement grants will aid in our understanding of the conditions necessary to promote their proliferation.

1.2 THE RESEARCH QUESTIONS AND THEIR SIGNIFICANCE

The current study seeks to investigate institutional policy adoption behavior by specifically considering LRGs. The diffusion of policy innovation theory guides the inquiry, and will be relied upon to broaden the understanding of how institutions come to adopt new aid policies, and why they choose to implement them. The dissertation addresses the following research questions:

1) Why do institutions adopt loan replacement grant initiatives for low-income students?
2) To what extent does the diffusion of policy innovation theory describe the way in which loan replacement grants are adopted by colleges and universities?
   a) How do internal determinants play a role in the decision to adopt the programs?
   b) How do diffusion explanations play a role in the decision to adopt the programs?
3) What policy adoption characteristics are shared among institutions that have adopted loan replacement grant initiatives?

By examining policy diffusion through the investigation of LRGs, this study concurrently contributes to our understanding of policy innovation and postsecondary choice and access issues. Initiatives aimed at removing college price barriers for low-income students have been shown to result in positive outcomes such as widened access, greater college choice, and improved academic achievement (Heller, 2002b; Paulsen & St. John, 2002; Perna & Titus, 2004; St. John et al., 2004; St. John, Paulsen, & Carter, 2005). LRGs represent a small but rapidly spreading institutional policy initiative with a focused aim of improving postsecondary opportunity (Lips, 2008; Pallais & Turner, 2006, 2007). Identifying determinants which lead to policy innovation and understanding the process through which the grants are adopted is valuable to those in higher education who seek to encourage more efficient and rapid proliferation of similar programs.

This dissertation also seeks to address gaps in the higher education policy diffusion literature. To date, higher education policy adoption research has focused on state policy and little has been done to consider the policy adoption behavior of individual postsecondary institutions. Further, most previous studies have investigated the phenomenon using event history analysis, a quantitative time-series model that allows researchers to determine whether or not particular factors have played a role in policy adoption (Berry & Berry, 2007). Examining policy adoption using event history analysis has allowed for the development of diffusion of innovation theory through the identification of determinants that influence adoption behavior (Berry, 1994). However, this approach has largely ignored the complexity and nuance associated with the policy adoption process (Cohen-Vogel et al., 2008; Ingle et al., 2007; McLendon et al., 2005). By using a qualitative approach that considers why and how policy adoption occurs, this study adds to the current body of literature from a methodological perspective while concurrently expanding understanding of policy adoption behavior.

2.0 REVIEW OF THE LITERATURE

This chapter presents current and relevant higher education literature pertaining to inequitable access. The first three sections describe the problem and discuss the importance of addressing the issue. The subsequent section outlines the debate surrounding the cause of inequity in postsecondary opportunity and is followed by a more detailed description of specific federal, state, and institutional policies that have contributed to the problem. The chapter concludes with an overview of LRGs and discusses the significance of the initiatives.

2.1 INEQUITABLE ACCESS IN AMERICAN HIGHER EDUCATION

With substantial educational resources, exceptional funding, and research output, the United States system of higher education is considered a model for other nations. The American system enrolls over 18 million students in its 4,000 plus colleges and universities (United States Census Bureau, 2007), and its institutions spend more than $30,000 per student on average (National Center for Education Statistics [NCES], 2009). The strength and diversity of the academic programs in the nation's four-year colleges and universities, combined with the vast collection of community colleges, have helped establish the country an educational destination for students from around the world.

The United States also represents one of the few nations that have achieved what higher education researcher Martin Trow first described in 1973 as "universal student access" (Trow, 2006). Currently, over two-thirds of the nation's high school graduates enroll in a non-profit institution within one year of graduation (McPherson & Schapiro, 2004). These enrollment rates represent tremendous progress and growth, considering that just prior to World War II, enrollment levels for the relevant age cohort had remained constant at 3–5% for several years (Trow, 2006).

While access to college in the United States has improved considerably over the past six decades, and continues to improve, characterizing the system as "universal" may be misleading. Describing the current state of access to higher education in this way implies egalitarianism and suggests a system that provides equal opportunity to all who are eligible to attend college. However, considering the experiences of students from lower SES backgrounds offers a different characterization of American higher education. While it is undoubtedly true that lower SES students have greater access to college in the United States today than they did 40 years ago, there remains a hierarchical arrangement of institutions and an uneven distribution of these students within the system (Astin & Oseguera, 2004; Carnevale & Rose, 2003; Haveman & Smeeding, 2006; Institute for Higher Education Policy [IHEP], 2002; Kahlenberg, 2003; McPherson & Schapiro, 1998; Perna, Steele, Woda, & Hibbert, 2004; Perna & Titus, 2004). Simply stated, economically disadvantaged students are underrepresented in four-year colleges and universities when compared to wealthier students and the enrollment differences are especially prevalent and growing in the most selective and prestigious institutions. Therefore, while higher education in the United States is more accessible overall, this access has not proven to be equitable.

2.2 THE EXTENT OF INEQUITABLE ACCESS

Currently, there are more students from lower-income families qualified to attend college than at any point in the history of the nation (ACSFA, 2002; Winston & Hill, 2005). Despite increased levels of academic preparation, the proportion of economically disadvantaged students enrolling in four-year colleges and universities has not increased significantly. This ongoing trend has led to a gross underrepresentation of low-income students in American higher education.

College enrollment rates have been found to vary considerably by student family income, even among high achieving students (Kane, 1999; Lee, 2002). While nearly 80% of high school graduates from the upper income quintile enroll in higher education immediately following graduation, only 44% of those from the lowest quintile enter college (NCES, 2003). Among students considered very highly qualified for college, 47% of low-income high school graduates enroll in four-year institutions, compared to 67% of their high-income peers (ACSFA, 2001). Throughout the 1990s and into the 21st century, the proportion of low-income freshmen attending two-year broad access institutions has increased while the proportion enrolling in four-year colleges and universities has decreased (IHEP, 2002).

The enrollment gap widens when considering highly selective institutions. Not only are affluent students more likely to enroll in college than students from the lowest income brackets, they tend to be concentrated in the 150 or so institutions that enjoy national reputations and large educational subsidies (McPherson & Schapiro, 2004). It is estimated that approximately 40 out of 100 high-income high school graduates attend one of the most selective institutions in the nation, compared to 5 out of 100 students from low-income backgrounds. Only 18% of the students enrolled in the *US News and World Report (USNWR)* top 50 national institutions receive Pell grants, compared to 30% of all undergraduates, illustrating the dearth of low-income students in these prestigious colleges (Redd, 2004). The wealthiest high school graduates have thus become concentrated in the most selective colleges and universities while lower-SES students are increasingly attending broad access institutions (IHEP, 2002; Lee, 2002; Perna & Titus, 2004). This trend has continued despite a growing number of lower-income students graduating from high school with stronger academic credentials (in terms of grades, coursework, and test scores) than ever before (Winston & Hill, 2005). Such outcomes suggest that college choice is not a reality for lower-income students, and the uneven distribution of students across institutions of varying type defines the inequitable access problem.

Figure 1 illustrates the differences between the composition of entering classes at selective institutions by parental income level, and how that distribution has shifted over time. Despite the fact that lower-income students are entering the admission pipeline in increasing numbers, their enrollment in the most selective institutions has remained static for years. This trend suggests that after years of progress toward equity in the decades following World War II, the system appears to be slipping back toward a culture of elitism (ACSFA, 2002; Astin & Oseguera, 2004; Carnevale & Rose, 2003; Haveman & Smeeding, 2006; Winston & Hill, 2005). With the highest achieving low-income students enrolling in 4-year colleges at a similar rate (77%) as the lowest achieving high SES students (78%) it is apparent that factors above and beyond student achievement are playing a role in inequitable enrollment (ACSFA, 2002).

In a study of college admission at selective institutions, Anthony Carnevale and Stephen Rose (2003) analyzed data from NCES to determine how various SES and racial/ethnic groups are represented. The authors divided four-year institutions into four separate tiers based on their selectivity, and divided applicant families into four SES categories. In the top tier institutions, 74% of the entering first-year class came from the highest SES quartile while three percent came from the lowest quartile. Similar unbalance existed in the second tier where 46% of those enrolled were from the highest quartile, and seven percent from the lowest. These discrepancies exist despite an increase in the population of lower-income students who are qualified for admission at these selective schools.

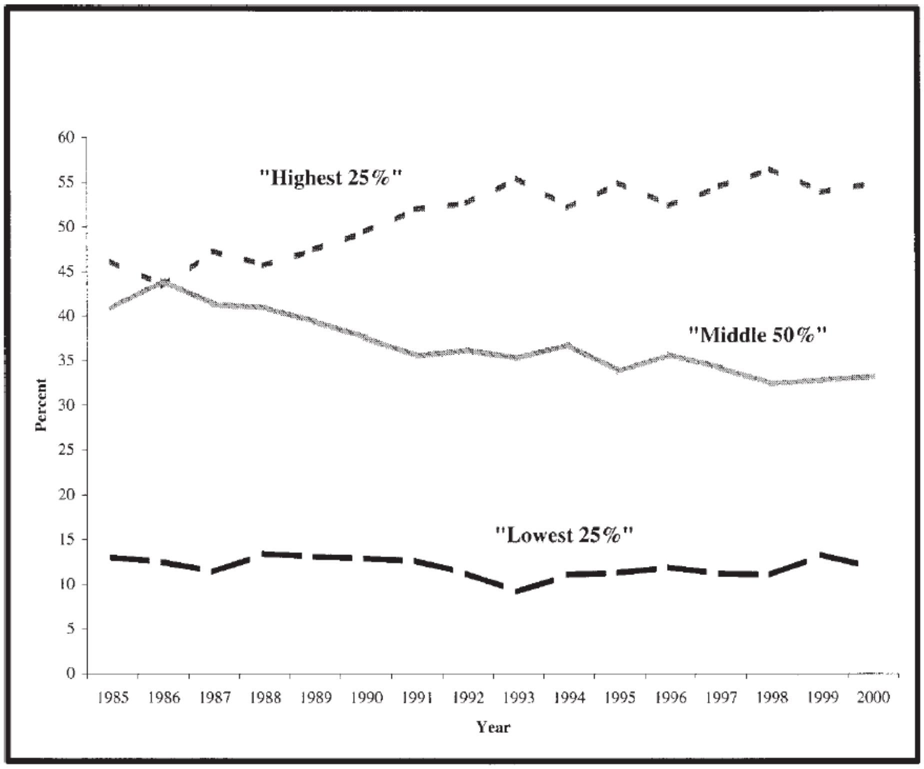

Figure 1. Trends in the Parental Income Distribution of Freshman Classes Entering the top 10% Most Selective Institutions, 1985-2000. (From Astin & Oseguera, 2004)

Building on the Carnevale and Rose (2003) study, Astin and Oseguera (2004) also examined the extent of inequitable access at selective institutions for lower SES students. Citing that the data used by Carnevale and Rose (2003) was over 15 years old, the authors sought to determine the direction of lower-income student enrollment in more recent years. Astin and Oseguera (2004) found wealthy students to be overrepresented in more selective institutions by a factor of more than two, while students from the poorest families are underrepresented by a factor of one-half. Also, students with highly educated parents are 300% more likely to gain admission to highly selective institutions than those from middle-income families, and 500% more likely to gain admission than those from lower-income families. The enrollment discrepancies have grown most significantly over the past fifteen years, making system-wide inequity more quickly and increasingly pronounced. The authors conclude that “the American higher education system is moving toward increased socioeconomic stratification” (p.334).

Further evidence of inequity in postsecondary opportunity was uncovered in recent studies of 28 highly selective private American institutions conducted by Hill, Winston, and Boyd (2004) and Winston and Hill (2005). The authors found that only 10% of the students at these prestigious colleges and universities come from the bottom 40% of the family income distribution (Winston & Hill, 2005). This trend has continued despite the fact that nearly 13% of the students scoring at or above an SAT score of 1420 (out of 1600) come from the bottom two income quartiles. Therefore, using this score as a measure of “high ability” suggests that highly selective institutions could increase their enrollment of low-income students by nearly 30%. The authors use this SAT cutoff to illustrate that “low-income, high-ability” students are graduating from high school, but remain under-represented in the country’s most selective institutions. Despite the known limitations of using standardized test scores as a measure of ability (e.g. Hoffman & Lowitzki, 2005; Walpole et al., 2005), colleges continue to rely heavily on this measure when making admission decisions (Hawkins & Clinedinst, 2006) suggesting that students may be meeting necessary requirements, but are not applying to and enrolling in the institutions.

In sum, students from lower income backgrounds are not currently afforded the same postsecondary opportunities as their wealthier peers. This discrepancy has led to an uneven distribution of students from various socioeconomic strata in the American system of higher education, with the lower income disproportionately represented in broad-access institutions such as community colleges. This trend has continued despite individuals from lower socioeconomic backgrounds graduating from high school in greater numbers and with stronger academic qualifications than ever before. The extent of inequity becomes more apparent when considering enrollment of lower-income students in the most selective and prestigious four-year colleges and universities.

2.3 THE IMPORTANCE OF ADDRESSING INEQUITABLE ACCESS

With education becoming increasingly tied to quality of life, the current inequities in postsecondary opportunity represent a monumental problem. Traditionally, directing attention to whether or not students attend college had been an important aim. However, with the growing disparity in earnings and occupational opportunity between bachelor's and associate's degree holders, studying *where* one attends college has become an equally, if not more, important endeavor (IHEP, 2002). Given the value of the bachelor's degree in aiding social mobility and the rising number of lower-income high school graduates, failure to improve uneven access threatens to further the rich-poor divide in the United States (Haveman & Smeeding, 2006). Furthermore, with the emergence of a knowledge-based economy, promoting enrollment in four-year institutions has become a necessary focus of achieving an educated citizenry.

The benefits afforded to graduates of four-year colleges and universities have been well-documented through the years (e.g. Bowen & Bok, 1998; Fitzgerald & Delaney, 2002; Leslie & Brinkman, 1988; Pascarella & Terenzini, 1991). Graduation from a four-year institution offers significant financial benefits and creates opportunities for flexibility in employment. Individuals holding bachelor's degrees not only earn more on average than those who do not, they also have greater mobility and opportunity to ascend to managerial and leadership positions, and have access to earning advanced and professional degrees. By 2010, 42% of all new jobs in the U.S. are expected to require a college degree (Haveman & Smeeding, 2006). The bachelor's degree thus represents a tool that aids in social mobility and holds promise for breaking perpetuation of social class. However, inequitable postsecondary opportunity has threatened to make higher education an instrument of class reproduction (Paulsen & St. John, 2002).

The positive outcomes associated with bachelor degree attainment are even more prevalent and likely for students who graduate from the nation's most selective colleges and universities (Carnevale & Rose, 2003). While uncertainty exists with regard to causality (Pascarella et al., 2006) academic selectivity has been linked to graduate and professional school enrollment opportunity, career success, and earnings. Such effects appear to hold tremendous promise for lower-income students in terms of addressing the perpetuation of social class. However, those who stand to benefit the most socially and economically from opportunities provided at these colleges are not gaining access to them in critical numbers. The trend has continued despite such institutions operating from a position where they can offer financial, academic, and other support (Bowen & Bok, 1998; Carnevale & Rose, 2003) and evidence that students from lower-income backgrounds receiving such support have been successful (Paulsen & St. John, 2002).

The goal of advancing the enrollment and preparation of lower-income students is an aim with considerable social value as it allows for personal economic advancement and yields societal benefits in terms of economic impact and promotion of an educated citizenry (ACSFA, 2001; Heller, 2002b). However, as the population of wealthier students grows at highly selective, resource-rich institutions, they enroll fewer students from lower-SES backgrounds and perpetuate the problem. With of the growing importance of *where* students attend college, promoting access to highly selective institutions for lower-income students has been recognized as an important aim for those focused on system-wide equity.

2.4 SOURCES OF INEQUITY IN POSTSECONDARY OPPORTUNITY

Addressing the problem of system-wide inequity is complicated by the fact that there are likely numerous reasons for the problem's existence (Heller, 2002b). As postsecondary access issues have grown, scholars have turned their attention to uncovering explanations for their causes and antecedents. While the perceived sources of inequity have been somewhat conflicting and debated in the literature, it is likely that the issue has arisen through a confluence of forces including (but not limited to) inadequate academic preparation for college among lower-income students and a variety of characteristics related to student family finances, such as rising financial need and a lack of adequate funding. In addition, differences in application behaviors – both for admission and financial aid – between lower and higher-income students may play a role in postsecondary access.

2.4.1 Academic Preparation

A series of policy reports using data from NCES have suggested that variances in college enrollment rates can be attributed to student pre-college academic preparation (e.g. Adelman, 1999; Choy, 2002). Researchers conducting these studies claim that financial need fails to predict inequities in enrollment (Berkner & Chavez, 1997; Horn & Nunez, 2000). This body of research links student income to college access by suggesting that students with poor academic preparation are concentrated in under-resourced schools in lower-income districts. The academic preparation problem thus tends to disproportionately affect lower-income students.

Such research implies that efforts to address inequitable access should focus intently on improving academic preparation of high school students without concern for potential financial barriers such as high college cost or inadequate financial aid. This approach has been criticized by scholars who claim that it overlooks the direct effect of student aid while building a new rationale focusing intently on providing students with information on the steps necessary to attend college (St. John, 2004). Recent critiques of several NCES-based reports claim that they contain methodological errors that understate the influence of student financial need (Becker, 2004; Heller, 2004b). The uncovering of such error calls into question policy recommendations that suggest a focus on high school academic preparation at the expense of addressing issues related to financial need.

2.4.2 The Balanced Access Explanation

Without dismissing the important role of academic preparation in the postsecondary equity debate, others have suggested that finances represent an additional significant factor in college attendance (e.g., ACSFA, 2001, 2002; Heller, 1997, 2002b; Paulsen & St. John, 2002; Perna, 2008; Perna & Titus, 2004; St. John et al., 2005). Researchers supporting this position claim that inequitable access to American higher education is largely a function of college price barriers that disproportionately affect students from lower-income families. As a result, even among lower-income students who are academically prepared and qualified to attend college, true college choice and access are not a reality. Price barriers for low income students result from dramatic tuition increases and insufficient financial aid funding, making affordability a factor in attendance decisions. Financial obstacles are especially prevalent at highly selective colleges and universities, which commonly carry the largest costs for students and their families (Perna, 2002).

In 2001 and 2002, the Advisory Committee on Student Financial Assistance (ACSFA), a congressional panel made up of independent scholars, policymakers, and educational leaders released a series of reports aimed at investigating the state of access to American higher education. These reports recognized the importance of academic preparation in promoting access, but suggest that lower-income students who are academically prepared continue to be affected significantly by unmet financial need. By refocusing attention on student finances, while acknowledging the role of academic preparation, the reports marked an important change in the college access discourse (St. John, 2004). Instead of addressing the issue while focused exclusively on pre-college academic preparation, the reports established a more balanced approach.

Using this balanced approach to investigating access researchers have found that among college qualified students, high financial need affects college going behavior (ACSFA, 2002). For students who are college qualified, the absence of sufficient financial support can be the difference between attending a two or four-year institution, or attending college at all. Additionally, high financial need affects pre-college expectations and ambitions for students (Hossler et al., 1999).

In a study on college choice behavior among low income students, Paulsen and St. John (2002) used a quantitative financial nexus model to investigate the role of finances on student enrollment decisions. Financial nexus theory argues that student perception of college costs affects choice and student persistence. The authors found that enrollment patterns differed among students from various SES strata, and concluded that a student's perception of college cost does affect enrollment and attainment behavior. Ultimately, students receiving adequate financial support are more likely to enroll in four-year institutions and persist to graduation than those who do not.

In a later study which investigated the role of finances on enrollment behavior of students from various ethnic backgrounds, Paulsen, St. John, and Carter (2005) offered additional support for the role of finances in postsecondary opportunity. Using the same financial nexus model, the authors found that African-American students were highly sensitive to college cost and financial aid, and determined that it affected enrollment decisions and likelihood of persistence. Because a larger percentage of African American students in the study also happened to come from lower-income families, this finding offers additional support for the important role of student finances and financial support in postsecondary choice and access.

The ACSFA (2001, 2002) reports, and the studies conducted by Paulsen and St. John (2002), and Paulsen, St. John, and Carter (2005) are examples of work that has helped to re-establish finances as a central component in the discourse on college choice and access. Such inquiry has returned attention to providing financial support to college-qualified, low-income students. This outcome is noteworthy, given the suggestions emerging from the NCES studies (e.g., Berkner & Chavez, 1997; Choy, 2002; Horn & Nunez, 2000) that the college access problem should be mainly addressed through attention to preparation at the K-12 level. While it is important to address these inequities in academic preparation, doing so at the expense of financial aid policy could have significant consequences for those who graduate high school with adequate academic preparation, but high financial need (Spencer, 2002).

2.4.3 Information Constraints

In addition to price barriers for lower-income students, the process of applying to college may play a role in growing inequity (Cabrera & La Nasa, 2001; Hossler et al., 1999; Vargas, 2004). Economically disadvantaged students tend to be less likely to apply to more selective institutions, begin the application process later, and typically apply to fewer schools than their wealthier peers. These outcomes may be related to many of the factors previously discussed, such as heightened price and financial aid sensitivity. However, it is also likely that the college application process, which has become increasingly complex over the course of the past several decades, works against lower-income students who may not be as aware of its intricacies (ACSFA, 2002; Cabrera & La Nasa, 2001; McDonough, Antonio, Walpole, & Perez, 1998; Perna et al., 2008).

Numerous scholars have pointed to information-related advantages afforded to higher-income students seeking admission to college (e.g. Avery, Fairbanks, & Zeckhauser, 2003; Cabrera & La Nasa, 2001; Hicks & Shere, 2003; Karabel, 2005; McDonough, 1994; McDonough et al., 1998; McDonough, Korn, & Yamasaki, 1997). Students from wealthier families, whose parents have postsecondary experience, possess greater understanding of the college application process, the importance of academic preparation, and test-taking strategies than lower income students (McDonough, 1994). They thus commonly possess an awareness of how marketing themselves as “college applicants”– a behavior that has become greatly rewarded by selective college admission offices – will advantage them in the selection process. The college admission process at selective institutions has been characterized as a game in which wealthy students have a considerable advantage over their lower-income peers (Avery et al., 2003). Knowledge of the application practices, ability to expend financial and human resources on the process, and a built-in support system of parents, teachers, and counselors who possess expert knowledge of the way in which colleges select students are traits that are both commonly possessed by wealthier students and tacitly rewarded by institutions.

Another important step in the path to college involves applying for financial assistance. As with admission application tendencies, differences between low and high SES students in the financial aid application process likely contribute to inequitable access (King, 2006). Students from lower SES backgrounds commonly require financial support in order to attend college, but tend to be less well informed about how to obtain it (Cabrera & La Nasa, 2001; Perna, 2008). A recent study conducted by the American Council on Education (ACE) suggests that substantial number of students who are eligible for federal financial assistance do not apply (King, 2006). Between 1999 and 2004, the number of low and moderate income undergraduates who *did not* file for financial aid rose from 1.7 million to 1.8 million. Additionally, 25% of the full-time, Pell grant-eligible college students did not apply for assistance. As a result, hundreds of thousands of dollars of need-based financial aid earmarked for lower-income students go unused, despite the fact that these funds are offered through a free application.

The current study adopts the position that finances play a central role in college choice and access, while acknowledging that the problem of inequity is complex and tied to numerous causes. Undoubtedly, correcting educational inequity requires efforts from those working and shaping policy in across all levels of education, K-16. At the same time, addressing the inequitable access issue from the primary/secondary school perspective is largely beyond the scope of this study and those working in postsecondary education. Therefore, it is appropriate and important for those charged with setting higher education policy to work toward reforming financial aid and pricing practices because of the crucial role that student finances play in shaping postsecondary opportunity. This study will focus on the financial explanations of system-wide inequity and attempts to consider the problem through an institutional financial aid policy which is also designed to address the informational constraints faced by many lower-income college applicants.

2.5 FINANCIAL AID POLICY TRENDS AND INEQUITY

The dramatic expansion of American higher education in the decades following World War II was greatly assisted by government and institutional funding initiatives designed to open educational doors for citizens of varied backgrounds. Government-sponsored interventions such as the Higher Education Act of 1965 and the Pell grant were assertions that higher education should be accessible to students regardless of circumstance (Thelin, 2004). The implementation of these policies led institutions of all types and sizes – even the most historically elite – to make deliberate attempts to enroll underrepresented students. Into the 1980s, institutional and government initiatives remained focused on establishing a system in which those from all SES backgrounds might be provided the opportunity to advance their economic status (McPherson, Winston, & Schapiro, 1994). As the system evolved, the ideal of equity was central to the initiatives that made it universally accessible, and higher education grew with an aim and a focus on providing places for all people at all types of institutions.

The significant financial aid initiatives implemented in the latter part of the twentieth century helped to concurrently increase the population of college-bound students and promote more even distribution of students from various SES backgrounds (Gladieux, 2002; St. John et al., 2005). In the years since the introduction of the Pell grant, however, true institutional and government promotion of the ideal of equitable access has not continued despite equity remaining a stated goal (Baum, 2004). Though the dollar amount of federal funding for higher education has increased, new initiatives and adjustments to current programs increasingly direct state and federal funds to wealthier students. At the same time, tuition at public and private colleges continues to outpace inflation, exacerbating the financial burden for families (The College Board, 2007). Recent institutionally-based admission and financial aid policies designed to strategically grow enrollment also commonly depart from the ideal of promoting access for economically disadvantaged students. These trends represent an abandonment of the ideals on which the universally accessible American system of higher education was founded and appear to instead be contributing to a growing equity problem.

2.5.1 Rising College Cost and Institutional Pricing

A commonly addressed topic in higher education is the rising cost of attendance at both public and private institutions. In the two decades leading up to this century, average college tuition and fees nearly doubled after adjusting for inflation (IHEP, 1999). Numerous causes have been cited for the increase, including a higher cost of educating students, decreases in state and federal support that are offset by tuition revenue, competition between institutions, increasing costs of employee health benefits and retirement, and higher overheads related to managing space (Ehrenberg, 2000). Ultimately, institutions of all types have become increasingly reliant on tuition dollars, a reality which has resulted in carefully crafted pricing and enrollment strategies that have real effects for students and families (Mumper, 1998).

Today, the published tuition and fees at colleges are commonly referred to as their "sticker price" (Lee, 1999, p. 12) – an allusion to the price of an automobile which is often negotiated and rarely adhered to. The emergence of college sticker prices suggests that the published price of a college has little meaning, as the cost of attendance for each student is likely different and dependent upon the amount of financial assistance received. Despite the fact that the majority of students will not be obligated to provide the advertised sticker price of an institution, this representation of college cost has been shown to present an obstacle for low income students who tend to be less knowledgeable about the financial aid process (ACSFA, 2002). Economically disadvantaged students are the most sensitive to college pricing (Paulsen & St. John, 2002), most likely to over-estimate the true cost of college (Usher, 2006), and the least likely to benefit from newer aid initiatives that reward merit over need (Davis, 2003). Essentially, college cost has only risen significantly for low-income attendees, and wealthier students have experienced only a slight increase in net price (ACSFA, 2001).

2.5.2 Federal Government Policies and Inequity

While state and federal government policy initiatives contributed greatly to the widening of access to higher education and the emergence of a universal system, their effectiveness in promoting system-wide equity appears to be waning (ACSFA, 2002; Perna et al., 2004). While it is valuable to note that federal and state backed aid provided for needy students is at an all-time high (Heller, 2002a; Redd, 2004), the most recent policy initiatives may be contributing to the unequal distribution of students along SES lines (IHEP, 2002; Perna & Titus, 2004). Federal financial assistance aimed at expanding access for lower-income families has become less effective, and in some cases shifted resources away from economically disadvantaged students. Newer state financial aid policies, including merit aid programs and prepaid tuition plans, appear to represent the current trend in higher education financing, but have also are been cited as obstacles to college choice and access among lower SES students (Heller, 2002a).

2.5.2.1 The Federal Pell Grant

Instituted in 1972, the federal Pell grant provides high-need students portable grant aid that does not require repayment. In its early years, the award had tremendous purchasing power, essentially guaranteeing recipients access to and choice between institutions because it could cover tuition amounts (ACSFA, 2002). However, since the 1980s, the award amount has increased slightly while the cost of attendance at private and public institutions has risen sharply. Currently, the maximum annual Pell Grant award is $4,310. By comparison, the average cost of a four-year public institution is $12,944 and a private institution is $29,307 (NCES, 2009).

The failure of the Pell grant to keep pace with the rising cost of college has so reduced the grant's purchasing power that it has become almost meaningless for many eligible students. Furthermore, only the neediest families – those with an income of less than $20,000 – qualify for the maximum Pell award of $4,310, and for most lower-income students the federal support is even less. The reality is even more glaring when considering the nation's more selective institutions. In a study of low-income student pricing trends at 28 selective public and private institutions, Hill, Winston, and Boyd (2004) found that the average sticker price of these institutions was around $33,000[3], and average cost to low-income families was approximately $7,500. This figure, which takes into consideration the Pell grant, indicates the potentially overwhelming burden placed on families earning less than $24,000 per year.

2.5.2.2 The Federal Student Loan Program

Over the past 20 years, the greatest federal aid funding increases have been directed toward the Guaranteed Student Loan program, which allows students to borrow money to offset college costs (ACSFA, 2002). The loans can be subsidized by the government and offer lower interest rates. Since they were made available to students at all income levels in 1978, the amounts borrowed through the program have increased steadily (Mumper, 1999). Accordingly, the majority of federal aid program funding increases have gone to support loan initiatives, suggesting that the emphasis of federal aid shifted away from grants (Gladieux, 2002; McPherson et al., 1994). The amount of aid distributed in the form of student loans has jumped 173% over the past decade while grant aid amounts have increased 85% (Redd, 2004). In 1982 approximately 50% of total student aid came from grants and 45% from loans. By 2002, only 40% came from grants and 54% came from loans. The shift from grant aid to loans has acted to place a greater financial burden on lower-income students and represents another obstacle to providing access to lower-income students at selective colleges and universities.

2.5.2.3 Tax Credits and Savings Plans

Federal grant and loan programs continue as the cornerstone for federal student aid policies, but recent years have brought with them new initiatives aimed at supporting college-

---

[3] This study considered college costs from 2001-02. Today, many of these same schools advertise their total cost to be near or above $50,000.

going students. As opposed to traditional aid programs which offer direct support to students, the newer programs have come in the form of tax credits and benefits for families either paying for or saving for college. Two such examples are the HOPE and Lifetime Learning credit and the federal Section 529 plans. While these programs have been successful in helping many families who send children to college save money for that purpose, they do little to promote equity across the system because they carry little utility for lower-income families (Clancy, Cramer, & Parrish, 2005).

The HOPE and Lifetime Learning credit offers families a tax credit based on postsecondary expenses they incur (Aron-Dine, 2007). Federal Section 529 savings plans are tax-sheltered savings account composed of stocks, bonds, and/or mutual funds started in a student's name by a beneficiary (Clancy et al., 2005). An emphasized aim of both programs is to encourage college participation from lower-income families. However, as the programs are currently constituted, the tax benefits are largely unavailable to low- and moderate-income families (Aron-Dine, 2007).

In the case of HOPE and Lifetime Learning credits, families receiving tax refunds are commonly ineligible to receive benefits and credits only apply to money paid for tuition and fees (Aron-Dine, 2007). Additional funds for room, board, books, travel, and other expenses – which constitute a significant portion of college cost – are not eligible despite being a substantial expense for lower-income students. Federal 529 plans primarily benefit higher-income households that have resources to regularly set aside money in order to take advantage of the tax benefits afforded by the initiative (Maag & Fitzpatrick, 2004). These factors combine to assure that the tax benefits offered through both programs redirect federal funds to assist students from wealthier families and have deviated from their original purpose which was to provide college opportunity for those who may otherwise be denied access.

2.5.3 State Policies and Inequity

State-based financial aid initiatives began in earnest following the creation of the State Student Incentive Grant (SSIG) program in 1972, and focused on awarding state grant money to needy students (Heller, 2002a). Today, need-based grant programs continue to receive the majority of state funding and remain committed to expanding access for underrepresented groups (St. John, Musoba, & Simmons, 2003). However, states have increasingly been directing financial support for college to students from wealthier backgrounds. Two emerging and expanding state financial aid initiatives – merit-based programs and pre-paid tuition plans – represent examples of states shifting financial support away from the neediest students. In light of the shifting purposes of state financial aid programs, it is important to consider how recent changes affect the ideal of promoting equitable access in American higher education.

2.5.3.1 State Merit Aid Programs

The components of state merit aid programs vary greatly from state to state, but the basic design remains similar. In most programs, students graduating from state high schools meeting pre-determined academic benchmarks such as grade point average (GPA), standardized test scores, and class rank, are provided financial assistance to attend state institutions (Heller & Marin, 2002, 2004). The most broad-reaching of these policies cover the entire cost of tuition at the universities. Currently, more than a dozen states have some form of merit-based scholarship program. Proponents of the policy cite various outcomes in support of their continuation, such as higher selectivity rates at state institutions and a greater proportion of the college-going populations remaining in-state to attend college (Heller, 2004a). Not surprisingly, broad-based merit programs are politically popular.

While merit aid programs do benefit students who receive them and the states that operate them, they also have the potential to carry with them negative social consequences. Because of their focus on traditional measures of academic merit such as GPA and ACT/SAT scores, underrepresented low-SES students are the least likely to benefit from the awards (Cornwell, Mustard, & Sridhar, 2006). An example of this uneven benefit is seen in the case of Georgia, the state oft-credited with the first merit-based aid program which has also become a model for other states. In Georgia, over 90% of the merit scholarship expenditures went to students who possessed the means to pay for college, suggesting that the program is doing little to remove price barriers for lower-income students (Heller & Marin, 2004). Similar programs in other states have been found to disproportionately distribute awards to wealthy students from non-minority backgrounds (Heller & Marin, 2002). In sum, state merit aid programs have achieved their goals of making schools more selective, but they have also acted as an obstacle to making college access an equitable venture for students from various SES backgrounds.

2.5.3.2 State Prepaid Tuition Plans

In recent years, a number of states have adopted prepaid tuition (PPT) plans, in an effort to assist families in paying for college in light of rising college costs. The premise behind PPT plans is that parents can purchase future college education by paying an existing tuition rate, allowing families to “lock in” to a college price that they can redeem for future credits at a state-run institution (Baird, 2005). Today, 20 states operate PPT programs, and the amount invested in the accounts had reached $12.5 billion by 2004.

While PPT plans were initially presented as programs that would expand educational opportunity, the reality is that the programs mainly target wealthier households (Baird, 2005). The plans commonly carry with them tax benefits that are dependent on a family's income, meaning that families with larger incomes stand to gain the most by participating. Furthermore, the programs are complex and difficult to understand, a factor that may discourage participation by lower-income families. Investigation into the characteristics of plan participants in Michigan (Lehman, 1990), Alabama, Florida, Pennsylvania, Ohio (Government Accountability Office, 1995), and Washington (Baird, 2005) all confirm that PPT plans are overwhelmingly utilized by wealthy families. Therefore, the PPT plans represent another use of state resource that will ultimately fund educational opportunities for individuals who arguably do not need the assistance, and are yet another example of how the aims of state-based financial assistance have shifted away from promoting access for lower-income students.

2.5.4 Institutional Enrollment Management Practices and Inequity

Like many of the more recent government supported financial aid initiatives, shifts in college admission and financial aid practices at the institutional level have also appeared to contribute to growing inequity in postsecondary access. The emergence of "enrollment management"– the strategic and calculated practice of attracting applicants, admitting students, and encouraging them to enroll in institutions – in the 1980s was borne out of a growing competition for talented students fueled by a quest for prestige and resources (Duffy & Goldberg, 1998). Enrollment management brought with it competitive pricing strategies and a shift in the aims of institutional financial aid from addressing need to meeting specific enrollment goals. Notably, strategies including tuition discounting and a shifting of financial aid programs from need to merit were products of this emerging paradigm. While such tactics have proven effective in growing prestige, they tend to have a corresponding negative effect on the enrollment of economically disadvantaged students (Avery et al., 2003).

2.5.4.1 Tuition Discounting

Through tuition discounting, colleges and universities use institutional funds to reduce tuition and fee charges for a targeted population of students (Redd, 2000). Discounts typically come in the form of grants or scholarships, decrease the family obligation to pay for college, and are most common at private institutions. The effect and proliferation of tuition discounting is evidenced by the fact that tuition discount rates – the percentage of institutional cost absorbed through institutional gift aid – at private institutions increased from 21% in 1990 to over 38% by 2001 (Davis, 2003). This phenomenon can also be seen at public colleges and universities, where between 1995 and 2004 institutional grant amounts rose by 132% (Heller, 2006).

Widespread use of tuition discounting was born out of its promise to “build enrollment, increase institutional net revenue and shape incoming classes to fit institutional preferences” (Davis, 2003, p. 1). However, a recent study has suggested that institutions have actually lost revenue through use of the practice (Redd, 2000). This decreased revenue is thought to affect colleges and universities in other areas, namely retention efforts and expenditures on academic programs. Additional funds focused on financial assistance have also contributed to tuition hikes meaning that the increased expenditures have largely been absorbed by families. While tuition increases have been somewhat mitigated by rising discount rates, the financial burden has increased more substantially for lower income students than for those from higher-income backgrounds because tuition discounts are increasingly funding merit aid programs designed to attract talented (commonly wealthy) students and increase institutional prestige (Davis, 2003).

2.5.4.2 Institutional Merit-Based Financial Aid

Merit-based financial aid – a form of tuition discounting – is commonly awarded to students in the form of scholarships and is typically used to reward students who have performed well in high school. The present-day institutional trend has been to expand merit aid programs at the expense of those that are need-based (Heller, 2004a; McPherson & Schapiro, 1998). Because the programs have the capacity to attract talented students who might not otherwise attend an institution, merit aid has the potential to improve the academic profile of an incoming first year class, and ultimately boost perceived institutional quality (Duffy & Goldberg, 1998; Ehrenberg, 2000; McPherson & Schapiro, 1998). Academic and talent-based scholarships thus carry with them the ability to enhance institutional prestige, and as a result many institutions around the country have shifted their financial aid allocations away from need-based aid and toward that which is merit-based (Perna, 2002).

The movement to merit over need may be a telling indicator of priorities at colleges and universities across the country and appears to be affecting system-wide equity (IHEP, 2002; McPherson & Schapiro, 1998; Redd, 2000). Increasing merit aid budgets at the expense of need based aid may suggest that they prefer maximizing the enrollment of high achieving students to promoting access for lower-income students. With the highest grade/test-score students disproportionately coming from wealthier families, the emphasis on merit aid over need based aid represents a betrayal of the original purpose of financial aid. For many merit-eligible students, college attendance is more a question of *where* they will attend, as opposed to *whether* they will attend (Baum, 2004). The movement to merit over need is thus a statement that financial aid has become less of a tool to promote access and more of a strategic weapon in the battle to become more prestigious (McPherson & Schapiro, 1998). This trend appears to be playing a role in the stratification of enrollment at selective four-year institutions, where wealthy student numbers are swelling and lower-income student enrollment has essentially remained stagnant (McPherson & Schapiro, 2002).

The combination of increasing college cost and decreasing proportions of need-based financial aid has forced economically disadvantaged students to greatly rely on financial factors to make college attendance decisions (Lee, 2002; Redd, 2004). The shifting emphasis away from meeting need toward rewarding merit in institutional financial aid practice carries with it dramatic consequence for the goal of providing equitable access in American higher education. While this shift began in more selective schools, it currently occupies an important place in the policies of those that are less selective and working to raise admission standards by attracting more talented students (McPherson & Schapiro, 1998). The result is a squeezing out of lower income students at institutions of all selectivity levels in the name of improving reputation and prestige.

2.5.5 Summary: The Outcome of Financial Aid Policy Trends

In sum, the American system of higher education moved toward a state of universal access by aggressively opening doors to underrepresented student populations, including those from lower-income families. Offering financial assistance and incentives for lower-income students to attend college came to define financial aid, and played a significant role in the establishment of a universal system. However, over the course of the past 25 years, fast-rising tuition rates and a combination of state, federal, and institutional financial aid initiatives have combined to change the focus of financial aid. As a result, the American higher education system’s efficacy in supporting those from lower-income families has been diminished. The shift in the focus of institutional and state-based financial aid away from meeting need toward rewarding merit has decreased the availability of funds for low income students and shifted them to those who would likely attend college anyway. The actions of the federal government – offering greater support to loan programs and tax-based incentives instead of the Pell grant – has moved support toward those who require it less at the expense of the low-income. Ultimately, the changing face of financial aid has created a situation in which lower-income students have seen financial support from numerous sources shift toward wealthier students at a time when college prices continue to rise. Given the high sensitivity of lower income students to college prices, the continuation of this trend will further exacerbate the inequitable access issue.

2.6 LOAN REPLACEMENT GRANTS: A RESPONSE TO INEQUITY

Despite evidence that higher education policy may limit college choices for lower-income students, it should be noted that the ideal of equitable access remains an oft-cited goal for policymakers and institutional leaders. Continued support of the federal Pell grant illustrates the government's desire to assist needy students, and even programs that tend to benefit wealthy students (e.g., tax benefits, merit-based financial aid, PPT programs) present equity as a stated goal. Additionally, individual colleges and universities have worked through their admission and financial aid practices to address inequities in higher education.

2.6.1 An Overview of LRGs

The recent development, implementation, and spread of LRGs indicate a small movement toward more proactive efforts to increase the representation of students from lower-income backgrounds at colleges and universities. By seeking to either eliminate or significantly reduce loan amounts for qualifying low-income students, and replace them with grant aid that does not require repayment, adopting institutions have made a targeted attempt to reduce price barriers for their neediest students. Based on conclusions drawn by numerous balanced access scholars about the role of finances (e.g., Heller, 1997; Heller, 2002b; Paulsen & St. John, 2002; Perna, 2002; St. John et al., 2005) the initiatives appear to hold tremendous promise for widening choice and access to academically prepared lower-income students.

The first LRG program was introduced at Princeton University in 1998. The institution's initiative promised students from lower income families – defined by the university as those earning less than $40,000 – that their entire aid eligibility would be met with grant assistance, and no loans would be required (Princeton University, 1998). The institution expanded this program in 2001-2002 to include all students who qualified for financial assistance, meaning that since that time no Princeton undergraduate who has qualified for financial aid has been required to take out a loan to pay for his/her education. In 2003, the University of North Carolina at Chapel Hill (UNC) became the first publicly funded institution to offer a loan replacement program (Pallais & Turner, 2006, 2007). The university's initiative, known as *The Carolina Covenant*, replaces loan amounts with grants and work-study to students from families with income at or below 200% of the poverty line.

In the years following the introduction of the initiatives at Princeton and UNC, similar programs were adopted at the University of Virginia, Brown University, and Harvard University.

The announcements of the initiatives, especially the Harvard program, received substantial attention in the popular media and in higher education circles (Pallais & Turner, 2007). Since that time, the programs have proliferated; over 40 of the existing initiatives have been implemented in the past five years. Most of the colleges and universities with LRGs are among the most prestigious and competitive in the country, and lower-income students are likely to be under-represented in their student bodies (Perna, 2002).

While a number of institutions have adopted and advertise financial aid initiatives designed specifically to assist low income students, not all of these programs are considered LRGs. For example, colleges and universities have for years utilized need-blind/full-need admission and financial aid policies which guarantee students that their financial need will have no bearing on their admission status (Ehrenberg, 2000). Additionally, these promises assure students that 100% of their demonstrated financial need will be met through financial aid, typically a combination of loans, federal work-study, and government and institutional grant aid.

LRGs are a form of need-blind/full-need admission policies, but they are a more aggressive, generous, and targeted approach to awarding financial assistance to students. Where LRGs differ from the traditional full-need financial aid awarding practices is in their aim to reduce both current and future student financial obligation by addressing loan assistance and in their transparent eligibility guidelines (Lips, 2008; Pallais & Turner, 2007). Today, there are 61 active LRG programs at 49 postsecondary institutions (Appendix A).[4] The criteria for inclusion on this list are detailed in Appendix B.

[4] There are a greater number of LRGs than institutions because some colleges have more than one program as part of their financial aid policy. For example, Cornell University offers a No-Loan LRG to students from families earning less than $60,000; students from families earning between $60,000 and $100,000 qualify for Cornell's Loan Cap program. Appendix A draws these distinctions and includes all of the qualifying initiatives at each institution.

The population of LRGs is divided into two broad categories or types based upon the treatment of loans in the financial aid package (Lips, 2008), which is detailed in the "Program Details" column in Appendix A. Historically, student aid awards have consisted of some combination of grants (from federal, state, and institutional sources), loans, and federal work-study compiled with the intention of meeting a family's demonstrated need to attend the particular college. The aim of LRGs is to either *eliminate* or *greatly reduce* loans from the financial aid package of lower-income students. As a result, there are essentially two different financial aid award compositions: those that include loans as part of the need-based aid offer, and those that do not. The awards offered by LRG institutions are categorized into two separate types: No-Loan LRGs and Loan Cap LRGs.[5] These distinctions are made in the "Program Type" column in Appendix A. Both No-Loan and Loan Cap LRGs carry with them a promise to significantly reduce loan debt responsibility for low- and/or moderate-income students.

In No-Loan LRGs, institutions make a guarantee to eligible low-income students that their financial aid award will consist entirely of grants or a combination of grant aid and federal work study. Loan Cap LRGs offer relief by capping loan amounts and meeting remaining student need with a combination of grant aid and work study. While the specific terms of each program differ, they commonly utilize a family income amount to determine eligibility. In some cases this may be a specific dollar amount, and in others it may be another benchmark (e.g., Pell grant eligibility or financial aid eligibility). Families whose income falls below the pre-determined amount are eligible for the program if the student is admitted.

---

[5] For further distinctions between individual programs, see Lips (2008) which subdivides the two LRG types along two additional dimensions – their terms of eligibility and the specific type of aid offered. The typology produces eight distinct LRG types. These finer distinctions have less relevance to the current study, and in the interest of clarity have not been included in this description of the programs.

2.6.2 The Significance of Loan Replacement Programs

The rapid proliferation of loan replacement programs represents a proactive effort to expand enrollment of low-income students by removing college price barriers. Because the majority of the programs have been in existence for a relatively short period of time, it is too early to truly evaluate the ways in which they affect outcomes such as academic success and graduation from college (Pallais & Turner, 2006, 2007). However, the extant literature on the effect of financial aid on low-income students provides some support for the continued spread of loan replacement initiatives. Further, early studies of existing programs suggest that they do influence enrollment behavior (Avery et al., 2006; Tebbs & Turner, 2006).

There is an extensive body of literature that points to the role that student finances play in his/her college enrollment, attainment, and graduation (e.g., ACSFA, 2001, 2002; Heller, 2002b; Millett, 2003; Paulsen & St. John, 2002; St. John et al., 2005). Students from lower-income families tend to be more greatly influenced by college prices and financial aid than their higher-income peers when it comes to enrollment decisions, retention, achievement, and persistence to graduation. Additionally, LRGs are characterized by their transparent eligibility requirements which may serve to address concerns about information constraints among lower-income students (Perna, 2008; Vargas, 2004). Thus, the fundamental premise on which loan replacement programs are based is well-supported. When financial support is offered in the form of grants that do not need to be repaid, the in-college benefits realized by lower-income students are substantially larger than those experienced by other SES groups (Usher, 2006). These positive outcomes attributed to grant aid offer support for loan replacement programs.

Additionally, the removal of future loan debt obligation that accompanies LRGs is an important aspect that supports their continued adoption. Students from lower-income families whose obligation to pay back loans after graduation has been reduced or eliminated are also more likely to be academically successful and persist toward graduation (Millett, 2003; Paulsen & St. John, 2002). Such an outcome highlights an added benefit of LRGs, as they promise to concurrently reduce in-college costs while greatly reducing post-college obligation to repay money for attendance. Extant literature thus point to the programs as a potentially effective initiative in promoting access to college for lower-income students. Students who are supported financially throughout their time in college tend to be more successful, and the stress associated with loan debt for students tends to have a negative effect on performance and ability to graduate.

Two studies aimed at evaluating the effectiveness of LRGs provide some evidence suggesting that student enrollment behavior does respond to the incentives at both private and public institutions. Tebbs and Turner (2006), through an investigation of *Access UVa*, the LRG at the University of Virginia, found a substantial increase in the number of admitted and matriculating low-income students at the institution in the year the program was implemented. The number of entering students with family incomes less than 200% of the poverty line increased from 133 to 200 between the fall of 2004 and 2005. At Harvard University, the percentage of students from families earning less than $60,000 increased from 14.9% to 16.5% in 2004, the first year of that institution’s LRG (Avery et al., 2006). Such increases in lower-income enrollment at these highly selective institutions suggest that the initiatives are influencing student application and enrollment behavior of this underrepresented group.

Another recent study conducted by Pallais and Turner (2006) pointed to the proliferation of LRGs, and considered the potential reach of these recently adopted programs. The authors measured low-income student interest in public and private colleges and universities by assessing whether students sent them ACT and/or SAT scores. Using criteria of a hypothetical program, the authors considered the number of students from each state who would be eligible for the awards. The resulting conclusion was that LRGs would have differential costs and benefits for public institutions depending on the state in which they were located. Additionally, private institutions (and some select public universities) that draw from a national pool of students, may be able to most effectively increase enrollment of lower-income students through use of the initiatives. Pallais and Turner (2006) ultimately suggest that the programs would be more beneficial to private institutions because of their national student recruitment base, and would thus draw lower-income students to their campuses from across the country. The effect of the programs on state institutions would potentially be limited by the number of college eligible lower-income students in each state. This study is noteworthy because it recognized the LRG movement and also articulated important differences between the programs at state institutions and those at privately funded colleges and universities. It also suggests that lower-income students will ultimately benefit from the competition between institutions to aggressively increase enrollment of the population.

Investigating the effectiveness of a larger number of loan replacement programs is an avenue for future research, and it will be important to consider the in-school and graduation outcomes for eligible students. However, loan replacement programs are so new that such studies are not yet possible. At the same time, the initiatives have been spreading rapidly and appear to be based on sound research findings. Because they address the important issue of access to college for low-income students, and because of their proliferation and the theoretical basis for their implementation, it is valuable explore how and why LRGs are being adopted. Such an investigation will allow policymakers and institutional leaders to determine if they are likely to continue and what conditions might lead to their continued proliferation. Eventually, more data may lead to more empirical investigation of the programs and determine the extent of their effectiveness. However, at this point in time, it is appropriate to consider them in an exploratory fashion.

3.0 CONCEPTUAL FRAMEWORK

Theories describing influences on and the conditions under which policy innovation and adoption have occurred have been developed through research over the past several decades (Berry & Berry, 2007; Newmark, 2002). Commonly used to investigate various state-level policies, diffusion of policy innovation theory has been steadily developed in the political science literature and represents a widely accepted mechanism for explaining the spread of policies from unit to unit. Grounding the current study on the principles of diffusion of policy innovation theory provides a framework for analyzing the spread of LRGs.

The diffusion of policy innovation theory considers how new ideas (innovations) are spread (diffused) from one unit to another (Walker, 1969). The theory accounts for complexity in the policy-making process by considering the role social, political, and economic climates, and external factors (e.g., competition, pressure from constituents) play in the decision to implement new policy. Policy innovations are commonly defined as initiatives that are new to the adopting unit. Thus, an important distinction is made between policy *innovation* and policy *invention*, which is the process through which an original policy idea is conceived and implemented (Berry, 1994). Because the majority of policy innovation research has been conducted at the state level, this review will consider some of the central tenets of the theory derived from existing state policy research, and highlight those studies related specifically to higher education.

3.1 A REVIEW OF DIFFUSION OF POLICY INNOVATION THEORY

The concept of policy innovation has been studied for decades, primarily by political scientists concerned with the policy adoption behaviors of state governments (Berry & Berry, 2007). Walker's (1969) influential work on policy diffusion among state governments has been followed by a number of studies focused on the spread of new policy initiatives between states. For example, researchers have studied the adoption of a diverse sample of state policies including lotteries (Berry & Berry, 1990), state tax initiatives (Berry & Berry, 1992), death penalty reform (Mooney & Lee, 2000), and tort law (Lutz, 1997).

More recently, scholars have begun to consider educational innovations among states (McLendon, 2003). For example, Mintrom (1997) and Mintrom and Vergari (1998) studied the spread of school choice reform by surveying policy experts in the 48 contiguous United States. Wong and Shen (2002) considered factors leading to charter school legislation and school district takeover, adding to the growing body of literature on K-12 policy innovation. Higher education policy has also become a focus of policy innovation research as scholars look to determine the various factors that may influence the spread of new initiatives across state boundaries (e.g., Cohen-Vogel & Ingle, 2007; Cohen-Vogel et al., 2008; Doyle, 2006; Hearn & Griswold, 1994; McLendon et al., 2007; McLendon et al., 2006; McLendon et al., 2005).

The diffusion of policy innovation theory offers two sets of explanations for the adoption of new policies – internal determinants models and diffusion models (Berry & Berry, 2007). The internal determinants explanation posits that socioeconomic and political attributes internal to the adopting unit lead to the implementation of new policy. Diffusion explanations suggest that policymaking is a "system of emulation" (Walker, 1969, p. 898) in which the policy adoption behavior of one unit is influenced by its peers. Early research utilized one of the two above explanations to explain policy adoption, or considered the influences of each individually in the same study. As policy innovation researched evolved, more sophisticated analytical techniques gave rise to an integrated model that seeks to consider the effects of both internal and diffusion influences simultaneously (Berry, 1994).

3.1.1 Internal Determinants Explanations

The internal determinants model operates on the assumption that policymaking processes are independent, and that the adopting unit is not influenced in its decision by any other outside units (Berry, 1994). Policy innovation is thought to be influenced by socioeconomic and political characteristics of the adopting sites (Berry & Berry, 2007). A considerable body of research provides support for the influence of internal determinants in the adoption of state policies (e.g., Mintrom, 1997; Mintrom & Vergari, 1998; Walker, 1969), including those related to higher education (e.g., Hearn & Griswold, 1994).

Support for the notion that socioeconomic conditions influence the adoption of new policies has been revealed in a number of studies. Researchers have suggested that wealthier states, or those with higher levels of education and economic development, are more likely to implement new policies (Berry & Berry, 1990, 1992; Walker, 1969). Another economic determinant is state fiscal health, a description of short-term economic conditions such as an economic windfall or a fiscal crisis (Berry & Berry, 1990). Additionally, the likelihood that larger states are more likely to innovate than smaller states (e.g. Hearn & Griswold, 1994; Walker, 1969) has established state size as a socioeconomic internal determinant. The aforementioned determinants appear to influence policy adoption behavior even in situations where the innovation does not require significant financial support. While socioeconomic characteristics have been shown to exert some influence over a state's likelihood to innovate, ultimately their influence varies depending on the subject of the innovation (Berry & Berry, 2007).

Political characteristics of states and organizations have also been presented as factors that influence policy innovation. Dynamics including greater inter-party competition (Mintrom, 1997), higher levels of professionalism among political decision makers (Walker, 1969), fluctuations in election cycles (Berry & Berry, 1990), and situations in which the same party controls government branches (Mintrom, 1997) have all been associated with greater levels of policy innovation. Like socioeconomic determinants, individual political factors have varying influence depending on the subject of the innovation. For example, the presence of state educational problems (e.g., low test scores, low high school graduation rates) have been associated with greater levels of innovation in state postsecondary policy (Hearn & Griswold, 1994), but are not likely to influence unrelated policies such as those pertaining to state death penalty policy. The common conclusion drawn by studies addressing political internal determinants is that the type of policy matters in the influences associated with innovation.

3.1.2 Diffusion Explanations

Diffusion models or explanations take into consideration the process through which an innovation is communicated between various units within a social system (Berry & Berry, 2007). In the case of state policy diffusion, this social system is comprised of the individual governments of American states; in the case of American higher education, the social system is made up of individual colleges and universities. Diffusion models have been divided into two types – national interaction models and regional diffusion models (Berry, 1994).

The national interaction model was first developed by Gray (1973), and suggests that non-adopting states learn of innovations through interactions with officials from adopting states around the country. According to the explanation, states with government officials who communicate and exchange ideas regularly and freely with their peers from across the country are more likely to adopt innovations. The more interaction state officials from non-adopting states have with those from adopting states, the greater the probability that the non-adopting state will innovate.

Similar to the national interaction model, the regional diffusion model focuses on interstate communication and interaction. Regional diffusion posits that states are most dramatically influenced by the innovation behavior of nearby states (Berry, 1994). Those investigating regional diffusion effects propose that state policymakers are much more likely to interact with officials in neighboring or nearby states than they are to communicate with others on a national basis. In addition to these regional policy networks, the effect of competition between neighbors and other nearby states is a factor in adoption decisions.

Both diffusion models suggest a pattern of emulation amongst states when it comes to policy innovation, but in policy research regional diffusion explanations predominate (McLendon, 2003). Walker (1969) introduced the concept of regional diffusion in his study of the adoption of 88 state policies, in which he explained that the adoption behavior that he uncovered strongly resembled a “follow the leader” process. Prior to Walker’s groundbreaking work, studies on policy innovation focused almost exclusively on internal determinant explanations. There are three basic reasons that states emulate one another when it comes to adopting policy: economic competition, borrowing policies that are perceived successful elsewhere (satisficing or convenience), and as a result of normative pressure to conform to accepted standards (Berry & Berry, 2007).

Economic competition is often cited as a driver in states emulating the policies of neighbors and others in the same region and suggests that policy adoption occurs as states attempt to gain an economic advantage. In cases such as state lottery implementation, states may introduce a lottery in part to entice citizens to purchase tickets in-state instead of traveling across state borders to play (Berry & Berry, 1990). In another example, in an effort to avoid becoming a “welfare magnet” for the poor, states may decrease welfare benefits in order to bring them in line with neighboring states (Peterson & Rom, 1990). Additionally, economic competition has been suggested as an influence on policy adoption behavior in studies on tax reform (Berry & Berry, 1992) and state merit-based financial aid policies (Cohen-Vogel et al., 2008).

It is common for states to borrow policy innovations from their neighbors or others in their region because of the perceived success of the innovations (Berry & Berry, 2007). Walker (1969) first introduced this concept, which he called “satisficing,” as a reason for a state to emulate another’s policy adoption behavior. Because of the complexity inherent in developing policy, and the overwhelming demands of time and information, he suggested that policymakers often seek decision-making shortcuts. As a result, states simply implement new policies (or revise existing policies) to mirror existing initiatives that have been successful in other states. Examples of implementing policies out of convenience has been observed in the reinvention of state living will laws (Glick & Hays, 1991) and abortion policy reform (Mooney & Lee, 1995).

Walker (1969) also suggested that states are subject to pressure – both national and regional – to conform to accepted standards, and that such pressure influences policy adoption behavior. This pressure is labeled “coercive” when government mandates force policy adoption, and “normative” when policymakers experience a push to adopt effective practices from other states (Berry & Berry, 2007). Such pressures to implement policy commonly arise in situations where other units have adopted programs that are viewed as successful or effective. They are especially influential when individuals in positions of power – such as those working in state or federal governments – have been “socialized into shared norms” (p. 226) through interactions with their colleagues.

Finally, researchers (e.g., Cohen-Vogel et al., 2008; Mintrom & Vergari, 1998) suggest that policy spread from unit to unit can be influenced by policy “networks” or “communities.” Policy actor participation in social and professional networks facilitates the exchange of ideas and information amongst policy actors. The networks may form as the result of common professional training or through participation in professional organizations and associations which adhere to shared values. Examples of the influence of social networks or “policy communities” exist in several studies including those on school choice-focused education reform (Mintrom & Vergari, 1998) and state-based merit financial aid (Cohen-Vogel et al., 2008).

3.1.3 Integrated or Unified Models

Early policy innovation research utilized cross-sectional analytical techniques, and commonly focused on the individual effects of the “pure” innovation models (Berry, 1994). To this end, studies were conducted to consider either internal determinants or diffusion explanations. In some cases both were considered, but they were investigated separately. More recently, researchers, citing deficiencies in the pure models, have employed more sophisticated analytical techniques that allow for the simultaneous consideration of both approaches in a single model (Berry & Berry, 2007). This integrated approach, which uses pooled cross-sectional time-series analysis and event history analysis, accounts for the influences each explanation may have on another one. Studies using an integrated model have uncovered that both internal determinants and diffusion influence policy adoption behavior while accounting for the effect each explanation has on the other (e.g. Berry & Berry, 1990, 1992). Most current studies utilize integrated approaches and the corresponding event history analysis, which is considered a “superior methodology” (Berry, 1994, p. 444) for policy innovation research. Additionally, researchers have relied on an integrated model to study policy adoption behavior qualitatively (Ingle et al., 2007).

3.2 POLICY INNOVATION LITERATURE IN HIGHER EDUCATION

Policy innovation theories have become widely accepted in political science, and the line of policy innovation and diffusion research has continued for over four decades. The continued activity in this area of policy studies has allowed for more sophisticated methods through which to study policy adoption, and expanded policy innovation studies to focus on diverse areas including health care, education, state judicial and administrative reforms, and abortion (McLendon, 2003). While the body of policy innovation literature focused on postsecondary policy is small, a handful of studies have shown some promise for using the theory to investigate the arena.

Hearn and Griswold’s (1994) study on the relationship between centralized higher education governance systems and the innovation of policy is widely cited as one of the first to consider policy innovation in postsecondary education. Using an internal determinants approach, the authors found that factors including levels of government centralization, the size and wealth of adopting states, and the presence of educational problems play a role in policy adoption. However, the effect of these various determinants was mixed, and dependent upon the policy that was being adopted. For example, while larger states implemented more overall reforms, and were more active in areas such as teacher education and academic reforms, the effect did not carry through to all policies, including those addressing higher education finances.

McLendon, Heller, and Young (2005) built upon the Hearn and Griswold (1994) study through the use of an integrated model and event history analysis. The study considered two categories of higher education policy – accountability policy and financing policy – and found that policy adoption explanations differed depending on the type of policy. For example McLendon et al. (2005) suggest that the level of government centralization does not correspond with innovation of accountability policies, but weakly corresponds with the adoption of financing policies. This finding counters the conclusion drawn by Hearn and Griswold (1994).

In addition to presenting some results that contradict earlier research, the McLendon et al. (2005) study adds to higher education policy innovation literature through its introduction of event history analysis and provides clarity with regard to how diffusion may influence innovation. For instance, the authors found that diffusion was a strong predictor of state financing policies, but was only marginally significant in the case of accountability policies. Of note is the fact that the nature or subject of the adopted policy appears to relate to the factors that influence its innovation. While the study did uncover statistically significant relationships it was limited in that it offered no explanation of why the policies were adopted, or the reasons that the various internal determinant and diffusion influences came into play. McLendon, Hearn, and Deaton (2006) and McLendon, Deaton, and Hearn (2007) have added to the body of higher education policy diffusion research with their investigation of performance-accountability policies and governance reform, respectively. Both of these studies consider the activities of states from across the country and utilize an integrated approach to policy diffusion.

More recently, scholars have utilized diffusion of policy innovation models and to study one specific higher education policy – state merit-based financial aid (Cohen-Vogel & Ingle, 2007; Cohen-Vogel et al., 2008; Doyle, 2006; Ingle et al., 2007). Because these merit aid programs have spread rapidly, and the majority of the initiatives have been concentrated in the Southeastern United States, they represent a seemingly ideal subject for policy diffusion inquiry. These studies are noteworthy because of their subject matter (financial aid policy) and because they use varying methodologies to study the policy adoption phenomenon.

Using an integrated policy diffusion model and event history analysis, Doyle (2006) sought to determine how the "differing characteristics of states affect the likelihood of their adopting a broad-based merit program" (p. 260). The author considered the experience of 15 states from across the country that had implemented merit aid initiatives, and tested 10 hypotheses which contained likely influences on adoption behavior. The results from the investigation suggested that state educational characteristics (e.g., high school graduation rates and achievement levels) were more influential in adoption decisions than were political characteristics (e.g., high proportion of Republican legislators, the presence of a new governor). Of particular note is the finding that internal explanations were the most influential and "the idea of direct diffusion of these programs [was] not supported by the evidence" (p. 273).

Recently, Cohen-Vogel et al. (2008) and Cohen-Vogel and Ingle (2007) also studied state merit aid policy innovation using qualitative methods. Both studies specifically considered diffusion explanations when analyzing the adoption of these rapidly spreading programs. The research focuses on one region – the Southeastern United States – where state merit aid programs have proliferated over the course of the past 15 years. Ingle et al. (2007) also investigated the spread of merit aid policies using qualitative methods, but employed an integrated policy adoption model.

The Cohen-Vogel et al. (2008) study utilizes data from interviews with 26 policymakers across seven states that have recently adopted merit aid programs. Using a regional diffusion model, the study considers the influence of inter-state competition, convenience, and the presence of policy communities on merit aid adoption behaviors. The researchers found that "state policy adoption, specifically postsecondary finance policy adoption, is at least in part the result of emulation of policies enacted in nearby states" (p. 17). More specifically, the authors suggest that while all three influences were present in the decision to adopt, competition and policy communities had a more pronounced effect than did convenience.

In a related study, Cohen-Vogel and Ingle (2007) sought to determine the point in the policymaking process that the influence of neighboring states became important. Again using state merit aid policy as a case, the study draws from a series of interviews with policymakers in six states in the Southeast. The authors concluded that the behavior of neighboring states influenced decisions mainly in the agenda setting and proposal stage, and less during the adoption phase of innovation. The study further highlights the presence of regional diffusion influences in state merit aid policy adoption, and offers additional insight into the process. Of particular note is the important role played by policy entrepreneurs and the influence of social networks. Further, that "the reasons policy innovations gain attention differ from those that lead to their adoption" (p. 257) suggests that external influences are instrumental early in the process, but have less influences in the later stages.

Ingle et al. (2007) also considered Southeastern state merit aid policy adoption experiences in their qualitative diffusion study, but extended the previous work in the area in two important ways. First, instead of considering diffusion explanations exclusively, the authors relied on an integrated policy adoption model that also took internal determinants into account. Second, the study investigated the policymaking decisions of “hold-out” states – those in the region that chose not to implement merit-based policies. Through comparison of these two groups, the authors found that competition and interaction through policy communities were the most consistently cited diffusion explanations by policymakers in adopting states. Among the internal determinants, the results of the study indicated that “favorable” economic and political conditions were the most conducive to program adoption. The authors suggest that their results provide support for continued qualitative investigation of policy adoption behavior through the use of an integrated or unified diffusion model.

The Cohen-Vogel et al. (2008), Cohen-Vogel and Ingle (2007), and Ingle et al. (2007) diffusion studies are significant because of their findings, but may be more influential because of the qualitative approach they take to investigating the diffusion phenomenon. All three articles “leave behind conventional techniques used by generations of innovation/diffusion scholars, and asks policy makers themselves to what they attribute state policy adoption” (Cohen-Vogel et al., 2008, p. 340). The research both further expands the study of higher education policy innovation and adds depth to the field by introducing a different perspective and methodology. While all three studies do offer some additional insight into policy adoption behavior through interaction with those responsible for the process, the work of Ingle et al. (2007) provides perhaps the most comprehensive and thorough description because of its reliance on an integrated model.

With public and institutional policy occupying a central role in many of the debates surrounding American higher education, it is valuable to consider not only the effects of new programs, but also the factors that lead to their implementation. For this reason, the study of policy innovation as it pertains to higher education represents an important avenue for future research. Moving toward a greater and more complete understanding of the conditions that are conducive to policy innovation and adoption may allow policymakers and administrators to propagate beneficial programs throughout the system. The recent work done by higher education researchers represents an initial step into the investigation of policy innovation in higher education that uncovers some of the important factors that lead to the implementation of new policies. However, further investigation in this area is warranted, as is an expansion of the field to include policies that are made at the institutional level.

3.3 SITUATING THE CURRENT STUDY

In their conception and implementation, loan replacement grants for low- and moderate-income students draw from an existing body of research that points to the crucial role of finances in student college enrollment and attainment. In so doing, the programs appear to represent an effort by individual institutions to address inequitable access through higher education policy. This action responds to the several-decade old trend of financial aid policy activity (and inactivity) that has contributed to the uneven enrollment distribution of lower-income students across higher education.

By seeking to meet need for low-income students through grant aid that does not require repayment, LRGs may hold great promise for both enrolling lower-income students in selective four-year institutions, and creating an environment in which they can be successful. Based on the potential inherent in the programs, and the early evidence of their success, investigating the initiatives represents a valuable and important focus for inquiry. Further, because the programs are so new, conducting a comprehensive evaluation of their effectiveness is not a feasible undertaking. Therefore, investigating the conditions which have lead to their implementation constitutes an appropriate subject for inquiry that may provide insight into why institutions are adopting loan replacement programs, how they are being implemented, and possibly whether or not they are policy initiatives that will continue to proliferate.

Diffusion of policy innovation theory offers an appropriate framework through which to investigate the spread of loan replacement grants in higher education. Up to this point, the vast majority of policy innovation research has been focused on state-level policies, including the current literature pertaining to higher education. However, the explanations provided by the theory appear to be applicable to varying units of analysis, as evidenced by its use in studies of the adoption of innovations in libraries (White, 2001), hospitals (Greer, 1977), and public research universities (Weinstein, 2007). Furthermore, it has become increasingly apparent that the factors which influence policy adoption differ depending on the specific policy being adopted. Investigating the spread of institutional (as opposed to state) policy and using policy innovation theory to consider the behavior of specific institutions as it relates to a recently developed financial aid policy represents a new and important direction for both higher education and policy innovation research.

The process through which policies are adopted is complex, nuanced, and affected by the influences of various actors and conditions. It is, ultimately, a qualitative process. However, most accepted diffusion research has used data analysis approaches based on analytical statistical models that are highly demanding with regard to quantitative data (McLendon, 2003). While such models may help to uncover some potential determinants related to policy adoption, or the presence of potential diffusion explanations, they have done little to investigate or explain *how* or *why* these various factors influence policymaking behavior. The recent studies on policy innovation in state merit aid programs that utilize qualitative methods (Cohen-Vogel & Ingle, 2007; Cohen-Vogel et al., 2008; Ingle et al., 2007) capture inherent nuance in the policymaking process. Such research demonstrates the value in this methodological approach by uncovering valuable insights that are absent in quantitative investigations.

By using the diffusion of policy innovation theory to investigate the adoption of loan replacement grants for low-income students, this study adds to the growing body of literature on postsecondary choice and access for low income students. Additionally, through consideration of individual postsecondary institutions as the unit of analysis and investigating the policy adoption behaviors of the institutions using qualitative methods, this study contributes to policy innovation literature while further expanding both its subject and mode of inquiry.

4.0 RESEARCH DESIGN

This dissertation investigates *how* and *why* LRGs are adopted in American colleges and universities using the diffusion of policy innovation theory as an analytical framework. In order to achieve this aim, this study follows a qualitative research design. Qualitative research is particularly effective in allowing for improved understanding of particular events, roles, interactions, or social situations (Creswell, 2003), making it appropriate for investigating this new and proliferating financial aid initiative. Further, the use of comparative case studies as a research strategy makes sense in this case given the research questions guiding this study, the lack of researcher control over the events being investigated, and the contemporary nature of LRGs (Yin, 2003). The following sections will address comparative case studies as a research strategy, the sample selection procedures used for the study, procedures for data collection and data analysis, and study limitations.

4.1 RESEARCH STRATEGY: COMPARATIVE CASE STUDIES

Case studies have been suggested as a preferred methodology for in-depth exploration of events or processes that occur in systems that are bounded by time and activity (Creswell, 2003). The research strategy further offers a distinct advantage in research situations when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events, over which the investigator has little or no control" (Yin, 2003, p. 9). Additionally, a well-developed theoretical framework – in this case the diffusion of policy innovation – is considered essential as it "becomes the main vehicle for generalizing the results" (Yin, 2003, p. 33) in case study research.

This dissertation adopts a multiple comparative case study approach, a design that allows for within-case and between-case analysis (Gerring, 2007). Cases are selected from the population of postsecondary institutions with currently active LRGs (Appendix A). Yin (2003) explains that the use of a multiple case design is preferred over a single case design because it provides substantial analytic benefits. In situations where multiple cases are used, replication improves the power of analytical conclusions in the same way that conclusions drawn from multiple experiments are more powerful than those drawn from a single experiment. Additionally, the "evidence from multiple case studies is often considered more compelling" and overall such studies are considered "more robust" (Yin, 2003, p. 46) than single-case designs. The study's credibility is thus increased through use of this multiple case approach which tends to be less common in higher education research than the single-case study (Corcoran, Walker, & Wals, 2004).

4.2 SAMPLE SELECTION

Purposive sampling guided the selection of institutions from the population of 49 colleges and universities that have a currently active LRG program. This sampling strategy is used in qualitative studies because it allows the researcher to deliberately select sites that will best assist the investigator in understanding the research problems and questions (Creswell, 2003). "Replication logic" (Yin, 2003, p.47), which treats each case as an individual experiment and allows for comparison within and between cases, was used to select cases in this dissertation. The case selection procedure aims to investigate multiple cases that differ from one another on some dimensions in order to provide different perspectives on the topic. Additionally, the diffusion of policy innovation theory plays a role in guiding site selection. The following four selection criteria were used to select relevant cases:

1) *Selected colleges and universities are of varying "institutional type" – one small private "liberal arts" college, a large public research university, and a medium-sized comprehensive research university.* This criterion follows Gerring's (2007) "diverse case" (p. 97) case selection strategy, in which cases are chosen based on a categorical variable of interest. Pallais and Turner (2006) suggest that LRGs may have differential effects for different types of institutions. As a result, factors influencing LRG adoption may differ based on institutional type. Considering colleges and universities in different categories allows for increased variation among the cases and comparison along this dimension, assures that cases are more representative of the entire population, and makes findings useful to a wider audience.
2) *Selected institutions have a currently active No-Loan LRG as part of their financial aid policy; institutions that have only Loan Cap LRGs are excluded.*[6] This criterion allows programs of a similar scope to be compared. No-Loan LRGs have been chosen because eligibility criteria and awards are more consistent from institution to institution than they are for Loan Cap LRGs. Also, the majority of

[6] Of the three institutions chosen for this study, two do have a Loan Cap component as part of their financial aid policy. This particular selection criterion applies exclusively to those institutions whose only LRG initiative is a Loan Cap program.

LRGs are of the No-Loan variety, and there are no currently active Loan Cap LRGs at small liberal arts institutions.

3) *Selected institutions must have implemented the No-Loan LRG beginning 2004-05 or later*. Diffusion studies consider the spread and proliferation of policies, and are less concerned with the activities of the policy inventors (Berry, 1994). Prior to 2004, there were fewer than 10 active LRGs. Since then, the initiatives have spread rapidly, suggesting some evidence of diffusion.

4) *Selected institutions are located in the Southeastern United States.* Considering cases from a similar region allows for stronger comparison of diffusion explanations, particularly regional diffusion (Berry & Berry, 2007). Further, the Southeast is of interest because of prevalent state merit aid strategies (Heller, 2002a) and other newer aid initiatives that may have an influence on institutional practice in the region.

The above criteria leave a total of three institutions eligible for selection – one small private liberal arts college (Davidson College), one large state-run research university (The University of Virginia), and one medium-sized private research university (Emory University). Table 1 provides an overview of each case institution's LRG initiatives.

Table 1. Summary of Selected Case Loan Replacement Grant Programs

Institution – ***LRG Name***	**Initiation Year**	**Program Type**	**Program Details**	**Eligibility**
Davidson College - *The Davidson Trust*	2007-08	No Loan	Replaces loans with grants and work study.	All aid-eligible students
Emory University - *Emory Advantage*	2007-08	No Loan	Replaces loans with grants and work study.	Family income below $50,000.
	2007-08	Loan Cap	Loans capped at $15,000 over four years.	Family income between $50,000 and $100,000.
University of Virginia - *Access UVa*	2004-05	No Loan	Replaces loans with grants.	Family income below 200% of the federal poverty level.
	2005-06	Loan Cap	Loans capped at one-fourth of tuition per year.	All aid-eligible students

4.3 DATA COLLECTION

Consistent with accepted comparative case study research design, data for the study are collected through interviews, direct observation, and review of institutional documents and other archival material pertaining to the selected case LRGs (Yin, 2003). Archival material used for analysis include popular media reports on the LRGs, press releases from the case institutions, websites, minutes from administrative meetings, and campus correspondence. Interviews with policymakers serve as the main data source, but because of potential for recall error, documentation is used to triangulate the data and improve validity and reliability.

Interview participants are case institution policy leaders who have been involved in LRG policy formulation and implementation. The interview participants were initially identified and chosen based on the particular position they hold at the institution (e.g., President, Provost, Dean of Enrollment, Director of Financial Aid). Media reports, institutional press releases, college websites, conversations with professional contacts, prior interviews, and other relevant and publicly available information helped uncover additional potential informants who were instrumental in LRG adoption.

In order to collect a variety of viewpoints and perceptions of the policy adoption process, effort was made to include professionals from a diverse collection of departments and offices within each institution, and in some cases outside of the institution. Individuals from various administrative levels and professional background were sought out in an effort to broaden perspective. Because of the varied policymaking procedures at each college and university, the positions of interview participants varied widely from institution to institution. For example, the majority of those interviewed from Davidson College were members of the Board of Trustees because of the active role that group plays in institutional decisions, while at Emory University, senior cabinet officials were the most closely involved in the adoption process. Targeted informants were contacted via phone and email to solicit participation in the study.

Face-to-face interviews lasting between 20 and 90 minutes took place with participants during site visits to each institution. A semi-structured interview protocol (Appendix C) which leaves room for follow-up questions was used in order to allow data collection to follow the line of inquiry established by theory while leaving room for emergent themes (Yin, 2003). In situations where meetings could not be arranged, phone interviews were conducted after completion of the site visit. Table 2 summarizes participants by category from each sample institution.

In addition to the interview transcripts, documentation and other archival evidence was relied upon to draw conclusions for the study (Yin, 2003). This evidence included published media reports, internal memos and correspondence, informational documents produced by the institutions, websites, institutional press releases, and other accounts of LRG implementation. Additionally, visits to the case sites created opportunity for direct observation, which served as an additional source of evidence. Because interviews are "subject to the common problems of bias, poor recall, and poor or inaccurate articulation" (Yin, 2003, p. 92), the use of multiple sources of evidence triangulates the data, improving the study's reliability and validity.

Table 2. Distribution of Interview Participants

	University of Virginia	Davidson College	Emory University
Trustees or Regents	0	4	0
President and Cabinet	2	2	4
Financial Aid Staff	2	1	1
Admissions Staff	2	1	2
Other Administrators	3	1	2
TOTAL	9	9	9

4.4 DATA ANALYSIS

Data analysis is conducted at two levels – within each case and across all three cases. Yin (2003) suggests that a preferred strategy of data analysis "is to follow the theoretical propositions that led to your case study" (p.111). To this end, an analytical framework consisting of the core elements of the diffusion of policy innovation theory has been developed. This section provides details regarding the various levels of analysis and outlines the analytical framework.

4.4.1 Within-Case Analysis

In the current study, data are collected separately at each case institution and analyzed. Data analysis occurs in three phases: (a) through background context and history of the institution, the LRG, and the decision-making structure in place at the college; (b) a chronological account of the policy process that led to LRG adoption and implementation based on narrative descriptions[7]; and (c) connection of data along dimensions of the analytical framework, which focused on internal determinant and diffusion explanations for LRG adoption.[8]

The analysis relies on the data in all of its forms – interview transcripts, documentation, archival material, and field notes. Data was coded and organized along thematic lines correlating with the analytical framework, and internal determinant and diffusion explanations were sought out. In order to assist with data coding, qualitative data analysis software (QSR N6) was used during review of the interview transcripts and other relevant documents.

4.4.2 Between-Case Analysis

Following the individual institutional analyses, outcomes were compared and contrasted. Such cross-case analyses is employed in an effort to provide depth and highlight the similarities and differences in the adoption process at the three separate sites and offer further insight into the relevance of each policy adoption explanation. Considering results from all three cases helps explain the adoption phenomenon, present possible causes, and formulate a conceptual model

[7] This analytical technique, which Yin (2003) refers to as a form of "time-series analysis" (p.125), allows for the investigation of presumed causal events and the uncovering of emergent themes.

[8] Analysis at this phase will employ a "pattern matching" technique (Yin, 2003, p.116) which in this case will compare the collected data to the various dimensions of the analytical framework. The aim is to determine the extent to which the information matches the pattern predicted by diffusion of policy innovation theory.

that might generalize to a wider sample of colleges and universities. This analytical strategy, known as “explanation building” (Yin, 2003, p.120), is an iterative process in which “case study evidence is examined, theoretical positions are revised, and the evidence is examined once again from a new perspective” (p.122).

4.4.3 Analytical Framework

The development and conceptualization of theoretical propositions in case study research is one of the distinguishing features of the research strategy and is critical for researchers adopting the approach (Yin, 2003). Diffusion of policy innovation theory, which has previously been used to investigate the adoption of state policies, has informed the development of the analytical framework for this study. This analytical framework both guides the interview protocol for participants and data analysis. Consistent with the currently accepted “integrated model” that is commonly used in policy innovation research, the framework considers how both internal determinant and diffusion explanations influence LRG adoption. These two explanations are further broken down along eight dimensions (four internal determinants; four diffusion explanations) in an effort to address the over-arching research question of how and why institutions adopt LRGs. The analytical framework, along with the specific aspects of each dimension used to code collected data is explained below and presented with corresponding interview questions in Appendix D.

4.4.3.1 Internal Determinant Explanations

Internal determinant explanations consider dimensions of the institutional environment that may play a role in the adoption of LRGs. The four determinants that are considered in this study have been derived from policy adoption literature and modified to fit the dynamics of individual institutions. Each dimension has previously been cited in different contexts as an influence in policy adoption behavior.

Institutional Finances: Policy researchers (e.g., Berry & Berry, 1990, 1992; Hearn & Griswold, 1994; Walker, 1969) who have investigated state policies have suggested that the relative wealth of state and size of a state's budget influences policy adoption behavior. The state of an institution's financial aid budget, stability and size of its endowment, the potential effect of LRG implementation on institutional pricing, and the overall "fiscal health" of the colleges and universities are possible economic influences and may be factors that play a role in the decision to adopt the financial aid initiative.

Policy Entrepreneurs: Mintrom (1997) describes policy entrepreneurs as "people who seek to initiate dynamic policy change" and utilize activities such as "identifying problems, networking in policy circles, shaping the ideas of policy debates, and building coalitions" (p. 739) to promote their agenda. The presence of specific influential figures at the institution embracing LRG goals and aims and take the initiative on as their own project are investigated. The presence (or absence) of these individuals, and their respective roles in both designing and implementing the LRG is explored.

Institutional Governance Structure/Leadership Dynamics: The structure and culture of the institutional governance structure may influence policy adoption behavior. For example, McLendon et al. (2005) found that Republican-controlled legislatures were positively associated with the adoption of state higher education financing policies; McLendon et al. (2006) suggest that states without consolidated governing boards are more likely to adopt higher education performance funding policies. For individual institutions, investigation along this dimension considers the extent to which the adoption and implementation decisions are shared by those from across the institution, transparency in the policy-making process, recent "events" related to institutional governance (such as a new president or provost), and the extent to which the governance structure facilitated LRG adoption. Also, characteristics of those occupying institutional leadership positions and the role these characteristics played in adoption are considered.

Institutional Educational "Problems": Policy researchers who have studied state educational policy adoption behavior have considered the role of perceived "problems" in the decision to implement policies. For example, Doyle (2006) points out that states with lower high school attainment and continuation rates are more likely to introduce state merit aid initiatives. Cohen-Vogel and Ingle (2006), who also investigated state merit programs, indicate that states commonly articulate a desire to "keep the best and brightest" students in state and "provide relief for the middle class" (p. 247) as rationales to implement the programs. For the purpose of this study, potential problems that may exist on the institutional level are considered. For example, the underrepresentation of lower-income students at case institutions or concerns about student loan debt may influence policy adoption behavior. The extent to which such problems affect decisions to adopt LRGs is explored.

4.4.3.2 Diffusion Explanations

Diffusion explanations consider influences from the external environment that may play a role in the adoption of LRGs. Of particular interest are the influences of previously adopting institutions on the institutions considered in this study. Like the internal determinant explanations, the four diffusion-related factors considered in this study have been derived from policy adoption literature.

Competition: Institutions, particularly those with national reputations, compete with peers for students, publicity, and prestige. Policy researchers who study state policy adoption commonly focus closely on regional competition (Berry & Berry, 2007); this study, however, considers both regional and national influences in its investigation of LRG adoption. The influence of competition between institutions on the decision to adopt LRGs is thus considered through this dimension.

Convenience or "Satisficing": Policy researchers have suggested that when adopting units face time or information constraints, they borrow policy ideas from other units (Cohen-Vogel et al., 2008; Mooney & Lee, 1995). Walker (1969) first referred to this behavior as "satisficing." By considering the way in which the institutions came to the decision to adopt their LRG, and the manner in which they designed the LRG, the extent to which adoption behavior was borrowed from other institutions out of convenience is considered in this study.

Normative Pressure: External pressures to adhere to widely accepted standards have been pointed to as an influence in policy adoption behavior (Berry & Berry, 2007). Such pressures increase as more units adopt policies that allow them to conform to such norms. Because LRGs seek to achieve a socially desirable aim – increasing representation of lower-income students in higher education – the extent to which adoption decisions were made out of pressure to adhere to this aim is investigated. The source and influence of these pressures is considered.

Policy Networks or Communities: Mintrom and Vergari (1998) describe policy networks as "a group of actors who are linked by their direct and indirect contacts with one another" and explain that they are "critical for promoting the diffusion of policy innovation" (p. 128). In the higher education policy arena, these networks commonly include professional organizations that count administrators as their members (Cohen-Vogel et al., 2008). As policy actors interact with others in their profession through professional meetings, organizations, and other forms of communication, policy ideas and details are often exchanged. The extent to which participation in these policy communities influences LRG adoption behavior is considered and analyzed through this study.

4.5 STUDY VALIDITY AND RELIABILITY

In order to establish quality in the research design, Yin (2003) suggests the use of four logical tests of case study tactics. These tests – construct validity, internal validity, external validity, and reliability – are common to all social science research, and were applied in the design phase and throughout the conduct of this dissertation. The case study tactics employed in this research study are summarized in Table 3.

Table 3. Case Study Tactics for Four Design Tests

Test of Quality	Case Study Tactic	Research Phase in Which Tactic Occurs
Construct Validity	Use multiple sources of evidence	Data Collection
	Have key participants review case report draft	Composition
Internal Validity	Do "pattern matching"	Data Analysis
	Do "explanation building"	Data Analysis
External Validity	Use "replication logic" to select multiple cases	Research Design
	Use theory	Research Design
Reliability	Follow case study protocol for evidence collection and documentation	Data Collection

Adapted from Yin's (2003), *Case Study Research: Design and Methods, 3rd ed.*

The test of construct validity addresses a common criticism of case study research, which is that investigators often fail to provide operational measures and that judgments used in collecting the data are subjective (Yin, 2003). The current study satisfies this test through the use of multiple sources of evidence at the data collection phase, and by allowing participants to review a draft copy of the relevant case report prior to publication.

Threats to internal validity are a concern for case studies that are causal or explanatory (Yin, 2003). Because of the descriptive nature of this study, such threats are not as relevant. However, it is worthwhile to note that the data analysis techniques that are used in this dissertation – "pattern matching" and "explanation building" – are valuable techniques that both address threats to internal validity, and strengthen the power of inferences drawn from the data. Guba and Lincoln (1989) identify "credibility" as a parallel to internal validity for qualitative researchers. The credibility test "asks if there is correspondence between the way the respondents actually perceive social constructs and the way the researcher portrays their viewpoints" (Mertens, 2005, p. 254). Credibility in this dissertation is addressed through substantial engagement at research sites, peer debriefing, member checks, and data triangulation.

The third test, external validity, is designed to address the extent to which the cases can be generalized beyond the current study. As Yin (2003) explains, the aim of case studies is not to rely on *statistical generalization,* which attempts to generalize findings to a population. Instead, they rely on *analytical generalization* and thus "generalize a particular set of results to some broader theory" (p. 37). One distinct advantage of the multiple case study design when compared to single cases is that they can improve analytical generalization by addressing multiple instances that can be used to advance theory (Gerring, 2007; Yin, 2003). The use of "replication logic" to select the three case institutions and reliance on established theory in the research design satisfy the test for external validity. Guba and Lincoln (1989) identify "transferability" as a qualitative corollary to external validity. In order to address this measure of quality, the researcher is responsible for careful description of the time, place, context, and culture of study sites (Mertens, 2005). This study provides the requisite "thick description" and addresses this test through its depiction of institutional settings, culture, and antecedents to LRG adoption.

The final test for reliability is meant to minimize errors and biases in a study. It is designed to assure that if another researcher followed the same study procedures and conducted the same study, that investigator would arrive at the same conclusions. In case study research, concerns about reliability are best addressed by documenting the case study procedures and methods of data collection. The use of a case study protocol, and detailed documentation in the data collection and analysis stages of the current study satisfies this test.

4.6 LIMITATIONS

In qualitative research, the researcher becomes the instrument for data collection. Therefore, it is important to consider "who the researcher is and what values, assumptions, beliefs, or biases he or she brings to the study" (Mertens, 2005, p.247). Because the author formerly worked as an admission and financial aid professional at Emory University, one of the case institutions, there has been a working relationship with several interview participants. Familiarity with these individuals and some of the inner workings of financial aid practice at the institution may have yielded a greater understanding of how the process unfolded in that case. However, the use of multiple data sources and triangulation of data at all three case institutions will serve to assure that data and analysis is thorough and reliable.

5.0 THE UNIVERSITY OF VIRGINIA AND *ACCESS UVA*

The University of Virginia (UVa) is a public comprehensive research university located in Charlottesville, Virginia. The university is one of 15 four-year public institutions in the Commonwealth of Virginia, and is commonly recognized as the state's "flagship" institution. Current UVa enrollment stands at 14,000 undergraduates and 21,000 total students; over two-thirds of those enrolled are from in-state.

On February 6, 2004 the university announced its LRG initiative – *Access UVa* – following approval by the UVa Board of Visitors. The plan for implementing *Access UVa* included installation of a no loan component in 2004-2005 for students from families earning less than 150% (later adjusted to 200%) of the federal poverty level. Qualifying students were promised to have their entire need met with grant aid (no work-study). *Access UVa* also included a plan to cap loans on a yearly basis at one-fourth of the tuition cost for all aid recipients beginning in 2005-06. The university estimated that full implementation of the program would add between \$6.3 and \$7.7 million to its existing \$9.44 million need-based financial aid budget, and planned to fund *Access UVa* primarily through future tuition increases and private donations (UVa, 2004). As a case study, the adoption of *Access UVa* highlights the influence of both internal determinants and diffusion explanations in the decision to implement the LRG. Most notably, the role of policy entrepreneurs, institutional "problems," competition, and convenience provide the most significant insight into *how* and *why* UVa adopted its LRG.

This chapter begins with general history and background information on the University of Virginia, including a description of the university's administrative decision-making structure governing financial aid policy development. The section that follows provides relevant antecedents that describe the financial aid policy context both across higher education and at UVa at the time of *Access UVa's* adoption. A narrative chronology of the *Access UVa* adoption process comprises the ensuing section, and offers a detailed account of the program's progression from policy idea to actual LRG initiative. The narrative chronology depends upon data from interviews and archival documents. An analysis of the *Access UVa* adoption process that relies upon the eight dimensions of the diffusion of policy innovation framework (Appendix D) concludes the chapter.

5.1 UNIVERSITY OF VIRGINIA OVERVIEW

5.1.1 Institutional Profile

Conceived in 1800 by Thomas Jefferson, and chartered by the Commonwealth of Virginia in 1819, the University of Virginia is one of the country's best-known public institutions. Through its introduction of diverse academic fields including science and social science, UVa emerged as the model for the modern American university. Today, the institution's undergraduate colleges are accompanied by extensive graduate and professional programs which contribute to its national and international reputation. UVa is ranked as one of the top 25 "National Universities" by *USNWR*, and is one of 62 members of the Association of American Universities (AAU). The institution's \$4.6 billion endowment is the 20th largest among all American colleges and universities (NACUBO, 2009). As a state-supported university, UVa received $167.1 million in state appropriations in 2008, accounting for 13.6% of the institution's $1.2 billion academic operating budget. According to the university's mission, the central purpose of the University of Virginia "is to enrich the mind by stimulating and sustaining a spirit of free inquiry directed to understanding the nature of the universe and the role of mankind in it" (UVa, 1985).

5.1.2 Organizational Structure

The governing body of the University of Virginia is the Board of Visitors, a group comprised of 16 members chosen by the governor of the state, and one non-voting student member. The Rector of the Board of Visitors is the leader of the governing body. Each year, the Board is required by statute to hold one annual meeting, and often holds up to four additional "regular meetings" (UVa, 2005). Among the responsibilities of the Board are electing the university president, cabinet, and faculty, setting education policy, establishing tuition and fees, and approving the annual budget. Members of the board serve on nine separate standing committees. While the Board and its standing committees have final say on major policy decisions, its members are not often actively involved in developing specific policies. In the case of *Access UVa,* the university's Finance Committee was responsible for approving the LRG proposal prior to its presentation to the entire Board of Visitors. The administrators at UVa who were most responsible for the development and adoption of the program were the university President and individuals working under the Executive Vice President and Chief Operating Officer, most notably the institution's Director of Student Financial Services.

The President of the University of Virginia is selected by the Board of Visitors, and is charged to act as the "chief executive and academic officer" of the University in "conformity with the purposes and policies determined by the Board" (UVa, 2005, pp. 19-20). Described as an "adviser to the Board" the President is expected to work closely with the governing body in order to institute policy that "will best promote the interests of the University" (p.20). John T. Casteen III is the institution's seventh president, and has held the position since 1990. The president's cabinet consists of two executive vice presidents, two vice presidents, and a chancellor who oversees the operation of UVa's branch campus.

The Executive Vice President and Chief Operating Officer (EVP/COO) reports to the president as a member of the cabinet and is responsible for "overseeing the non-academic support areas of the University, including operations of the Health System, and supporting special initiatives that have a University-wide impact" (UVa, 2008, p. 1). As part of these responsibilities the individual holding this position oversees the work of the Chief Financial Officer, who in turn has authority over the University Comptroller and the Office of Student Financial Services. Leonard Sandridge, who has worked as a member of President Casteen's senior cabinet since 1990, assumed the title of EVP/COO in 1999, and continues to occupy the role today. In the case of *Access UVa,* the policy was conceived by President Casteen, but soon thereafter Sandridge became responsible for overseeing its development and implementation.

The Office of Student Financial Services is responsible for administering financial aid awards to UVa students. In the case of *Access UVa*, the Director of Student Financial Services, Yvonne Hubbard, played a crucial role in developing the initiative. Through her collaboration with colleagues and work with EVP/COO Sandridge, she was largely responsible for crafting the specifics of the program that would make its way to the Board of Visitors in February 2004. Sandridge called Hubbard the "informal chair" of the group that created the program, and others described her as the “architect of *Access UVa*.” Hubbard has been at UVa since 1979 and has occupied her current role since 1995.

5.1.3 Financing a University of Virginia Education

Because UVa is a public institution, undergraduate tuition charges vary depending on whether or not a student is a Virginia resident. For in-state students, the current tuition is $9,490 and the per-year budgeted cost of attendance including room, board, books, travel, and personal expenses is just over $20,000. For all other undergraduates tuition stands at $29,790, and the estimated cost of attendance is approximately $40,500. The institution provides most of its financial assistance through need-based awards and also operates a small highly competitive merit based scholarship program. Approximately 25% of UVa undergraduates receive some type of need-based financial assistance. The average award for eligible in-state students is around $11,000 and non-resident need-based awards average approximately $24,500 (UVa, 2009). Financial aid applicants are required to complete both the Free Application for Federal Student Aid (FAFSA) and an institutional form to qualify, and applications are reviewed by the Office of Financial Services. In 2007, in-state graduates of the university left UVa with an average of almost $17,000 of loan debt; for out-of-state students this amount was just over $21,000. In 2006-2007, eight percent of UVa undergraduates were eligible to receive Federal Pell Grants, an indication of low-income student enrollment (Economic Diversity of Colleges, 2008c).

5.2 ANTECEDENTS TO *ACCESS UVA*

The section describes important antecedents to the adoption of *Access UVa* including a review of the broad LRG context across higher education at the time of the UVa decision, relevant information on state higher education funding in Virginia, and a description of the institutional environment at the time of the program's adoption.

5.2.1 Financial Aid Policy Context

5.2.1.1 The Spread of LRGs

In 2004, when the University of Virginia announced *Access UVa*, it became only the sixth institution in the country to implement an LRG. Of the previous five colleges and universities, four had been adopted at private institutions, and one public university – the University of North Carolina at Chapel Hill (UNC) – had installed a program. The action taken by UNC in adopting its LRG, known as *The Carolina Covenant*, was especially notable from the perspective of those at UVa. For one, it was the first public institution to implement an LRG, making the aggressive need-based aid approach no longer a private institution phenomenon. Additionally, UNC was the flagship institution in a neighboring state, an institution with a national reputation (much like UVa), and is one of UVa's main competitors for students.

While the spread of LRGs was in its early stages in 2004, the general public was knowledgeable of these aggressive need-based aid programs in part because they had received considerable publicity through popular media. The publicity was aided by the fact that adopting institutions included some of the best known and well-respected colleges in the country including Princeton University, Brown University, and Amherst. Similar attention and accolades greeted UNC following the announcement of *The Carolina Covenant*, a fact not lost on administrators at UVa, one of whom described the adoption as another event in the "ongoing natural rivalry" between the two universities.

5.2.1.2 State Higher Education Financing

As a public university, UVa is partially dependent upon the Commonwealth of Virginia and receives funds to support its operating budget. Such public funding is designed to act as a subsidy, and allow the institution to charge lower tuition and fee amounts to state residents. For more than 10 years leading up to the adoption of *Access UVa*, however, the traditional balance between state appropriations and tuition revenues had begun to shift away from the state (Turner, 2006). The state economic situation had been tenuous, and political intervention had contributed to a situation in which UVa was continually underfunded. In the time between 1988 and 2004, state funding went from covering 62% of educational expenditures to 33%. In real 2004 dollars over that same time period, funding for the institution fell from $185 million to $120 million. Subsidy issues at the institution have been cited as a major cause of the overcrowding of classes, and other changes that have affected educational practices. According to Turner (2006) university officials commonly joked that the institution had gone from "state-funded to state-supported to state-located" (p. 255).

In order to address the funding gap created by the decrease in state appropriations, UVa began to rely more heavily on tuition and fees in order to meet the demands of its operating budget (Turner, 2006). However, the university did not have full control over setting tuition amounts, and the process had often become politicized. For example, in the late 1990s a state mandate dictated that tuition at UVa be reduced by 20% and frozen for a five year period. The following year, tuition and fees were increased by nearly 28%. According to university administrators, this tumultuous situation dramatically affected the institution's ability to manage resources and accomplish educational goals. The higher education financing climate in the state ultimately led UVa and two other state institutions to seek greater autonomy in setting tuition in 2004, the same year that *Access UVa* was adopted. Ultimately, *Access UVa* would become a corollary to this new institutional financing proposal.

5.2.1.3 State Government Scrutiny

As the flagship institution of the Commonwealth of Virginia, UVa maintains a relationship with the state government and exists, in part, to work in tandem with the state and local community to provide "various kinds of public service and intellectual and cultural activities" (UVa, 1985, p. 1). This includes efforts by the institution to "expand educational opportunities for persons with special challenges such as minority status, physical disability, ethnic heritage, or insufficient financial resources" (p. 1). In part because they receive millions of dollars in funding from the state, state institutions in Virginia have in the past been the subject of government scrutiny stemming from their pricing practices and enrollment of lower-income students.

One prime example of the state government scrutiny is observed through the state legislature's deliberations leading up to the tuition decreases in the late 1990's. While these actions were implemented in part for political reasons, they also reflected the belief of the state government in "a cheaper college education as the best way to elevate the poor and middle class" (Timberg, 1998, p. D01). The tuition reduction decision was made in part because the cost of attendance at UVa and other public institutions was among the highest in the country, and legislators expressed concern that this pricing situation was making the universities inaccessible to lower income students. As a result, UVa was being criticized by many at the time as an institution that was not fulfilling its mission to serve the entire population of students from across Virginia, and the criticisms represented a theme among state lawmakers.

5.2.1.4 The University of Virginia's Position

The status of UVa as both a public flagship institution with responsibility to the citizens of its state and a nationally recognized research university placed it in a unique position with regard to financial aid policy and institutional finances. Across higher education, other well-known institutions were implementing need-based financial aid initiatives for lower-income students that were viewed as innovative and generous. Most notably, UNC, one of UVa's closest competitors had recently become the first public institution to adopt an LRG. Additionally, the context within the state, characterized by years of funding shortfalls for higher education, was leading UVa to consider ways that it might increase tuition revenues without discouraging students from applying. Finally, the responsibility of UVa as the state's flagship university to educate the citizens of Virginia placed it in a situation where it needed to somehow answer critics in the state government who had for years expressed concern about the institution's relatively high cost of attendance. While operating in these contexts, UVa both had an opportunity to develop an innovative program that would help boost its national reputation and also address concerns that were being generated from within the state.

5.2.2 University of Virginia Institutional Context

In an effort to better understand how and why the University of Virginia arrived at the decision to adopt *Access UVa*, it is valuable to consider relevant aspects of the institutional environment that may have been associated with the program's adoption. This section contains explanations of developments at the university and important elements of the institution that were related to the adoption of the LRG initiative. Included are descriptions of stability in institutional leadership, UVa’s financial situation at the time of adoption, and the socioeconomic mix of the undergraduate student body.

5.2.2.1 Stable and Respected Institutional Leadership

At the University of Virginia, the years leading up to the adoption of *Access UVa* and beyond have been marked by stability in the upper administration of the institution. As previously mentioned, the individuals who were most involved in the adoption of *Access UVa* – President Casteen, EVP/COO Sandridge, and Yvonne Hubbard – had held their respective positions at the institution for a number of years. Interview participants and other accounts indicated that this longevity resulted from tremendous success in their respective positions, and that they had earned a considerable respect at the university. For example, Casteen was viewed as an intelligent and ambitious leader, an outstanding fundraiser, and a great communicator who was consistently focused on crafting a vision for UVa (Nicholson, 2007). Sandridge, because of his work and connection to the institution was a beloved figure who, one administrator explained, “even has a road named after him” – referring to a street near campus that had been named in honor of the Executive Vice President as a symbol of gratitude for his service. Hubbard was described by high ranking university officials as an individual who has helped transform the financial aid process at the institution from “a bureaucratic pile of paperwork [to] a personalized and helpful conversation that takes into account students' needs” and who possesses "an ability to work effectively with any group of people on any task.”

The mutual longevity of those on the central leadership team not only helped them to earn respect and trust from their colleagues and the Board of Visitors, it had also helped them to develop a close working relationship with one another. Interview participants indicated that their relationship was marked by a free-flowing exchange of ideas, and there was an understanding of trust between the administrators that allowed for innovative policy development. The working relationship between these three administrators would help facilitate the development of *Access UVa* in a condensed time period.

5.2.2.2 Financial Situation

In order to fund its $1.22 billion academic operating budget, the University of Virginia relies on a variety of sources including student tuition and fees, revenue generated from grants and contracts, endowment interest, and state appropriations. Though the institution benefits from a substantial endowment UVa remains highly dependent upon the combination of state appropriations and tuition revenue for operating expenses. Because of the aforementioned consistent decrease in state funding, the university found itself becoming increasingly reliant upon tuition in order to meet fiscal goals for academic operations. This reliance would affect the manner in which the institution addressed the cost of *Access UVa*, and lead to an institutional effort to seek greater autonomy in its ability to set its tuition and fee amounts.

By any account, the University of Virginia holds a large amount of money in its endowment. Despite the relatively substantial $4.6 billion in endowment funds, administrators indicated that the amount was largely in the form of restricted gifts that could not be used to fund academic operations. As one interview participant who is familiar with institutional finances explained, “We have a lovely endowment, but it’s very restrictive,” and the situation limited the ability to rely on the funds to support *Access UVa*.

The decline in state appropriations that marked the years leading up to the adoption of *Access UVa* had dramatically shifted the manner in which the university met its financial goals, including funding for need based financial assistance. In order to account for this shift, the institution increasingly relied upon revenues generated from student tuition and fees and made UVa susceptible to financial problems during events such as the aforementioned state tuition freezes (Turner, 2006). The shifts in institutional funding contributed to UVa becoming one of the most tuition-dependent institutions in the country. Those at the institution indicated, however, that because positions in the first-year class at UVa were in high demand the university was fortunate that higher attendance costs were not negatively affecting enrollment figures.

Faced with an existing over-reliance on student tuition and fees and state appropriations that were likely to continue to decrease, the University of Virginia and two other state institutions put forth a plan to redefine the financial relationship between the public universities and the state. The proposal, known as the Restructured Higher Education Financial and Administrative Operations Act (Restructured Higher Education Act), was a request for greater autonomy in tuition-setting practices for the state institutions in exchange for a smaller expectation of state support (Couturier, 2006; Leslie & Berdahl, 2008; Turner, 2006). While not formally presented to the state until 2004, the Restructured Higher Education Act had been a point of discussion at UVa Board of Visitors meetings since 2002. The development and pursuit of this legislation, which was concurrent with the adoption and development of *Access UVa*, would further shape the financial picture at the University of Virginia and allow the institution greater ability to fund the initiative through tuition increases.

5.2.2.3 The Student Population

As is the case at state flagship universities across the country, students from low- and middle-income families are dramatically underrepresented at the University of Virginia (Tebbs & Turner, 2006). In fact, of the 50 state flagship universities in the country, UVa ranked last in the percentage of Pell grant recipients enrolled in the years leading up to the adoption of *Access UVa* (Couturier, 2006). The situation had earned the attention and concern of administrators, board members, and those in the state legislature. Despite institutional efforts to offer competitive need-based financial aid awards, the trend toward inequity was becoming increasingly pronounced and the university student population had become increasingly wealthy. The problem of decreasing low-income student representation was particularly prevalent among students from Virginia, who make up more than two-thirds of the undergraduate population at UVa.

In the years leading up to the adoption of *Access UVa*, just over 20% of the university's student population qualified for financial assistance. Among all students entering the institution as freshmen in 2003, less than five percent were from families earning less than 200% of the federal poverty line, an indication of the low number of lower-income enrollees (Tebbs & Turner, 2006). In that same class, 58% of the students came from families earning $100,000 or more and 20% came from families earning $200,000 or more. In Virginia, counties are highly stratified by income with those in the northern region of the state being among the wealthiest in the country, and a high percentage of families living below the poverty line living in the southern counties. Administrators at the institution indicated that over the years as admission to UVa had become more selective, increasing numbers of students were enrolling from the state's wealthier counties.

The recent enrollment trends which had led to a lack of socioeconomic diversity on campus were troubling to those entrusted with running the institution. There was a growing sense that UVa was increasingly becoming a school for the wealthy, and an elitist institution that lower-income students were not interested in applying to or attending. One administrator described the enrollment trends and the resulting concern in the years leading up to *Access UVa*:

> What we were really concerned about was the fact that we are a flagship public university, and the majority of our students were "elite" – if I could use that word in terms of "rich" – and the percentage of students who were actually taking advantage of this public education were not your low income students. . . . When you looked at the percentage of students who were really "low income" it was almost embarrassing when you think of being a public institution, and that everything about the university . . . kind of felt like a very private school – the Hummers, the Mercedes in the student parking lots, and things like that.

Many of those interviewed were concerned about the educational experience this environment was creating and fostering, and there was worry that the inability of the institution to enroll lower-income students was running contrary to the mission and purpose of the public university. Additionally, there was worry that UVa was not appealing to students from lower-income families. One interview participant explained that many believed low income students "would never think about coming here, because they probably wouldn't feel as though they fit in. So we would be the last place they would consider because we had this kind of private look, 'elitist' look."

5.2.2.4 Financial Aid Policy Adjustments

In light of decreasing enrollment among lower-income students, UVa made a number of significant financial aid policy adjustments in the years leading up to *Access UVa*. While those at the institution suggested that UVa had a long history of strong financial aid programs, it was not until 2001 that the university shifted to a policy guaranteeing that 100% of demonstrated student financial need would be met with a combination of grants, loans, and work-study awards. Several at the institution indicated that this adjustment was made as a "first step" toward helping support students from low- and moderate-income backgrounds who might want to attend the institution. Yvonne Hubbard described the impetus for adjusting the institutional aid policy, and explained that this policy change did not have the full desired effect:

> We had already been watching our Pell [grant eligible student] numbers drop. We had been watching our low-income numbers drop. When I became director in 1996, we were at like 27% of our students were on financial aid. By the time 2001 rolled around we said we need to meet need. We were down to like 24%. . . . And it was a little surprising to us that when we started meeting need they continued to drop.

Despite this shift and the resulting increase in financial aid expenditures, the university did not realize much increase in its number of lower-income or aid-eligible students. There was a belief, as Hubbard explained, that the population was burdened with "too many loans," and that the institution needed to further improve its aid policy if it was to attract students from low-and moderate-income families.

5.3 NARRATIVE HISTORY OF EVENTS

The process that resulted in the adoption of *Access UVa* took place in a five-month time span between two meetings of the university's Board of Visitors. While the original idea for the policy came from President Casteen, the actual specifics of the policy were crafted by a collection of administrators led by Director of Financial Services Yvonne Hubbard under the guidance and approval of EVP/COO Sandridge. The actual policy formulation represented a "next step" in increasingly generous financial aid policy initiatives that began in 2001 with a promise to meet 100% of demonstrated need for qualified students.

This section traces the progression of *Access UVa* from its roots as a "call to action" by President Casteen in October 2003, through the development of policy specifics by a university staff committee, and concludes with the formal policy approval and announcement in February 2004. In so doing, the narrative history describes the role of significant policy actors who worked to facilitate the adoption process and develop the final initiative. Additionally, this description of the program's formulation and adoption highlights the motivations of those involved in moving *Access UVa* toward becoming a functional LRG.

5.3.1 The October 2003 Board of Visitors Meeting

The initial idea for the University of Virginia to implement a financial aid program designed to specifically address the needs of lower-income students came from President Casteen in the form of an announcement at the October 2003 Board of Visitors meeting. While the meeting was in session, the University of North Carolina at Chapel Hill announced *The Carolina Covenant* – the first ever LRG at a public institution. The announcement caught the attention of administrators and board members alike, in part because UNC was one of UVa's main competitors and in part because UVa had been working for several years prior to make adjustments to its financial aid policy. Leonard Sandridge described how the Carolina announcement started UVa on the path toward implementing its own initiative:

> I sat at the table with the President at the board meeting. During the board meeting our public relations people passed around information on *The Carolina Covenant*. The President leaned over to me and said, "Can you come up with a program that will be similar to this?" And I read the article and I said, "Sure, I can do something like that." But an hour later when he was giving his report he had announced that within two weeks I would plan to release information on a program that was somewhat similar to *The Carolina Covenant.* That was the way it got started.

President Casteen was clear in his desire for UVa to develop a program with similar aims to the initiative implemented by its competitor. However, instead of simply copying the program that had been adopted at UNC, the president was interested in a program that would "do what was best for the University of Virginia and its students." One administrator explained that after hearing about the *Carolina Covenant* the President expressed a belief that "we can do better than that." Therefore, it was made clear to those at the institution that UVa would become focused on an ambitious process to develop a competitive and wide reaching initiative. One administrator recounted the charge from President Casteen:

> So the president . . . said, "Let's do something. We just have to do something, but don't just – don't copy. . . . Make sure it is best in class and make sure it meets the needs of what we believe a comprehensive financial aid program looks like." I mean, he basically said, "Don't copy."

The president was therefore focused on creating an initiative that achieved many of the same aims of the Carolina program, but that was "better and wider reaching" and that would ultimately become a "best in class" financial aid program.

As a group, the Board of Visitors was supportive of Casteen's seemingly spontaneous announcement of this to-be-developed need-based financial aid program. Administrators explained that many on the board had expressed concern about the relatively low number of lower-income students at UVa for some time. Many were alarmed that the university was becoming an excessively elitist institution, that it was not having the educational reach that they envisioned for the university, and that it was not fully meeting the needs of the residents of the state. Additionally, in proclaiming his intent to implement a low-income student aid initiative, Casteen was also appealing to the competitive nature of those at the institution. As one interview participant explained, the president played up the notion that "if North Carolina can do this, we should be able to do this." Casteen directed Executive Vice President Sandridge to work with his staff to develop the specifics of the program before reporting back to the president within two-weeks.

5.3.2 Crafting *Access UVa*

Following the directive from President Casteen, EVP/COO Sandridge assembled a team that would be able to fulfill the president's vision of developing a "best in class" financial aid program. As the individual responsible for overseeing the financial operations at the institution, Sandridge had at his disposal a number of administrators who were knowledgeable about institutional finances and student financial assistance. In deciding who he would involve in the process of developing the new policy, he looked to his staff members who interacted with students and financial aid on a day-to-day basis. Sandridge explained that this approach was part of carrying out the president's directive to develop a unique and competitive program:

> I didn't want those of us that [sic] were not dealing with students every day to define this program. I wanted those dealing with students every day, to say, "What do you think they'd need? What could we do in this program to make it special at UVa but also to add value to what students have?" This is something that came from the grassroots level.

Sandridge met with members of his financial staff including UVa Chief Financial Officer Yoke San Reynolds, the University Comptroller Steve Kimata, and the Director of Financial Services Yvonne Hubbard to discuss a plan for developing a policy. Additionally, representatives from other offices across the institution including admissions and the president's office were brought in to consult on the project. Sandridge explained:

> I got a group together that was certainly influenced dramatically by Yvonne Hubbard. She was really sort of the informal chair of the group but we involved admissions people, we involved persons trying to attract lower income students to the university, and I asked them not to replicate *The Carolina Covenant*, but to look at what kind of program would they want to implement if they could do what was best for the University of Virginia and its students.

Sandridge described the collection of administrators as a "group" and others referred to those working on *Access UVa* as a "committee." However, the individuals most closely involved in the process explained that such a formal procedure was not possible because it would not allow for development of the policy in the prescribed timeframe:

> When we created *Access UVa* there wasn't time to have a committee. It was just, heads down, get this done – very intensive. . . . We checked in with a few people like Jack Blackburn, the Director of Admissions, to talk about it, [but] there was no normal committee to set up at that point. . . . I think the administration knew if it occurred like a normal university committee project, the window of opportunity would already have passed. Part of it I think was the president, the board, recognizing we needed to strike while the iron was hot.

Ultimately, the bulk of the responsibility for crafting the specifics of the program would fall to Yvonne Hubbard. One administrator described the process through which the program was developed as Hubbard "working until ten at night" in her office every night for several weeks.

While she was largely responsible for developing the specifics of the program, Hubbard did involve and rely on others when crafting the initiative. She explained that the process of working out the details of the initiative as "one of those things where . . . I would draft something and somebody else would draft something else and then we'd react to it." Using *The Carolina Covenant* as a model, Hubbard set out to develop the UVa initiative in the condensed two-week timeframe that had been proposed by President Casteen. In collecting information for the initiative, Hubbard collaborated with individuals in the President's Office and Office of Admissions to discuss elements that would help promote access. She worked with representatives from the Office of Institutional Assessment and Studies (Institutional Research) who worked to generate potential cost and budget figures based on current and anticipated enrollments. She also reached out to higher education scholars who had done research on lower income enrollment and her colleagues at other institutions – including the Director of Scholarships and Student Aid at UNC – to gain a better understanding of how to best develop and implement a feasible initiative.

After receiving an extension from Sandridge, Hubbard worked with the university Comptroller Steve Kimata and the Chief Financial Officer Yoke San Reynolds to compose a final draft of the proposal for approval. Included in this proposal that was submitted to Sandridge were written details for a possible program, and a collection of spreadsheets that modeled the finances and funding for the program. Kimata described this stage of the process:

> Yoke San, she let us do our stuff, let us come up with the model, with the ideas, and then she kind of vetted it. [She] sent us back a couple of times [and asked], "Have you thought about this? That?" Then she wrote . . . a really well-worded board resolution. . . . And Leonard [Sandridge], as he always does, he went through it with a fine tooth comb. I think the key was, as he put it, the two pieces – two sets of documents. One was kind of the write-up of *Access UVa*, what we were proposing, and the other one was the financial analysis that supported it. And he said, "I can support this [proposal] because I can believe in this [financial analysis]." Part of it was it had to be financially sustainable.

Sandridge explained that the proposal that was presented to him was thorough, and would ultimately require little revision:

> The proposal they made – which they were encouraged not to assume what we couldn't do and to propose what they thought was reasonable. Not to be so extreme that we could never accomplish it [financially], but that they ought not to cut corners. I think you will find that they believe that we accepted and funded what they proposed.

Following the approval of Executive Vice President Sandridge, a formal resolution was drafted that would ultimately be presented to the Board of Visitors. The plan that was presented contained three major changes to the institution's approach to its financial aid program:

1) Meet the entire need of students from families earning less than 150% of the poverty line with grants
2) Cap loan amounts at one-fourth the cost of tuition for all financial aid applicants
3) Financial literacy training for students and families from lower-income backgrounds

The three adjustments to the existing need-based financial aid policy were designed to meet the directive set forth by President Casteen and establish an aid initiative that was similar to *The*

Carolina Covenant, but distinctive, wider reaching, and more generous. Like *The Carolina Covenant*, *Access UVa* targeted students from families earning less than 150%[9] of the federal poverty level with a no-loan policy, but the UVa program sought to be more generous by meeting the entire need with grant aid and did not include work-study. Additionally, *Access UVa* included a provision for middle-income students through the capping of loan amounts for all aid-eligible students. Finally, Hubbard and others envisioned *Access UVa* to be more than "just a financial aid program," so they added a component to help eligible students through personal finance education in an effort to offer additional support while they attended the institution.

5.3.3 Approval of *Access UVa*

Following Sandridge's approval, the EVP/COO "discussed [the initiative] with the president. He liked it. We went forward with it." The formal proposal for *Access UVa* was presented to the Finance Committee of the University Board of Visitors during its meeting on February 6, 2004. The document provided background on the purpose of the proposed policy change, outlined the detailed components of the initiative, and included a "fiscal impact" statement that explained how *Access UVa* would be funded.

The final *Access UVa* plan was designed to implement the no-loan component for the upcoming 2004-2005 academic year, and the loan cap component for the 2005-2006 academic year. Once the program was fully implemented it would add an estimated \$6.3 – \$7.7 million to the existing \$9.44 million need-based financial aid budget. In order to financially support the

[9] Originally, both *Access UVa* and *The Carolina Covenant* offered the No-Loan option to families earning less than 150% of the federal poverty level. This threshold was later changed to 200% at both UVa and UNC.

proposed changes to the institutional financial aid program, the board proposal stated that the new components of the plan would be "funded from tuition and private resources" (UVa, 2004). After being approved by the finance committee, the program was also voted upon by the entire Board of Visitors and approved. That same day, the university announced the program and published a press release in order to publicize the initiative through popular media. Interview participants described the roll-out of the program as a "public relations event."

After announcing *Access UVa*, the university appointed a steering committee in order to assure that the initiative was appropriately implemented and would be successful. Representatives from four different divisions across campus were called upon to serve on this committee – the President's Office, Student Financial Services, Admissions, and University Relations. The first two were included in order to make sure that the program was sufficiently supported with on-campus resources. Admissions staff were included as part of the program's outreach efforts, including plans to visit high schools with higher populations of lower-income students. The Office of University Relations was involved in order to market *Access UVa* and "get the message out" about the program. One interview participant explained the aim and scope of these marketing efforts:

> It was letting [lower income students] know . . . "You fit in here. You belong here. You will find you can have an enjoyable life here as well – you don't have to come from that particular background." . . . It allowed us to be able to hire a company from Chicago to do some extensive marketing, television commercials, radio spots.

The work being conducted on campus and through the comprehensive marketing campaign increased the cost of the program above and beyond the $15.7 – $17.1 million associated with the increase in financial aid. According to Sandridge, "the incremental cost of this program per year, fully rolled out, is about $25 million. I think we would've told you we predicted it would be more like $21 million when we started, so it's more expensive than we thought."

5.4 CASE ANALYSIS

The following section contains an analysis of the decision-making process that led to the adoption and implementation of *Access UVa*, the University of Virginia's LRG initiative. This case analysis considers the institutional environment and the actions of policy actors along eight dimensions of the diffusion of policy innovation framework (Appendix D). The framework, which has been adapted to be relevant to this dissertation and is described in Chapter 4, consists of four internal determinant explanations and four diffusion explanations. In order to address the research questions presented for this study, the analysis focuses on *how* and *why* UVa adopted its LRG program.

5.4.1 Internal Determinants

5.4.1.1 Institutional Finances

As is the case with any newly implemented LRG initiative, the adoption of *Access UVa* by the University of Virginia represented a substantial commitment of financial resources. At the time the program was announced, university administrators estimated that the resources for need-based aid would increase by more than 66%. Additional funds directed toward staffing, expanded outreach efforts, and a comprehensive marketing effort elevated the estimated total cost of the program to approximately $25 million. The aforementioned budgetary increases suggest in and of themselves that finances played some role in the decision to adopt *Access UVa.* In addressing the research questions posed in this study, this analysis focuses on *how* and *why* the financial state of the institution influenced the adoption and development of the LRG. There are two important and relevant aspects to consider with regard to funding – (a) the extent to which financial officers, especially Leonard Sandridge, were involved in the design of the program; and (b) how recent developments surrounding Virginia's Restructured Higher Education Act facilitated program adoption.

When President Casteen announced his intent to implement a low-income student financial aid initiative to the Board of Visitors in October 2003, there was little allusion to the potential cost of the program. In fact, interview participants suggested that the president indicated that the program should be developed without regard for institutional finances. The only directive that the president provided was that the financial aid policy was to be a "best in class" program. However, by assigning the task of designing *Access UVa* to Executive Vice President Sandridge and his staff, Casteen indirectly made a statement about the importance of finances in the policy adoption process. As Sandridge explained:

> The president gave the project to me, I think, because he wanted to be sure it was a fiscally responsible program. But I think he also had confidence that I wouldn't try to low-ball it. We were getting good returns on our endowment and we believed that we had some capacity in our tuition increases to apply more of that to financial aid.

When Sandridge turned to Yvonne Hubbard and others on his staff and asked them to formulate a plan for a low-income student financial aid initiative, he borrowed the president's approach and indicated to the group that finances should not be an issue. One interview participant explained, "I don't think we were ever given a financial target. We were just asked to come up with a 'best in class' program." Hubbard explained that when Sandridge approached her about developing *Access UVa,* she expressed concerns about the potential cost of the program, to which the Executive Vice President replied, “You don’t worry about that. You just get the diversity and I’ll worry about the money.” When asked if institutional finances were a concern at the program design phase, one administrator replied “not initially,” and went on to say “I was a little surprised just because there was such a huge push that we’ve got to do this, no matter what.”

On the surface, therefore, the initial decision to adopt *Access UVa* and the efforts to design the program were made with only a small amount of concern about funding the program. However, the appointment of Leonard Sandridge to oversee the development of the program indicated that it needed to be compatible with the university budget in order to become feasible. There was an underlying expectation that the initiative would be “fiscally responsible.” While Sandridge instructed his staff to develop the program without concern about its cost, the final proposal relied heavily on financial modeling:

> After Yvonne had sort of modeled it on her side of the house, I got a second opinion by taking it to our budget people and having them sort of plug it into what I would call the “tuition model,” which says how a tuition increase is going to influence the financial aid. So we built a model we could look at and do some “what ifs” with, which influenced the decision process on what we recommended.

According to Sandridge, the financial analysis that was conducted during the planning stage and the fact that the administrators who designed the program were involved in the day-to-day financial operations of the institution played an important role in the Board of Visitors’ final decision to adopt and approve *Access UVa*:

> Here, we have a different, slightly different model in the sense that, financial aid, student affairs, fiscal, all of it comes together under the fiscal business side of the house. And so that – while you might have said, “Shouldn’t the provost have been more involved in this?” – the assurance that was given to the board, was given by the fiscal people. . . . I think it helped a lot with the board. If it had come from

> another direction, the board would've wanted a lot of assurances that it was fiscally responsible. This did not take any time to get approved.

Given the ongoing decreases in state appropriations in the years leading up to the adoption of *Access UVa*, it appears that the implementation of the program occurred at an unlikely time. However, because of recent developments and institutional plans to propose the Restructured Higher Education Act, the adoption of *Access UVa* served as a valuable policy shift that would help UVa more effectively advocate for increased autonomy in setting tuition in upcoming years. Therefore, the decision to implement the program was affected by pending changes in the tuition revenue structure at UVa that were occurring at the same time that the program was being developed.

At the October 2003 Board of Visitors meeting during which Casteen announced his intention to implement *Access UVa,* university leadership approved a proposal for the Restructured Higher Education Act. As detailed previously, the legislation would serve to give UVa greater freedom in setting tuition and fee amounts in future years. As a result, the institution would essentially agree to continued decreases in state appropriations. Because UVa was already highly dependent upon tuition and fees to fund its operating budget, and enrollment spots at the institution were in high demand, those at the university viewed this move as a necessary step that would allow it to take some advantage of excess demand for enrollment by capitalizing on tuition-setting policies (Turner, 2006).

In crafting the plan for funding *Access UVa*, administrators aimed to fund the financial aid initiative primarily through anticipated tuition increases. Executive Vice President Sandridge explained the rationale associated with the proposed funding model shift:

> I think first of all, we recognized there was going to be a need to have fairly substantial increases in tuition. Institutionally we share this view – we have a lot of people, in-state students in particular, who are perfectly capable of paying

> reasonable tuition to attend the University of Virginia. The economic status of our students and their families are pretty good. In the simplest of forms, the approach we have taken is that we ought to try to charge a reasonable tuition for in-state students . . . but if we were going into a period where we were going to have reasonably significant increases in tuition for in-state students . . . we ought to recognize the impact that would have on low-income students. And as a result of those tuition strategies, we would in essence create more need-based students.

Therefore, *Access UVa* would become a component in a new financing model at the University of Virginia. Economist Sarah Turner (2006) states that "the combination of renegotiated institutional status under the Restructured Higher Education Act and *Access UVa* represents an unambiguous shift to a high-tuition, high-aid policy at the University of Virginia" (p. 266).

While the Restructured Higher Education Act was still being developed at the time *Access UVa* was adopted, administrators at the institution knew that efforts to gain freedom over tuition-setting policy would be assisted by corresponding efforts to improve access for lower-income students. One university administrator explained the situation in this way:

> I think [*Access UVa*] was, in some way, a fitting political response. State legislators were pulling back from funding universities, tuitions were going up, and I think everybody knew that legislators were going to be arguing, "You can't raise tuition because people can't afford it."

With the increased funding that would emerge from the higher tuition model, UVa knew that it would be more than able to offset the increase in expenditures on need-based financial assistance. Administrators and the board also understood that in order to achieve freedom over tuition-setting policies, they would need to aggressively address the inevitable affordability concerns that would accompany increased cost.

5.4.1.2 Policy Entrepreneurs

Policy actors who seek dramatic and dynamic policy change and work through channels to gain support for an issue are known as policy entrepreneurs (Mintrom, 1997). In cases of policy adoption, entrepreneurs have been influential in building coalitions and relationships with other policy actors in order to promote the adoption of a policy. In the case of *Access UVa,* the most influential policy actor that pushed program adoption was President Casteen. The president's role as a policy entrepreneur was largely made possible by his obviously influential position at the institution. When combined with his leadership role at the University of Virginia, consideration of the president's personal and professional background provide insight into why he sought to implement the new policy initiative and how he was able to push for its adoption in a condensed timeframe.

As detailed previously, the decision to adopt an LRG initiative at UVa occurred at a specific point in time – the October 2003 Board of Visitors meeting. That Casteen could essentially announce that the institution would dramatically shift its financial aid policy with very little consultation with other institutional leaders indicated that he had tremendous political capital and trust from the board. One administrator explained that because of the scope and cost of the program, its adoption required that the idea come from the president:

> I think the biggest thing from a leadership standpoint is, the president said, "We need to do this." It was one that had to come from the top. The make-up of our board was such that they were very supportive of the concept, and they were willing to submit significant dollars.

The bold announcement by Casteen kept with his leadership style. The president has been "characterized as a leader who [is] not operating at his full potential unless he [is] taking risks" and who is "at his best when there is a level of creative tension in the environment" (Nicholson, 2007, p. 267). Casteen himself has described his willingness to take risks:

> People who are not prepared to take the risk involved in saying we are to do something that nobody has ever done and then leading others to do it and giving them the credit for it when they accomplish it don't succeed at this job. (Nicholson, 2007, p. 268)

Casteen's combined traits of occupying a position of power at the institution, gaining support for policy ideas through existing relationships, and working with others to assure that policy aims are met are all common characteristics of policy entrepreneurs.

Individuals at UVa who worked closely with the president indicated that his personal background influenced his awareness of inequitable access across higher education. The son of a shipyard worker, Casteen came from a modest background and supported himself through graduation from the University of Virginia (Grimes, 2007). His journey from a student from a lower-income family to the President of UVa left him with a special appreciation for the difficulties that often faced current students in a similar situation. One administrator explained, "He is one of those people who came from a blue collar family and so he very well understood why [access to college] was important and what it meant." Another stated, "He came from a moderate/low-moderate income family – worked his way through school. I mean had scholarships and all of that. So his background is of the students that we're concerned about." According to those working with the president, his belief in promoting access facilitated the adoption of *Access UVa.*

The president's professional background, which made him acutely aware of both equity issues facing higher education and the inner-workings of financial aid policy, was cited by interview participants as another factor that led Casteen to push for the adoption of *Access UVa.* One administrator at UVa explained how the president's prior positions factored in to his support of this particular type of initiative:

> I think the president and his background is so influential - and his absolute understanding of financial aid. I mean, he'd been a Dean of Admissions . . . he'd been [president at the University of Connecticut]. He'd been here. . . . He has a very intimate knowledge of financial aid and what financial aid is trying to accomplish. He has been Secretary of Education here in Virginia. So he just had

> this background where we've always had – financial aid has always been very well supported here at the institution so we had that.

As a result of his experience, Casteen was both familiar with the manner in which financial assistance could help promote access for lower-income students and how financial aid policies could be most effective. Interview participants indicated that this combination of compassion for lower-income students and background financial aid policy knowledge motivated Casteen to address access issues through the policy innovation.

The characteristics exhibited by Casteen in promoting the adoption of *Access UVa* follow closely the traits of policy entrepreneurs that have been observed in past policy innovation studies. The president's position as a trusted and motivated leader and his personal and professional background that influenced his interest in promoting access for lower-income students all contributed to him being an effective advocate for the new policy. Additionally, Casteen was able to effectively work with the Board of Visitors and members of his cabinet and staff in order to implement an accepted and workable policy solution.

5.4.1.3 Institutional Governance/Leadership Dynamics

Policy researchers indicate that the governance structure and approach to leadership of adopting units has played a role in the decision to institute specific policies. For example, in the case of state lotteries, Berry and Berry (1990) found that a more centralized state governance structure was associated with greater rates of policy adoption. Interview participants did not specifically point to the University of Virginia's organizational structure as a reason for the adoption of *Access UVa.* However, it is apparent that the manner in which the institution is run – namely the significant amount of decision-making power provided to the institution's president – facilitated the adoption of the program. Additionally, the stable nature of the leadership of the upper administration and the involvement of UVa financial officers in the program design created a situation that was conducive to the adoption of the LRG. Because President Casteen played such a significant role in the adoption of the policy, this particular internal determinant overlaps considerably with the influence of policy entrepreneurs.

While the University of Virginia's Board of Visitors is appointed as the governing body of the institution, the group is not closely involved in the development of institutional policy. Instead, the university depends heavily on the president, the cabinet, and other members of the administration to develop and propose workable policies. In the case of *Access UVa*, President Casteen was tremendously influential in assuring that the financial aid initiative would be adopted, and the policy was developed through work with those in his administration with significant expertise in the area. The previously detailed relationship between the president and the board essentially allowed for a succinct policy adoption process. Though such initiatives would ultimately require board approval, the president had some freedom in deciding which policies would be a priority for the institution, and needed only to assure that they were developed in a way that would be approved by the board.

Another aspect of institutional governance that helped facilitate the adoption of the program was the relative longevity of those who occupied key positions in the upper university administration. Interview participants indicated that this long-existing relationship fostered a "sense of trust" between the board and high level administrators such as President Casteen and Executive Vice President Sandridge. This belief in the capabilities of those working at the higher levels allowed for a smooth process from policy idea to the implemented policy. Additionally, institution-wide trust and a shared sense of purpose from the Board of Visitors down fostered “buy-in” from those involved in crafting *Access UVa.* One administrator described how the support and trust from institutional leadership facilitated adoption:

> I think that most important thing was the “buy-in” and that it just – the people who, you know to have Mr. Sandridge and Mr. Casteen and all of it – and the board. If the board had said, “You have to be kidding.” That would have been it. It would have been over.

Those interviewed indicated that there was a collaborative spirit among the upper administration and a real and true willingness to work together toward common goals and solutions – especially when the aims were things that were embraced by upper-level leaders at the college.

5.4.1.4 Institutional Educational Problems

Policy innovations are often implemented in response to a collection of problems facing adopting units. In the case of *Access UVa*, the relatively low enrollment of lower-income students at UVa was considered a significant problem. Those at the institution were aware of, and becoming increasingly concerned about, a lack of socioeconomic diversity, and the perception that the public institution was failing to fulfill its mission of service to the state. All of those interviewed cited distress over the existing enrollment issue and concern that the problem was becoming increasingly pronounced as a primary motivation in the decision to adopt *Access UVa*. Additionally, the manner in which the program was designed – including the loan cap component and the financial literacy efforts – sought to address issues facing lower-income students who did attend the institution.

As detailed previously, student enrollment at UVa was heavily tilted toward students from wealthier families. With approximately one-fourth of the institution’s student body qualifying for need-based assistance, it ranked among the lowest of all public institutions in the country in this category. This dearth of lower-income students was further emphasized by a low number of Pell Grant eligible enrollees – approximately eight percent – at the institution. There was a sense among those at the university that the school was coming to be viewed as an elitist institution. This perception, they believed, was having a secondary effect – students from lower- and middle-income backgrounds were choosing not to apply to the institution in many cases because they perceived that it was a "school for the wealthy."

Institutional policymakers believed that the small number of lower-income students at the University of Virginia had less to do with the cost of the institution than it did with the perception that students from lower-income backgrounds did not fit in with the culture. As one administrator explained

> We should really be a place where low-income, low-socioeconomic families feel comfortable coming to the university, and to see that it is possible for them to be able to come. We've always had a pretty significant financial aid program, where we guaranteed 100% of your need being met.

An admissions office staff member offered a similar explanation:

> I think what was happening here was a disconnect with some of our economically less affluent individuals. They certainly have the qualifications to come to the university, but they're being scared away by the image. You can't change image overnight but you can certainly do things to tweak it.

The desire to implement an LRG was thus attributed to a recognition that UVa needed to enroll greater numbers of lower-income students, a desire to offer sufficient financial aid to this population, and belief in a need to change the institutional perception of lower-income students who might consider applying.

According to those involved in the adoption and implementation of *Access UVa*, one aspect of changing student perception of the institution included plans to address financial issues facing currently enrolled students. This concern led the university to implement the loan cap for all aid eligible students and the financial literacy efforts. The loan cap component was put into place in order to assure that students with financial need would be able to take full advantage of educational opportunities that were offered at the institution, and emerged because of the belief that loan indebtedness had become an "opportunity cost" for aid-eligible UVa students. One administrator explained the goal and rationale of the loan cap dimension of *Access UVa*:

> If we've created an environment where they have built up loans, they have limited their flexibility to consider graduate programs and they have limited their flexibility on the kinds of jobs that they take. It would be hard for a person with $40,000 of loan in an undergraduate school to conclude that rather than go to Wall Street, after coming to [the UVa] McIntire School [of Commerce] that they wanted to go to work for Habitat for Humanity as a chief financial officer.

Another added:

> One of the things we were trying to do is to ensure that our graduates, after they left the university, were not unduly influenced by the debt we had tacked onto them while they were here. We know that there were a lot of students who were getting through here, didn't have to worry about who was going to pay the bill. But over here, were others who really didn't have the option to go to graduate school. They really had to go to work, and they were probably less likely to be able to go to work as a school teacher. We didn't want to require people to do that but if they chose to do that, we would like for them to be able to do it and for it not to be because of debt burden that they couldn't do it.

The belief among policymakers at the institution that aid-eligible students were making future sacrifices as a result of their loan debt was a perceived problem that they attempted to address through the LRG policy innovation.

Another issue that affected the design of *Access UVa* was administrative concern over "information constraints" that often faced lower-income students attending college. Policymakers at the institution indicated a belief that simply increasing lower-income student enrollment would not address the challenges faced by the population once they began attending. Therefore, administrators sought to assist these students by adding "comprehensive financial education" to *Access UVa* in order to "provide matriculating students and their families information about financing options as well as counseling on debt management" (UVa, 2004, p.

2). One university leader articulated the institution's rationale for including this policy dimension:

> We recognize that one of the challenges for particularly low-income students – not solely low-income students but particularly low-income students – is the fact that many of these parents did not have the opportunity to go to college or university themselves. They have not had experience with financial aid. They may not have had the opportunity to plan well for college education financially. It may be that the students have not had the opportunity to have a credit card. We felt there was an obligation not to become financial advisors but to have an educational component of this so that we assumed a responsibility through our Office of Financial Aid, attempting to provide information to families as well as students on the fiscal responsibilities of being a student and how you can make sure that you've applied to financial aid properly and gotten the best program you can.

5.4.2 Diffusion Explanations

5.4.2.1 Competition

One of the most commonly cited reasons that policies diffuse is the adoption of similar policies by competing entities or units. Scholars indicate that in cases of state policy diffusion, states often not only adopt a similar policy or program, but work to craft an initiative that is stronger and more attractive than that which has been implemented by one of their competitors (Cohen-Vogel et al., 2008). In the case of *Access UVa*, the role of *The Carolina Covenant* in facilitating program adoption highlights the influence of competition as a significant motivation for the adoption of the UVa's LRG initiative. Additionally, the directive from President Casteen to his staff to develop a "best in class" financial aid program further points the competitive motivation that helped to drive the adoption of the policy. Finally, the comprehensive and extensive marketing push that accompanied the roll-out of *Access UVa* provides further evidence of the role of competition.

Every administrator interviewed pointed to *The Carolina Covenant* announcement as a primary motivation for the implementation of *Access UVa.* As one administrator explained, "The 'state to the south of us' came out with their program first. That was important." References to *The Carolina Covenant* by those at UVa suggested an institutional desire to create a program that would allow the institution to be competitive with the financial aid policy at UNC. One administrator described the competitive dynamic this way:

> I think it is fair to say . . . we watched and saw the first wave of the better institutions trying to improve their financial aid programs. It started in large part with privates . . . but then some of the better public universities began to start to get involved in pieces of these programs. Clearly one of them that got our attention was *The Carolina Covenant*. They are close to us, an institution that in many ways is largely like us, certainly competitively . . . but also struggles with some of the same things that we do

As evidenced by this statement, there was a competitive desire to "respond" to the innovative financial aid initiative that had been announced by UNC – one of UVa's rival institutions.

Furthermore, as a university with a national reputation, there existed some opportunity for the university to assert itself as a national leader in promoting access for lower-income students. These competitive forces were also cited as influences in the institution's aggressive policy development timeline. One interview participant who worked on developing the program explained why the program was pushed through the policymaking process so quickly:

> It was really important to get it done quickly. . . . [W]e all recognized there was a window of opportunity – a really good time to come out with a program, for us. And since then, I think UVa has been used as a lot as other schools have created their own. So, it was important for us to get out there early. North Carolina did a good job in getting out there early, they kind of pushed our buttons, but we were still one of the first handfuls of schools out there.

Another administrator discussed how the program would allow UVa to assert itself as a national leader in higher education policy:

> I thought it was important to maintain the momentum that was coming from Princeton and North Carolina. I think that made a difference. It was also good timing because UVa sees itself as a leader. And, for us to take a leadership role and be one of the first I thought was important nationally.

Additional evidence pointing to the influence of competition in the *Access UVa* adoption process is observed through the approach in designing the LRG. As detailed earlier, President Casteen issued a directive to his staff to create a program that was more comprehensive and farther reaching than any existing initiatives. Those interviewed indicated that this charge served a dual purpose – to address the unique needs of the UVa student body and to present a program that was unique when compared to other financial aid programs across higher education. The end result of this effort to create a unique program was that *Access UVa* became the first initiative in the country to offer awards free of work-study for lower-income students, and the first to offer "comprehensive financial education" as part of its initiative.

The institutional efforts to market *Access UVa* included a highly publicized announcement, the hiring of a national advertising agency, and sustained efforts to publicize the initiative. Those involved in the adoption of the initiative indicated that these efforts were done in large part to "make sure that lower-income students were aware of the program." The concentrated marketing push included a strong web presence as well as print, radio, and television advertisements. The institution also made efforts to reach out to national media outlets in order to improve visibility. One administrator explained that the marketing strategy did provide competitive benefits, stating that "it's no use having 'great tomatoes' if nobody knows you have them." Another explained "part of what all good presidents want to do is have some impact, and so the rollout was a public relations event." While UVa did not market the program expressly to gain competitive benefits, the institution did recognize that they could realize some benefit and greater exposure from its publicity.

5.4.2.2 Convenience or "Satisficing"

In policy adoption, satisficing is said to occur when an adopting unit relies upon the design of existing policy in order to craft its own initiative. The dependence on the other policy often occurs in situations where the newly adopting entity is faced with time or information constraints. In the case of *Access UVa*, the charge issued by President Casteen to the financial staff at the institution required that the LRG be formulated in a condensed amount of time. As a result, interview participants involved in the development of *Access UVa* indicated that they relied heavily upon the design of pre-existing LRG initiatives in setting program parameters. These LRGs acted as a template for UVa, and were crucial in the institution's ability to develop a competitive, comprehensive initiative in a five-month time span.

As detailed previously, the decision to adopt *Access UVa* occurred in part as a response to the earlier adoption of *The Carolina Covenant*. Not only did the implementation of the UNC program act as a catalyst that pushed UVa to introduce its own initiative, the details of the UNC program influenced the design of *Access UVa.* In fact, prior to making his initial proclamation to the Board of Visitors, President Casteen asked Executive Vice President Sandridge if he could "come up with a program that [would] be similar" to *The Carolina Covenant.*

The condensed and ambitious timeframe that had been laid out by President Casteen essentially dictated that the UVa initiative would rely heavily on *The Carolina Covenant* for its design. University administrators were initially given just two weeks to establish a plan for the program. One administrator explained that they were instructed to "borrow the best aspects of the Carolina program" but make their own initiative something that was "better." In order to achieve this aim, the group working to develop the UVa program specifics studied *The Carolina Covenant*, spoke with administrators at UNC, and even hired an individual who had worked with administrators in Chapel Hill. Yvonne Hubbard explained the influence of *The Carolina Covenant's* program design on *Access UVa*:

> I actually hired a consultant from UNC when she was finished with them to come up here and do our documentation. And they brought UNC's documentation up here and we copied it and expanded on it. . . . They have a single thrust and we had four components [to *Access UVa*]. . . . They don't have a loan cap and things like that. But we were trying to accomplish something different.

Often, in cases of convenience or satisficing adopting units use the base components of a previously adopted policy, and then make adaptations that fit their own situation or make the policy more appealing. While *Access UVa* contained a no-loan component that was borrowed directly from *The Carolina Covenant*, the final policy removed work-study from the financial aid award, included a loan cap for middle-income students, and added efforts to provide financial education for students and families. Those interviewed explained that these three additional aspects were instituted in part because they appeared to meet the specific needs of UVa students, but also because they addressed perceived weaknesses in the Carolina initiative.

5.4.2.3 Normative Pressure

Normative pressure occurs when entities external to the adopting unit press for policy intervention. In state policy research, examples of such pressure may come from the general public or external organizations in the form of calls to address societal problems or to offer programs that exist in nearby states. In the case of *Access UVa*, both the state government and the citizens of Virginia were clear potential sources of normative pressure. As a public university, there was an expectation that UVa would enroll students from across the state and serve appropriate proportions of students from all economic backgrounds. While those interviewed alluded to this expectation, they did not indicate that pressure from this expectation played a role in the decision to adopt the program. Institutional policymakers were aware of the state goals, and a desire at the state level to maintain an affordable and accessible public system of higher education. However, while there had been previous efforts to reduce and freeze tuition, there had never been formal pressure to address affordability through financial aid policy. If anything, *Access UVa* might be viewed as a proactive effort to account for inevitable pressure that would come as a result of the proposed Restructured Higher Education Act.

5.4.2.4 Policy Networks or Communities

Policy scholars suggest that policy innovations are often communicated through various national and regional networks, and that the interaction of various policy actors through these networks plays a role in the manner in which policies are adopted. In the case of *Access UVa*, policymakers at UVa – particularly Yvonne Hubbard – utilized policy networks to communicate program ideas with professional colleagues and higher education scholars. This interaction did play a small role in manner in which *Access UVa* was designed.

As the "architect of *Access UVa*" Yvonne Hubbard was largely responsible for working with fellow administrators in order to craft program specifics. Additionally, she was well-connected professionally, maintaining working relationships with a number of administrators at other institutions, and she called upon these resources when working to develop *Access UVa.* Hubbard explained:

> What we did do was use our resources to review our proposal. So we had UNC [at] Chapel Hill look at our proposal. We had [the University of] Michigan look at our proposal because they were our friends and they were knowledgeable and they reacted to everything. . . . [W]e were utilizing – leveraging – our resources outside the institution.

Hubbard also reached out to higher education scholars who had built their reputation on researching issues related to college choice and access. One administrator explained that "because Yvonne stays in touch with books and articles written about financial aid – there's a lot out there – so she knew some of the people and we tried to get their input." Among those Hubbard sought input from were William Bowen, an author and former president of Harvard University and Sandy Baum, a professor at Skidmore College. Both have written extensively on the role of financial assistance in improving college access and equity.

According to Hubbard, her communication with individuals through these policy networks was beneficial because it helped her and her colleagues decide on aspects of an effective program. She described the influence of these conversations, saying, "I don't know that anybody ever changed our direction or established our direction. It was more like giving us ideas of where to look for things and where to put our emphasis." The conversations with colleagues and scholars provided those at UVa with "valuable feedback" that simultaneously helped facilitate development of *Access UVa*, and provide assurance that those at the university were developing an effective initiative.

6.0 DAVIDSON COLLEGE AND *THE DAVIDSON TRUST*

Davidson College is a privately funded liberal arts college located in Davidson, North Carolina, approximately 20 miles north of Charlotte. The college enrolls approximately 1,700 undergraduate students across its 20 major and 12 minor areas of study. Davidson announced the implementation of its LRG initiative – *The Davidson Trust*[10] – on March 19, 2007, making it available to students enrolling in the 2007-2008 academic year. Under the terms of its program, all Davidson students qualifying for financial assistance are guaranteed to have their need met with a combination of grant aid and a work study award, categorizing the program as a No-Loan LRG. The implementation of *The Davidson Trust* required the institution to increase its financial aid budget by $3.5 million per year for the program's first four years. As a case study, the development of *The Davidson Trust* reflects the critical role of internal determinants on the decision to adopt, particularly institutional finances, policy entrepreneurs, institutional governance structure, and educational problems at the institution. Diffusion-related factors such as competition and convenience were mildly apparent, but much less influential in the adoption process.

This chapter begins with a brief description of the history and background of Davidson College, including an outline of the college's leadership structure as it pertains to financial aid

[10] When it was first introduced, Davidson's LRG did not have a formal name. The institution announced the name of the initiative on January 17, 2008. For clarity, the program will be referred to as *The Davidson Trust* throughout the dissertation.

policy development. The second section contains an explanation of important antecedents related to adoption of *The Davidson Trust* and is followed by a narrative chronology of the actual process leading up to the announcement and implementation of the initiative. The chronology relies heavily upon interview data, with archival documents used to corroborate the accounts of the interview participants. The chapter's final section analyzes the adoption of *The Davidson Trust* utilizing the eight dimensions of the diffusion of policy innovation framework (Appendix D).

6.1 DAVIDSON COLLEGE OVERVIEW

6.1.1 Institutional Profile

Davidson College was founded in 1837 by members of the Presbyterian Church. Though the institution has grown over time in both size and reputation, it has remained committed to continuing as a liberal arts college. As declared in the institution's *Statement of Purpose*, Davidson primarily seeks "to assist students in developing humane instincts and disciplined and creative minds for lives of leadership and service. In fulfilling its purpose, Davidson has chosen to be a liberal arts college" (Davidson College, 2005, p. 1). The institution enjoys a national reputation, enrolling students from over 40 states and several foreign countries, and consistently maintaining a top 10 ranking among *USNWR's* "Liberal Arts Colleges." Admission to Davidson is "highly selective," and the college admits fewer than 30% of the students who apply. The college's \$500 million endowment currently ranks 141st nationally among American colleges and universities (NACUBO, 2009), and is the smallest endowment among the top 10 liberal arts colleges as ranked by *USNWR*. Davidson's operating budget is approximately $90 million (Davidson College, 2008a).

6.1.2 Organizational Structure

Davidson College is governed by a Board of Trustees which currently includes 43 trustees and five ex-officio board members. More than half of the assembly maintains a connection to the Presbyterian Church, and Davidson alumni are heavily represented. The Board of Trustees is an active body, heavily involved in the policymaking process at Davidson. As was the case with *The Davidson Trust,* it is not uncommon for the boards' members to be involved in presenting policy ideas and crafting policy specifics. At Davidson, "the college's priorities and goals are the product of careful study and analysis by trustees, faculty, staff, and alumni and have been approved by the trustees in their plenary sessions" (Davidson College, 2008b, p. 1). The entire board holds meetings in October and April, and participates in a three-day retreat each February that focuses on a specific topic of relevance to the institution. Board members are required to participate through work on committees that oversee various institutional functions. In the case of *The Davidson Trust,* the board's Admissions and Financial Aid Committee played a critical role in the development and adoption of the LRG.

The President of Davidson College reports to and is appointed by the Board of Trustees, and serves on the board as an ex-officio member. The president is responsible for the day-to-day operation of the institution, and works closely with seven vice presidents who oversee vital academic and administrative functions at the college. At the time of the adoption of *The Davidson Trust*, Robert "Bobby" Vagt was in the final months of his 10-year tenure as Davidson's 16th president. The institution's current president, Tom Ross, also participated in the decision-making process as a member of the Board of Trustees. In the case of *The Davidson Trust*, President Vagt played a central role in formulating the idea for the initiative and crafting program specifics through his close work with the entire Board of Trustees, its Admissions and Financial Aid Committee, and Davidson's Vice President and Dean for Admissions and Financial Aid.

Three of the seven Davidson College Vice Presidents were involved in the adoption of *The Davidson Trust* to varying degrees. Chris Gruber, Vice President and Dean for Admissions and Financial Aid, was the most directly involved as the policy directly affected his division. Throughout the adoption process, Gruber worked closely with President Vagt and the Board's Admissions and Financial Aid Committee, providing information including admission statistics and the potential influence that adoption might have on college enrollment. Because the staff members in his office would ultimately be responsible for implementing and carrying out the program, Gruber was present in the board meetings and played a role in crafting the program specifics. Other Vice Presidents who played a less central role in the adoption of *The Davidson Trust* included Clark Ross, Vice President for Academic Affairs, and Eileen Keeley, Vice President for College Relations. Keeley, whose division would ultimately be relied upon heavily to help secure future funding for the program, played a role because of the importance of financing the initiative.

Ultimately, the central figures in the decision to adopt The Davidson Trust were President Vagt, Vice President Gruber, and the Board of Trustees, particularly those serving on the Admissions and Financial Aid Committee. President Vagt's history at the institution, his close and strong working relationship with the Board of Trustees, and his recent decision to step down as president would ultimately all factor in to the adoption process. Additionally, the working nature of the Board and its involvement in the crafting of institutional policy helped influence the adoption of the program in a short period of time.

6.1.3 Financing a Davidson Education

At Davidson College, current tuition is $33,479, and the per-year budgeted cost including room, board, books, travel, and personal expenses is approximately $43,000 (Davidson College, 2009). According to the Office of Financial Aid, need-based grants are considered the “foundation” of the college’s institutional aid program, and account for the majority of the office’s budget. In addition to need-based monies, Davidson provides merit-based scholarships to nearly 20% of its incoming class each year. Currently, around 40% of Davidson’s student population receives need-based financial assistance; however, in the year prior to the adoption of *The Davidson Trust*, this figure was 32%. In the early 1990’s, Davidson adopted a “need-blind/full-need” admission and financial aid policy, meaning that students are evaluated for admission without regard for their ability to pay. The five-member staff in Davidson’s Office of Financial Aid reviews individual applications and students must apply for assistance each year they are enrolled. On average, need-based grant awards at Davidson are approximately $19,000 per year, and the average per-year loan debt is just under $3,000. In 2006-07, six percent of Davidson students were eligible to receive Federal Pell Grants, an indication of low-income student enrollment (Economic Diversity of Colleges, 2008a).

6.2 ANTECEDENTS TO THE DAVIDSON TRUST

Prior to detailing the adoption of the LRG, this section reviews the broad LRG context across higher education at the time of Davidson's decision and provides a description of the institutional environment at the time of the program's adoption.

6.2.1 Financial Aid Policy Context

6.2.1.1 The Spread of LRGs

In the years leading up to Davidson's implementation of *The Davidson Trust*, LRGs remained a relatively new and unique policy innovation. In 2006-07, the year prior to the launch of Davidson's program, there were active LRGs at a total of 12 different colleges and universities. Of these 12 institutions, only one (Amherst College) was a liberal arts college – the remaining eleven included large public and private research institutions. In terms of program specifics, the vast majority of existing programs were constructed similarly. With the exception of Princeton University, all of the adopting institutions had implemented "Income Level Eligible" programs which utilized a pre-determined family income in order to define "low-income students" and replaced loans with grants for those who qualified. Princeton, on the other hand, had implemented an "All Aid Eligible, No-Loan" LRG, extending loan forgiveness to its entire population of students who qualified for aid (Lips, 2008).

The distinctive nature of LRGs, their promise to make targeted efforts to enroll lower-income students, and the fact that they were being adopted by some of the country's best-known institutions resulted in tremendous publicity for adopting colleges and universities. This appeared to work in Davidson's favor because, at the time of its adoption, *The Davidson Trust* would become only the second “All Aid-Eligible” initiative, and the only such program implemented at a liberal arts college. As a result, Davidson College received considerable publicity from the announcement of its program.

6.2.1.2 Federal Government Scrutiny

While higher education researchers and administrators had long been aware of inequities in postsecondary access, the problem had increasingly become a subject of public concern in the years leading up to Davidson’s LRG implementation. Part of the growing concern emerged from increased government scrutiny of college pricing practices, with the most notable example being the report of the Spellings Commission on the Future of Higher Education. This influential document, produced by the Office of the United States Secretary of Education in September 2006, called for greater accountability in American colleges and universities. Along with recommendations seeking improved measures for college learning outcomes were heavy criticisms of rising college costs and the resulting effects on lower-income student enrollments (Lederman, 2007).

While no formal action immediately resulted from this report, institutions from across higher education took notice of its suggestions and potential implications. Among the most widely voiced concerns of those at private institutions was the notion that the Spellings Report would begin a sort of “No Child Left Behind” for higher education, injecting restrictive government oversight into the system and threaten the ability for colleges and universities to operate with the freedom and autonomy they had become accustomed to. While not directly cited in this report, Davidson College was in a position where it could realize such scrutiny firsthand because of the socioeconomic makeup of its student body and the rising government attention to inequitable access. Less than one-third of Davidson’s students were receiving need-based assistance in 2007, and six percent of its students were Pell eligible – numbers that were among the lowest in the country. Administrators and trustees at Davidson acknowledged that they needed to do more to promote enrollment of students from low- and moderate-income backgrounds.

6.2.1.3 Davidson College's Position

At the point in time that Davidson College adopted *The Davidson Trust,* the wider higher education financial aid policy landscape presented both opportunities and threats for the institution. Among the colleges and universities with active LRGs, very few of the adopters were similar to Davidson, meaning that implementation would make the institution one of only two liberal arts colleges with an LRG. Additionally, there existed some opportunity with regard to program design, as most of the programs limited their LRGs to students meeting income-level criteria. This left room for All Aid Eligible programs – a program type that would be considered particularly generous – to be instituted. In addition to opportunities to craft a unique program, a looming cloud of government oversight represented a potential threat for Davidson College. Because of its small population of students with financial need and relatively high cost of attendance, its institutional profile could make it one of many colleges and universities that would be scrutinized by the federal government and questioned about its pricing and enrollment practices.

6.2.2 Davidson College Institutional Context

The decision to adopt *The Davidson Trust* was affected by the institution's history and culture. Additionally, recent developments and anticipated change at the institution would help to create an environment conducive to the need-based financial aid policy. This section will detail some of the more influential characteristics of the college's environment, and explores important events that had occurred just prior to the introduction of *The Davidson Trust*. The most significant antecedents include a long-standing concern over the demographics in the student body, pending change in institutional leadership, and the state of the institutional finances and fundraising abilities. According to those interviewed, each of these factors helped to create an institutional environment that was conducive to adoption of *The Davidson Trust.*

6.2.2.1 The Student Population

As discussed previously, the cost of attendance at Davidson College is well above the average for American institutions. Though not as expensive as many of its peer institutions, the nearly $43,000 price tag placed it in a position where only students from the wealthiest families would be able to afford attending without financial assistance. Despite these costs, over two-thirds of those attending Davidson were full-paying students. The sense that the institution was becoming a "school for the wealthy" was a commonly echoed theme by many at Davidson:

> We looked at the change in demographics of the student body and the people we were losing, the people we were winning [in the admissions process], and became concerned that we were not being socioeconomically diverse enough on our population.

The lack of socioeconomic diversity on the campus was troubling to the President, the staff, and the Board of Trustees, each of which was concerned that the enrollment trends may have been running contrary to the college's mission and purpose. One interview participant expressed a desire to "be successful in making the Davidson student body look like the world in which these kids are going to live," which meant "increasing our ability to be attractive to students that were not [mainly wealthy] white males and females."

Additionally, the college was having trouble attracting students from middle-income families, and many indicated that Davidson's price was playing a significant role:

> We didn't want Davidson to be accessible only to high income students, because Davidson 30-40 years ago had much more of a kind of middle class presence. Very good, strong hard-working students, many of whom came from middle class families, and we want that. We also want students from lesser income families, $40-plus thousand a year [cost of attendance] – a middle class family can't do that.

It was a long-standing belief by trustees and administrators alike that a widely held perception that Davidson was "too expensive" was preventing students from applying. As one long-time trustee explained:

> I'd say the first thing was, affordability, especially affordability for middle income families has been an issue of discussion for the trustees and the administration for a number of years – hell it may have always been. I don't know. But in the ten years I've been on the board, it's been an issue of importance that is raised on a regular basis.

Another characteristic of Davidson students that interview participants commonly discussed was the substantial loan debt burden among students who were attending the institution. In the year prior to the adoption of *The Davidson Trust*, approximately 30% of the student body graduated with loans, and the average loan debt among these students was over $28,000 (TICAS, 2008b). Despite the institution's commitment to meeting 100% of the demonstrated need of qualifying students, there was concern that these loan amounts were continuing to rise and having an adverse effect on college graduates:

> The idea [was] that we would meet the full need of a student coming to Davidson. But the result of that could be, you know, graduating with $20,000 to $25,000 worth of debt. . . . Are you really meeting the full need if you have somebody graduating [as an] undergraduate with that level of debt?

6.2.2.2 Pending Leadership Change

At the time Davidson College had adopted *The Davidson Trust*, Bobby Vagt was serving in his tenth and final year as the institution's president. By all accounts, Vagt, a 1969 graduate of Davidson, was a popular, influential, and highly respected leader. He was a personable and unassuming man whose "energy, tenacity, and imagination really put Davidson on the national and international map" (Kimmel, 2007a, p. 13). Vagt appeared to be a perfect fit for the small college, as he made it a point to interact with faculty, alumni, and students who "saw him in the weight room, at meetings, at their performances, games, and presentations. . . . [H]e was humble, egalitarian, not afraid to be silly, and . . . his ubiquitous presence on campus made them feel closer to their college" (p.10).

In addition to possessing admirable personable skills, Vagt was also a relentless taskmaster. Those at the institution explained that he always had an ongoing list of goals that he was focused on achieving for the college, and he would work with others to pursue them, only to add more once they were achieved. Under his leadership, Davidson realized unprecedented success. The institution grew physically and a number of new building projects were completed as a result of his fundraising efforts. The college's endowment more than doubled following the completion of two large capital campaigns. Additionally, the institution grew in reputation and prestige, consistently becoming more selective in terms of admissions and better known across the country. Prior to Vagt's arrival, Davidson was consistently ranked as a top 20 liberal arts college by *USNWR*; following his installation as president, the institution moved up the rankings and solidified itself as a top 10 ranked college (*The Chronicle of Higher Education*, 2008).

In the months preceding the decision to adopt *The Davidson Trust*, Vagt had informed the Board of Trustees that he would be resigning his position effective in the summer of 2007. An article in Davidson's alumni magazine recounted the meeting between Vagt and Board chair John McCartney:

> McCartney met with Bobby in the spring of 2006, aware that the president was going to talk to him about stepping down. Bobby leaned over the table, fingers laced, and explained that the college needed a president who could help develop the next vision, see that vision funded and realized. That would take another ten years, he said, and he wasn't the man to do it. As Bobby reached into his pocket, the chair of the board thought this list would concern the details of the transition. Nope. It was a list, a good-sized list—of the things Bobby wanted to accomplish in his last year at Davidson College (Kimmel, 2007a, p. 13).

President Vagt's upcoming departure would ultimately affect the environment at Davidson and play a role in the adoption of *The Davidson Trust*, as it was clear that there were goals that he wanted the college to accomplish before he left. Developing and promoting an aggressive and targeted financial aid program appeared to be an appropriate action for the institution to take under his leadership.

6.2.2.3 Financial Situation

As mentioned previously, unlike institutions that had previously adopted LRGs, Davidson College does not benefit from a substantially large endowment. Additionally, as a liberal arts institution, the college does not have revenue generating research streams that are frequently found at larger research institutions and can help fund comprehensive and expensive financial aid programs. Despite the relative lack of endowment funds at Davidson, the institution was operating from a position of financial strength prior to the adoption of its LRG initiative. This strength was due in large part to the successful fundraising efforts at the institution.

In 2000, Davidson College embarked upon a comprehensive campaign with a goal of raising $250 million in five years. The campaign, entitled "Let Learning Be Cherished," was designed to raise funds for a variety of areas, including new building efforts, student financial aid, and improved academics. Due in large part to efforts of President Vagt, the campaign exceeded its $250 million goal by more than $20 million. Additionally, according to one trustee, Davidson had experienced "extremely strong endowment performance over a period of seven years, absolute and relative to our peers. . . [The trustees] felt really positive about where the institution was at the time [financially]." These outcomes left Davidson in a stronger position financially in 2007 than it had ever been in its history.

The success of "Let Learning Be Cherished" and other effective fundraising efforts also instilled a sense of confidence at the institution in the generosity of Davidson's alumni and the college's ability to raise funds for major projects. President Vagt described a sense of "responsibility I know that people feel to the community" and explained:

> Look at the annual fund. You know, getting 60% alumni participation every year - or in excess - puts us in the top one, two, or three schools in the country. . . . Fact of the matter is that people do support the institution on an annual basis, and so, there is a . . . sense of honor and responsibility.

Several trustees and administrators also believed that the institution's strong fundraising abilities would allow the institution to overcome limitations placed on the college by its relatively small endowment. When asked if the college was concerned about funding *The Davidson Trust* in light of the endowment situation, one trustee answered bluntly, "Not really." Eileen Keeley, Vice President for College Relations elaborated by explaining:

> I feel like there's a big team of people out there who are going to help make this happen. It doesn't feel like it's all on my shoulders or it's all on the fundraiser's shoulders here. I feel like even though we'll be the ones asking people for the money, I feel like if there's any concern along the way, the trustees will step up, . . . that they'll start, you know, working . . . to try to get us there.

There was thus sense of confidence among those at Davidson that any significant financial concerns the college might have could be addressed through the generosity of the institution's alumni and others willing to donate.

6.3 NARRATIVE HISTORY OF EVENTS

The adoption of the Davidson Trust officially occurred following a vote by the college's Board of Trustees at its annual retreat in February 2007. The presentation of the policy innovation and the actual decision to adopt the program occurred during this two-day meeting, but President Vagt explained, "While the decision took place at a particular point in time, obviously it was the result of a process. And I am not sure that any of us can trace its roots." The formal adoption process had its beginnings in a concern over the effect of financial aid on the application and enrollment patterns of Davidson students, and subsequent research efforts to study the problem. This work resulted in some policy adjustments, before ultimately becoming the central topic at the retreat where the LRG was adopted. The final stage in adoption occurred in the time leading up to the program's announcement in March 2007. This section relies upon interviews with former and current Davidson College administrators and trustees, as well as a thorough review of institutional archives and publicly available documents, to describe events leading up to and emerging from the February retreat.

6.3.1 Concern over Student Demographics

Administrators and trustees at Davidson had long been aware of wider access and equity issues that have plagued American higher education, and had firsthand experience. In 1992, because of tuition increases and the resulting demand for financial aid at the institution, "a difficult fiduciary decision had been made to place a cap on the financial aid budget" (Kimmel, 2007b, p. 4). As a result, the institution stopped meeting the entire demonstrated need for its financial aid recipients. Davidson was able to address this funding shortage a few years later and was able to recommit to meeting 100% of demonstrated student need. Interview participants indicated that as a result of this experience, the college began to pay close attention to the role that financial aid played in the enrollment of certain student groups and began scrutinizing Davidson's approach to awarding aid:

> [We] became concerned about the affordability and pricing. You know, two generations ago, the answer was, need-blind admissions, full financial aid – policies that we had in place and many of our peers did as well. I think over the last 10-15 [years] . . . the weakness of that policy, of those policies, in the area of debt, became more and more obvious.

Along with the college's re-commitment to the need-blind/full need model, the institution set a goal to increase the number of students eligible for financial aid to 40% (Kimmel, 2007b). However, this figure remained flat, at around 33%, despite increasing numbers of students from low- and moderate-income families entering college nationwide. The institution's inability to increase its enrollment among students from lower-income backgrounds was a concern for the Davidson administration, faculty, alumni and the Board of Trustees. One interview participant explained that "there was the realization that we weren't changing from having about two-thirds of our students being full-pay, and that despite efforts to get a more economically diverse group, we weren't necessarily getting it."

There were two main concerns stemming from Davidson's enrollment trends – one dealing with students who were not enrolling, and the other focused on aid recipients who were current students at the college. The relatively low enrollment of aid recipients led many trustees and administrators to question how a lack of diversity might affect the educational experience at Davidson. Those at the institution believed that a commitment to such economic diversity was closely connected to Davidson's Statement of Purpose. The statement explains that the college exists to "assist students in developing humane instincts and disciplined and creative minds for lives of leadership and service" and that the institution "values diversity, recognizing the dignity and worth of every person" (Davidson College, 2005, p. 1). Due to the issues and challenges facing Davidson in terms of enrollment, the subject became an important issue for the trustees. One Board member explained that a primary goal for the group was always "to make Davidson as open as possible and as accessible as possible for students who have the ability to do the work regardless of their economic circumstances."

The second issue shared by those at the institution was concern over rapidly increasing debt burdens among Davidson undergraduates who were taking out loans to pay for their education. President Vagt relayed a common experience he had while meeting with students that highlighted the effect of substantial loan debt:

> My wife and I would have dinner with everybody in the senior class, which you can do when you have 450 members in groups of 20. And we would ask them all kinds of things. And one of the things that became clear was that there were many folks who were making decisions about the jobs they were going to take not based on what they felt called or compelled or desired to do. But a major factor became how much debt am I carrying and what can I afford to do? And so it was not just the initial decision on entry, but also the decisions that were being made upon exit that were a function of the debt.

The growing debt load experienced by the relatively small number of aid recipients who were attending Davidson was believed to be affecting the educational experience of this targeted student population. Much like the commitment to economic diversity, there was some unease among institutional leadership that this trend was running contrary to Davidson's purpose. One trustee said:

> Our stated mission is to prepare students for lives of leadership and service. And were we, because of the financial constraints we were putting on our graduates, driving them away from, roles or careers that would embody service if just were not financially viable with the debt burden they have?

6.3.2 Researching Enrollment Trends

The concern over the student enrollment trends at the institution manifested itself in efforts by Davidson to research potential causes of the small population of lower-income students at the institution. The research, which began in earnest when Davidson decided to abandon its policy of meeting 100% of demonstrated need, became a central component of the enrollment operation at the institution. It consisted mainly of collecting survey data from prospective students who had decided to attend other institutions, and investigating the reasons that students were making those choices.

President Vagt had a particular interest in the research that was being done with regard to enrollment, and stated, "From the end of my first year, I always wanted to know who turned us down, and why." He described the process and motivation in this way:

> We started looking at who turns us down, why, and where do they go? And that dovetailed with a redoubled effort to make sure that Davidson . . . had a sense of who we were. And if we really wanted to remain who we said we were we had to make sure that kids who used to be able to come to Davidson still could come to Davidson. And I say that with respect to finances. Because there were a lot of alumni out there who worried that . . . in our quest for the brightest and the best, were we overlooking folks?

The enrollment research being done at the institution largely confirmed what a number of administrators and trustees believed – that Davidson's cost was playing a role in the college's lower enrollment among students from low- and moderate-income backgrounds. The commitment to collecting and analyzing the survey data would continue throughout the time that Vagt was president, and influence strategic fundraising for financial aid initiatives. Ultimately, the institution would rely on this research when formulating *The Davidson Trust*.

6.3.3 Financial Aid Policy Adjustment and Additional Research

Following years of collecting anecdotal and survey data, the completion of two successful capital campaigns, and a large gift from a local foundation, Davidson made a change in its financial aid policy. In order to address concerns about loan indebtedness, the institution decided to cap loans for all financial aid recipients at $3,000 per year. The decision was formalized during the Board of Trustees meeting in April 2006, and took effect for the 2006-2007 academic year. Those on the Admissions and Financial Aid Committee believed this to be an important step that would help assure both prospective and current students that Davidson did not want them to compromise their educational experience because of finances.

The decision to cap loans was met with a favorable response by those looking to attend the institution, and those students who were already enrolled. One interview participant stated:

> We saw the effect it had not only on people deciding to come to Davidson, but you got a secondary benefit, if you will, by people who were already there . . . [from] the reaction of families. That's not hard evidence, I understand, but I will tell you that in terms of cards, letters, [and] statements – it was pretty moving.

The favorable response that the institution received as a result of this decision was encouraging to the president and the trustees. However, the college did not receive any sort of substantial increase in the application or enrollment of financial aid recipients. While the outcome of the loan cap was encouraging to Vagt, the president was motivated to craft something more influential, stating that “seeing the response [to the loan cap] just compelled you, at least in my judgment, to say we’ve taken a half-step. And we haven’t done what we thought we were going to do.” In moving forward, the president and the board Committee on Admissions and Financial Aid vowed to devote more time to researching the issue of lower-income student enrollment and re-visit the issue at future board meetings and retreats.

After the decision had been made to cap loans in April, the Admissions and Financial Aid Committee wanted to intensify their research efforts over the summer of 2006. The institution had long collected survey data from admitted and enrolling students which suggested that finances were playing a role in the admissions process, but those at the institution were interested in learning how they were affecting decisions. Therefore, the president and the board wanted to look at the information more closely, move beyond the knowledge that price was playing a role, and better understand at what point in the process it was occurring and how they could use the information to solve the problem.

Charged by the Board's Admissions and Financial Aid Committee, Vice President Gruber worked with Davidson's Office of Institutional Research to conduct a study of the most recent class that applied to the college. Gruber described the goal of the project:

> We wanted to understand the relationship of need to application and enrollment. Who was applying and who wasn't? Who was enrolling and who wasn't? And finally, what can the college do to increase economic diversity given the cost of attendance?

After completing the investigation, Gruber brought the relevant findings to the committee at the next meeting of the Board of Trustees in October, 2006.

The research effort led by Gruber yielded a number of important findings. One conclusion arrived at by the committee was that for lower-income students who received financial aid and decided to attend Davidson, the gross price of the institution (after financial aid) was not a deterrent. In fact, a greater number of high-need students who had been accepted to the institution were enrolling than the overall percentage of those admitted (Kimmel, 2007b). The research instead indicated that at Davidson, price sensitivity was preventing students from even applying to the college. Gruber described the outcome of the research:

> We learned that a decision about affordability takes place at the time of application, not at the time of admission. How did we know that? . . . [W]e know the students that aren't enrolling here, we know where they're going to school, and we know the cost of those schools, and we knew that 75% of those students were going to a school that cost as much or more than Davidson College.
>
> The gross price was not a factor, which led us to believe, as the students and families are walking through the college "lot" and looking at the price tag and sticker . . . I think of it as the car line – oh, $45,000, we can't look at that – let's go over and look at the Pinto or Ford Escort, let's look at those schools. That is where [price sensitivity] is going to happen, if it's going to happen.

The group thus concluded that the key to enrolling greater numbers of low- and moderate-income was to get them to apply in greater numbers, presumably by removing the perception that there was a significant price barrier to attending the college.

During their time at the October 2006 board meeting, the Admissions and Financial Aid Committee, along with Chris Gruber and President Vagt, discussed potential implications of the findings, and consider what appropriate "next steps" would be taken. It was at this point that the group began to focus more intently on the role that the *possibility* of student debt was playing in the decision-making process of prospective students. President Vagt explained:

> When we got more refined in the course of that process that I am describing and we started differentiating between debt and grant, and we determined – no surprise – that, you know, the notion of taking on debt was anathema to many. . . . People wound up going to schools. . . [and] the only justification when you talk to them and their parents was that "I don't have to take on debt." It wasn't, "Where am I going to get the education I am looking for? Who specializes in things I am interested in?" And so we became more and more appreciative of the role that debt played.

The Committee agreed to continue investigating the problem, and asked Gruber to "fine tune" the analysis with the intent of discussing the role of financial aid at the group's next meeting – the annual trustee retreat in February 2007.

6.3.4 The February 2007 Trustee Retreat

Each February, the trustees of Davidson College meet for a two-day retreat. John McCartney, former board president, described the structure and objective of this annual meeting:

> Each year we try, in addition to all our regular business, to focus on a particular, or a small number of issues, in greater depth than we would normally have the opportunity to do. And working in small groups with our trustee colleagues, it gives us the opportunity really to analyze important issues, in a forum that's conducive to discussion, and is outside of the normal committee. So, during the retreat, we use smaller groups that are not regular committees. It allows the trustees to interact and explore issues.

The topic of discussion and agenda for this annual meeting is set by the college president. President Vagt decided that for his final retreat in February 2007, the trustees should focus their attention on the topic of affordability and financial aid, despite the fact that the group had convened for a retreat on the exact same topic only three years earlier.

Given the focus of the retreat, the Admissions and Financial Aid Committee, Vice President Gruber, and President Vagt occupied a central role by providing information about their research findings, answering relevant questions, and facilitating discussion. The retreat began with a presentation by Chris Gruber on behalf of the Admission and Financial Aid Committee which outlined some of the institution's enrollment numbers, and some of the insights that the group had gleaned from the years of survey data that had been collected at the institution and the more recent enrollment analysis. Also included in this presentation, largely through the encouragement of President Vagt, were some potential policy recommendations. Gruber described the session:

> First thing out of the gate on that Friday . . . I made a presentation about affordability and choices the students were making, giving that boiled down synopsis – the question of affordability takes place at the time of application. And, as part of that, [I] stated, in order for us to make Davidson understood as an affordable choice, these are changes that we may need to suggest. [The

> suggestions] ran the gamut [beginning with] where we were right there – meeting 100% of demonstrated need with a $3,000 loan. Okay, what could we do? We could let the loan be a smaller amount, we could have greater terms of the loan, we could personally do the financing, or we could do away with the loans. So we gave them incremental steps, all that would work down to the most desirable, which was loan elimination.

Following the initial presentation, members of the Board met in small groups to discuss the topic, and ask questions of the president and Admissions and Financial Aid Committee. Those on the board were most intrigued by the option of eliminating loans for aid eligible Davidson students, and the subject would come to dominate the retreat. The subject would come to dictate discussions for the remainder of the two-day meeting, and the trustees raised a number of issues in an effort to determine the feasibility of such an action. One committee member described the discussions:

> What are the implications? How much would it cost? How long would it take to raise the money? Would we want to use expendable money or endowed money in order to do this? How long would it take us? What would be the immediate impact? How would that change the culture? They discussed all of these things, not just the numerical equations that would come out of such a proposal. All of these things were discussed.

The possibility of loan elimination intrigued many of the trustees, but was concerning to some. While all the board members agreed that adopting such a program was something that Davidson *should* do, there was inevitable concern about how the institution would be able to support a program that was estimated going to cost an estimated $3.5 million during its first four years, and require the college to grow its endowment by 15% in order to sustain the initiative. As one interview participant explained, there was some reluctance from some because Davidson "was already swimming in deep water with regard to finances" which brought about a sense of "'Gee, can we afford to do this?' Because you don't make a promise and renege on it."

The most ardent and early supporter of the loan elimination policy idea was President Vagt. The president had long held a belief that there should be “no financial barrier to a student who wants to go to Davidson” to attend the institution. The belief led him to set the agenda for the retreat and work with the Admissions and Financial Aid Committee to craft the policy recommendation for what would become *The Davidson Trust.* He also worked with a number of trustees prior to the meeting in order to gain support for the initiative. According to one board member, these individuals became “very strong trustee champions, who later in the decision-making process spoke, very, very passionately about the institutional need to adopt such a program.” Another trustee described the discussion this way:

> It was a multi-hour debate. We’ve got a large trustee group and I would say 80% of the trustees said something. So it was the Admissions [and Financial Aid] Committee . . . all up in front of the room, different ones answering different questions. All the admissions committee stated personally it’s the right thing to do. Some people were talking from the heart and others [were] talking through the financial side.

Interview participants described the conversations about the program as “emotional,” “passionate,” and “heated at times.” Several trustees shared personal stories, professing their beliefs about why eliminating loans was a necessary action for Davidson to take.

At the end of the retreat, a formal policy proposal went up for a vote before the board and was passed. It was an emotional decision and the group understood that college would have to rely heavily on the generosity of donors to sustain the program. For those on the board, this was a proud moment. President Vagt, who was moving toward the end of his time as president, described his feelings following the board’s decision:

> I get choked in the throat when I think about it. . . . I mean, we were gonna need to raise money and the response of the board was, “This is what we need to do.” If we are who we say we are, this is what we need to do. We need to make sure that there is no barrier *(pounds fist on table)*, no financial barrier *(pounds fist on*

table), to a student who wants to go to Davidson to come. And, the people stood up and were very passionate about it, as a matter of principle.

> But the decision was based on what it was we needed to do. And at the end of it . . . I don't think there were many dry eyes around the table. It was a very, ah, I don't know, maybe I'm getting carried away, but it's true. . . . I had sat on that board for 10 years and . . . lots of hard decisions had been made in the past. . . [but] this is the first one where people's response was like that.

6.3.5 Rolling Out The Davidson Trust

Though the decision to adopt *The Davidson Trust* was made in February 2007, the public announcement of the initiative did not occur until March 19. Interview participants explained that because the actual adoption of *The Davidson Trust* was made in such a condensed timeframe, there was a need for some time to work out program specifics before making the announcement. This included developing plans for how the program would be funded. Additionally, the board wanted to be able to craft an appropriate message in order to assure that the program was appropriately communicated to the public and potential Davidson applicants. One interview participant described the thought process behind waiting to announce the program:

> It was rolled out in March, which gave us six weeks to work on how we get this news out to alumni, prospective students, students in our applicant pool. How do we get it out to foundations and those that have been supportive? How do we get it to the parents, secondary school counselors, CEOs, in the hands of different foundations that we work with? That's what we wanted to do. And we wanted to make sure that the message was sound.

Those involved in the decision were instructed not to discuss the LRG with others at the institution, or indicate to people outside the college that the action had taken place. After this six-week time period, Davidson announced their program, receiving coverage and publicity in national media and higher education circles as being "the first liberal arts college in the country to eliminate student debt in its financial aid packages" (Kimmel, 2007b, p. 4).

6.4 CASE ANALYSIS

In this section, the case of Davidson College and its decision to adopt *The Davidson Trust* is analyzed along the eight dimensions of the diffusion of policy innovation framework. The analysis considers the actions of the institution and key policy actors involved in the adoption and implementation of the LRG. The conceptual framework, as adapted to be relevant for this study and summarized in Appendix D consists of four internal determinant explanations and four diffusion explanations.

6.4.1 Internal Determinants

6.4.1.1 Institutional Finances

Adoption of *The Davidson Trust* required the college to increase its financial aid budget by \$3.5 million – a substantial amount of money for a small institution. The considerable cost of the program assured that Davidson's finances would play a role in the decision to adopt the LRG. This analysis considers how and to what extent Davidson's finances factored in to the decision to implement *The Davidson Trust.* First, the debate over finances in the college's policy discussion is investigated. Then, two particular aspects contributing to Davidson's fiscal health that helped promote adoption – the recent financial successes of the college and confidence in the institution's future fundraising potential – are discussed.

From the time that the option of eliminating loans at Davidson was formally proposed at the trustee retreat, the Board was overwhelmingly in favor of the initiative – in principle. Issues surrounding access and affordability had long been a concern among policymakers at the college. However, the policy idea was debated over the course of the two-day meeting because of concerns that the institution might not be able to afford the initiative. A trustee captured the debate in his account of conversations at the retreat:

> There was a strong, healthy discussion about what Davidson should do, and I think there was a growing consensus that we should eliminate loans. There were people concerned about the cost, recognizing we don't have as large an endowment as some schools and therefore weren't in a position to just absorb that cost through our endowment. We were going to have to raise the additional resources. . . . So it was a very healthy debate.

Another board member added:

> I think there was concern, there were trustees – I think our board is a strong, um, thoughtful group – and there were some members that were concerned about, 'Could we afford this?'. . . 'Could we raise the money necessary?' Was it – was it right to commit that level of additional resources needed for just one project when we have other needs? There was some concern about whether it was the right time to make such a large commitment.

There was clear and considerable concern about the institution's ability to fund and sustain the initiative, and a realization by those at the meeting that Davidson simply "didn't have the endowment to do this." In contrast to many of the research institutions that had adopted similar programs previously, Davidson did not have revenue streams that could be redirected toward priorities such as need-based financial assistance. In discussing the role of finances in the decision to adopt the initiative, one trustee explained, "I think the financial piece is hugely important. We made this decision with full and open recognition that we did not have at the time the financial resources to implement it over a period of years."

In order to fund the initiative, policymakers at Davidson had to consider and confront two separate aspects of the financial debate – how to fund the upfront costs associated with potential implementation, and how to assure that the institution was in a financial position to sustain the initiative. It was estimated that the LRG would require a $3.5 million increase in the college's financial aid budget, and that the school would need to add $70 million to its endowment in order to assure that the program could be sustained. Further investigation into these two elements illustrates the pivotal role Davidson's financial situation played in the decision to adopt the program.

In the years immediately prior to the decision to adopt *The Davidson Trust*, the institution had realized unprecedented success from a financial standpoint. As previously discussed, the college had successfully completed a large capital campaign during which it exceeded its goal by over $20 million. Those interviewed indicated that the outcome of the campaign, and President Vagt's ability to effectively manage institutional resources left the institution with unrestricted funds which it could use to support areas of need:

> We had some surplus with our budgets that would allow us to get started funding this initially. And that was also part of it. Was there something we should do of significance with the surplus? And the feeling was that . . . financial aid would've been good use of that surplus.

Additionally, trustees explained that the college had experienced "extremely strong endowment performance over a period of seven years" prior to the decision. Interview participants indicated that overall they believed Davidson to be "in a very positive position" with regard to finances, and that they were confident that they "had some resources that [could] be used on a short-term basis to cover the [program] costs for the first three or four years." Ultimately, this financial situation and ability to support the LRG for its first few years helped instill some confidence in those at the institution that the program might be feasible.

The possibility of financially sustaining *The Davidson Trust* beyond its first few years was of much greater concern to those on the board than was the short-term funding of the initiative. Several interview participants indicated that the institution tended to be fiscally conservative, and committing to a program without having finances was a risky proposition. Despite this, President Vagt and the trustees were confident that they would be able to rely on some of Davidson's greatest strengths – its generous alumni and ability to raise funds – to make *The Davidson Trust* a reality. As the president explained:

> Ultimately the trustees said, "You know, this is something that we think is the right thing to do." We didn't have any money identified up front, we just had trustees saying "We will help make this happen. We will do whatever we need to do to make this happen." It was, you know, sort of some blind faith, that just feeling if it's the right thing to do, people are going to respond to it.

Interview participants indicated that confidence in the college's ability to raise funds, and a belief in the generosity of donors was critical to the adoption of the program. The institution knew that it was taking a calculated risk by committing to the initiative in the absence of funds. As one administrator explained:

> Normally you want to know where the money is going to come from before you commit to something and, I think it was sort of the idea of, "If you build it, they will come.". . . The idea of making Davidson affordable for anyone who wants to come strikes a chord with so many people.

Despite the magnitude of the risk, institutional policymakers cited the high percentage of alumni who were donating to the institution, and the belief that the aim of the program would attract donors as major factors in the decision. As one trustee stated, many believed that at Davidson "there was a sense of honor and responsibility among graduates" which another stated made it "easier to raise money to fund people and students than buildings."

Also factoring in to the college's calculated risk related to future fundraising was the fact that several of Davidson's most generous donors were involved in the decision-making process as members of the Board of Trustees. Vagt explained that this played a role in getting the program implemented: “We also had trustees sitting around the table . . . who said, ‘You need to visit me again [to secure a donation].’ . . . I don't mean to say that, you know, that at the end of the meeting we had raised the money. We hadn't.” However, the president knew that *The Davidson Trust* “was something that resonated with those who made contributions.” Additionally, trustee connections with various foundations interested in the cause of promoting access among lower-income students helped instill confidence the institution’s fundraising abilities. One board member explained:

> We even knew there was potential to get a foundation [to contribute] which turned out to be a foundation to help us bridge the gap. There were no promises from them but we knew at least they were interested and encouraged to do that. And that was important.

Ultimately, Davidson, despite not having enough money for *The Davidson Trust*, adopted the program largely on faith that those working for and connected to the institution would be committed to making the program a lasting success.

6.4.1.2 Policy Entrepreneurs

Policy entrepreneurs are individual policy actors who actively seek dynamic policy change, and effectively network with key individuals involved in the process to build coalitions in order to gain support for an issue (Mintrom, 1997). While the final adoption and implementation of *The Davidson Trust* came about as a result of collaboration between administrators and the Board of Trustees, interview participants indicated that President Vagt’s ability to build coalitions and support for the policy innovation was instrumental in pushing Davidson toward its decision.

As discussed previously, Vagt was widely respected as an institutional leader and had a strong relationship with the Board of Trustees. Additionally, he was viewed as an individual who often actively pursued dramatic and influential action for Davidson. As one individual stated, "Bobby always had big plans." Another interview participant explained how the president's personality and effectiveness as a leader influenced *The Davidson Trust*:

> I think the feeling of trying to do something that was significant [that] would be important for Davidson. That's the type of person Bobby is. He wanted to do something significant for higher education and for Davidson, and so the notion of graduating without any debt was viewed as something we could possibly do that would be very dramatic.

One member of the Board of Trustees elaborated by explaining how the president's personality and his upcoming departure from the institution influenced Davidson's decision to adopt the no-loan program:

> I think the combination of Bobby Vagt wanting to do something very dramatic and important – that was sort of his personal style. He realized that he, you know, when we decided that he'd be stopping after ten years . . . he wanted to do something, I think there was his desire to make an important, far-reaching move.

Another board member also discussed how adoption was tied to the president and his pending exit:

> [The program adoption] had something to do with Bobby's last year, [him] wanting to make a real mark on education the last year. He had done all the other fixes. Bobby had been very successful, making us much more fiscally prudent and better run operationally. So this gave him an opportunity to do something that would really affect the future quite a bit in a very positive way.

Vagt's influence as a policy entrepreneur is observed through his work with members of the college's enrollment team and the trustee Committee for Admissions and Financial Aid. The president's long-standing interest in promoting access and making Davidson an affordable option for lower-income students led him to work toward an understanding of how the problem might best be addressed. In order to put this solution into action, Vagt exercised some of his executive power that would ultimately help focus the debate and pave the way for the policy to be adopted. One interview participant explained, “That retreat event, Bobby sets the agenda for it. And as to how things are going to progress through those 48 hours, it’s all driven by the president. It was his agenda.”

According to members of the committee, prior to the meeting Vagt worked closely with the board’s Admissions and Financial Aid Committee, encouraging them to craft and present an ambitious aid policy to present to the entire board of trustees. Several members of this group credited the president’s support and encouragement with making the initiative a success. One member explained that Vagt worked with the committee prior to the retreat to assure that the policy was “air tight” and helped to craft the specifics of presentation to the board. His work with this group demonstrated his approach to working with various constituencies to promote adoption of the policy.

In addition to working with the Board members on the Admissions and Financial Aid Committee, Vagt sought to build support through coalitions by approaching other influential trustees. Members of the Board indicated that he had maintained a strong relationship with the group during his time as president, and consistently communicated with its members outside of the three annual meetings. One Davidson cabinet member described how Vagt had spent some time planning the program, and how the president worked with trustees to build consensus among trustees to help facilitate the adoption of *The Davidson Trust:*

> For a year or so we talked and refined [the policy]. Bobby talked to trustees to speak about the desirability of doing this. I sense he got a very favorable response. He was very good at – sort of an aside, but as a lesson in higher education administration – very good at working with the trustees, paving the way for dramatic and important things to make sure that they knew in advance what he was doing, why he was doing [it] – generating support. There are a couple other examples of that, but [*The Davidson Trust*] is a good example. So increasingly the plan was refined and then it was brought to the trustees who adopted it.

Vagt’s ability to generate support prior to the meeting was discussed as a key factor in the institution’s ability to adopt the program in the condensed timeframe of the February retreat. By working with influential board members beforehand, the president was able to assure that the institution had the consensus that would be necessary to pass the expensive and influential initiative in spite of seemingly large financial barriers.

In discussing his role in adopting the program, Vagt refused to take considerable credit for the initiative, instead giving it to the board and others at the institution. However, when asked if he was the main driver of the policy, he acknowledged that he played a role, but continued to deflect recognition:

> I know that . . . it is much neater and cleaner if there is sort of a catalyst, sort of a change agent. I should be, because I was there. I mean, I am supposed to be responsible for the operations of the institution. I'm on the ground, so appropriately, I think a lot of this fell to me. But I would be lying to you if I didn't say to you that the emotion and the spirit and the push and the setting and the receptiveness came from that board of trustees.

Interview respondents consistently credited the former president because of the manner in which he pushed the policy idea, and then worked with both administration and trustees to assure that it would be adopted. As one administrator explained, in part because of Vagt’s efforts the decision to eliminate loans ultimately became “a no-brainer” despite potential financial obstacles. In summing up the adoption process, the interview participant stated that successful adoption resulted from “having solid data, having a board that wants to do the right things and make this place accessible to students of all background, and Bobby Vagt. There you go.”

6.4.1.3 Institutional Governance/Leadership Dynamics

In the policy adoption process, the manner in which the governing body of the adopting entity is constructed and carries out its role has been shown to influence the adoption decision (e.g., McLendon et al., 2007). Davidson's governance structure – namely the presence of a true "working board" at the college – was cited as a significant factor in the institution's decision to adopt *The Davidson Trust*. The involvement of the trustees in crafting and approving the financial aid initiative that its members believed aligned with the mission and purpose of the institution played a part in assuring that the program would be implemented in the absence of substantial funding. Additionally, the close relationship of the Board with the institution's president helped to facilitate adoption of the program.

At Davidson College, the Board of Trustees is expected to play a central and active role in crafting and implementing major institutional policy. This practice differs from the decision-making process at many colleges and universities, where major policy decisions are made by administrators (commonly a president and cabinet) and the board functions as body that mainly approves decisions. Members of the Davidson Board are required to sit on various working committees that are responsible for reviewing and setting institutional policies. One interview participant described how the Davidson Board of Trustees operates in contrast to those at other colleges:

> When you think of a board, you think of extremely wealthy people coming together to really "rubber stamp" stuff. That's the perception you get. [Davidson's board] is a true working, knowledgeable, highly educated, current, concerned board – and that's true whether they're on [the Admissions and Financial Aid] Committee or not. I'd say the board as a whole, any committee they're on, they are working diligently to work on things, and to push the administrators in that area, and advancing these different agendas.

The active nature of the Davidson Board of Trustees put them at the center of the conversation surrounding *The Davidson Trust* at the early stages of the policy idea. Board members, particularly those on the Admissions and Financial Aid Committee, were aware of the institution-wide concern about financial aid policy and had been for some time. According to trustees who were interviewed, knowledge of this perceived problem, coupled with the policymaking power of the group allowed for extremely quick action toward a policy solution. Had the board not been so intimately involved with and aware of the issue over the course of several years, it is unlikely that it would have been able to act so swiftly with such dramatic action and adopt *The Davidson Trust* over the course of two-day retreat.

In addition to the active, working nature of the board, a number of trustee respondents indicated that the close connection of the Board members to the institution helped facilitate adoption of the policy. Most individuals serving on Davidson's Board of Trustees are alumni of the college, and proclaim strong "sense of stewardship" and desire to "maintain the heritage" of Davidson that is laid out in its mission and purpose. Because the group collectively held a personal connection and was at the same time responsible for making policy decisions, the adoption process moved beyond one that considered financial implications. As one board member explained, "As many of my [trustee] colleagues said at the time, this decision was a very 'Davidson-like' decision to make; that it was completely congruent with our culture and our heritage." Another stated, "I would say that the decision to adopt *The Davidson Trust* reflects the really deep sense of stewardship held by the trustee body." Yet another board member who described the policy as "the right thing to do" summed up how this collective sense of purpose influenced the decision to adopt the program:

> If you polled my colleagues, all 48 of them, I think you'd hear that [it was "the right thing to do"] from almost every one. We felt a tremendous sense, of responsibility to the heritage for the institution, and I think in the end, that sense of responsibility, led us to take the financial leap of faith. Knowing full well, that, you know, not an insignificant portion of that burden was going to be borne by people in the room making the decision. . . . I think of it as really driven by a sense of place and responsibility.

As this trustee explained, with adoption of The Davidson Trust representing a significant "financial leap of faith," the personal connection the trustees felt with the institution and the desire to take an action that was "the right thing to do" certainly influenced the adoption decision.

One final aspect of Davidson's leadership structure and practices that helped facilitate the program's adoption was the close working relationship between the president and the Board of Trustees. As detailed earlier, President Vagt was able to effectively work closely with the decision-making body in order to facilitate the adoption. Additionally, interview participants indicated that the board had tremendous respect and admiration for the president. With Vagt's pending departure, the willingness of the trustees to work with the beloved leader and help accomplish goals he had laid out for the institution played a role in the adoption decision. One respondent explained:

> I think to some degree there may have been the fact that Bobby was leaving, he really wanted to get it done, and [the Board] wanted to get it done for him. They don't know who the next leader is, they don't know if he will be committed to this. They knew the environment was right, the right people at the admissions committee, board of trustees, and that combination was only going to last two meetings more. . . . And so I think sort of that combination of things really played into, 'Well now is the time, if we do this, we've got to do this now.' Whereas if [Vagt] had another year left, maybe it would've happened six months later, maybe it would've happened a year later, or five years left, it might've happened but maybe not that particular time.

6.4.1.4 Institutional Educational Problems

Another oft cited factor in the decision to implement policy innovations is the presence of various "problems" at the adopting entity, as the initiatives are commonly introduced to address perceived issues (e.g., Doyle, 2006). As discussed previously, the percentage of students from low- and moderate-income students entering Davidson had been stagnant for over ten years at the time of *The Davidson Trust*, despite larger numbers of these students attending college. These enrollment trends represented an issue that the college sought to address through adoption of the LRG, as was concern over high loan debt burdens among those currently enrolled. Those who were interviewed identified these institutional problems as major drivers in the college's decision to adopt *The Davidson Trust*. Evidence supporting this assertion is observed through the expressed concern about the problem, the long-standing efforts to research the issue, and the final structure of the policy which sought to appeal to students at the point of application.

The underrepresentation of low- and moderate-income students at Davidson, and the rapidly increasing loan debt burdens of those on campus were troublesome to those at the institution. Concerns over the issue were multifaceted, as trustees and administrators worried about how the enrollment trends and debt burdens were influencing current institutional culture, and how the issue might hinder the institution from achieving its vision of becoming a more socioeconomically diverse place. One trustee explained that "discussions about . . . the make-up of our student body, [and] the future of Davidson in terms of the kind of community that we wanted to be" were major drivers in the decision to implement the policy. Many at the institution agreed with these interview participants who explained that the college had a responsibility to address the problem. One cabinet member explained:

> A lot of conversation tended to be . . . about, you know, [trying] to increase our financial, economic diversity of the student body. We really don't want to constantly be two-thirds full pay students, so there was a lot of internal concern.
>
> We weren't changing from having about two-thirds of our students being full-pay. And . . . despite efforts to get a more economically diverse group, we weren't necessarily getting it. So, we had to do something more dramatic to try to, you know, diversify economically.

The growing concern over enrollment trends was long-standing and became the impetus for its consistent efforts to research the enrollment decisions of college applicants which ultimately helped to inform adoption of *The Davidson Trust*.

The decision to adopt *The Davidson Trust* was thus largely influenced by the desire to "do something more dramatic" in order to effectively address both the underrepresentation of lower-income students on campus and the high debt burden of currently enrolled students. Trustees and administrators alike consistently pointed to a firm belief that the policy represented an appropriate and necessary solution that would assist Davidson in addressing some of its problems. President Vagt explained:

> What were we trying to do? We were trying to make sure that kids who might not otherwise apply would at least consider. . . . They might not end up at Davidson, but it wouldn't be for financial reasons, saying "I can't afford it."

One board member echoed the president's comments:

> We want anyone who can do the work at Davidson to feel like Davidson is an option for them. This [policy] is the way we can do that. I think also – there are also certain demographic groups that are debt adverse, so recognizing that also would affect diversity and things like that as well, it played a part in it, but the overarching goal is to have more students with need come to Davidson – making it truly accessible to everybody.

Another trustee articulated the central aim of the initiative:

> Our goals were to make Davidson as open as possible and as accessible as possible for students who have the ability to do the work regardless of their economic circumstances and to allow our Davidson graduates the broadest range of post-graduate choices . . . without the burden of excessive debt.

The understanding of the institution's perceived issues with regard to student financial assistance and corresponding belief that they could be addressed through policy action suggests that these problems were influential in the adoption decision.

In conducting research on enrollment patterns, Vice President Gruber and the Admissions and Financial Aid Committee determined that “student price sensitivity was occurring at the time of application,” meaning that lower-income students were not even applying to Davidson because of its perceived cost. This dimension of the lower-income student enrollment problem also played a role in program adoption through its influence on the structure of *The Davidson Trust*. Those at the institution were troubled by the fact that students with need were not applying despite the fact that Davidson already had a strong financial aid program in place. Therefore, the trustees were focused on implementing a policy that had a simple and understandable message so that students would be able to clearly understand that the college was affordable. Gruber explained that the institution wanted a program that “you could define in the time it takes to ride an elevator” and elaborated by saying:

> We wanted something clear easy to articulate. That’s what drove our major [policy design] decision . . . I think there were examples that enabled us to understand the need for clarity and ease and understanding. . . . How simple can it be? You won’t have a loan. You won’t have a loan; we are not going to ask you to take out a loan. That’s pretty simple.

This desire to alleviate price sensitivity influenced those involved in the policymaking process to make the program eligible to all aid recipients (as opposed to students from families with particular income parameters) and completely eliminate loans (as opposed to capping them). Those at the institution believed that placing such conditions on the program would make it less effective in addressing the college’s issues.

6.4.2 Diffusion Explanations

6.4.2.1 Competition

Davidson College's national ranking and reputation places it in a highly competitive environment with regard to recruitment and enrollment. Because LRGs were a relatively recent phenomenon in higher education at the time of the adoption of *The Davidson Trust*, and Davidson became the first liberal arts college to implement a No-Loan program for all aid eligible students, the college was in a position where it could realize considerable competitive benefits by adopting the program. While several interview participants acknowledged that they were aware of potential competitive benefits associated with LRG adoption, these individuals typically denied that the inevitable outcome motivated the adoption of *The Davidson Trust.* The role of competition was, however, observed through institutional efforts to market the program following its announcement.

Some Davidson administrators and, to a lesser extent trustees, were cognizant of other LRG initiatives that existed prior to the college's decision to adopt *The Davidson Trust*. As a result, several individuals involved in the process were aware that no liberal arts college in the country had taken the step to eliminate loans for all of its aid-eligible students. One interview participant explained that "among the 'sacred cows' which we graze, there's no one else out there in the field that looked like us at the time . . . there wasn't really any other format like this." Though this anecdotal knowledge existed, Davidson made no formal effort collect information on the specifics of existing initiatives. President Vagt explained that developing a competitive program was not a primary concern for the institution:

> When we adopted it, we did know that Princeton was the only national institution, and that there were no other national liberal arts colleges that had looked like us who had done this. But I would have to tell you that that did not really play much

> of a role. . . . In the end the decision was that what we needed to do was to get rid of debt.

A few members of the college's board of trustees briefly mentioned motivations that might be linked to competition, but for the most part this incentive was downplayed. For example, one individual stated, "I thought it would make a real difference, enabling Davidson to . . . be a little unique and not be a follower" and another expressed a belief that a no-loan program at a liberal arts college "is inevitable. Someone's going to do it, and we might as well be first." Despite recognizing potential competitive benefits, these factors did not drive the college to adopt the initiative.

While the competitive higher education enrollment landscape had little influence on Davidson's efforts to adopt *The Davidson Trust*, the institution did ultimately seek to gain some benefits from being one of the early LRG adopters. Following the trustee retreat, the institution entered a six-week "quiet period" during which the decision was to remain secret, and the college hired a marketing firm in order to "craft and handle a message for distribution to media outlets." One interview participant described this process:

> They brought in all these marketing people . . . so as to get maximum impact from the announcement. . . That was one of the things the trustees pushed – if we're going to make this investment, let's hope we get a big pay-off. They had these marketing people involved before the announcement was made . . . and they have different suggestions and plans for us.

Some involved in the process described the "quiet period" and the use of the marketing team as a concerted effort to "work on a big announcement that would make a big national splash" suggesting that it was driven by a desire to seize upon competitive benefits. However, others believed that it was more an effort to "make sure the message was sound" and that it would be easily understood by potential donors and prospective students.

6.4.2.2 Convenience or "Satisficing"

Davidson College is accurate in its claim that it is the "first national liberal arts institution to eliminate loans" for all aid eligible students, but there were more than ten LRGs in existence at the time the college adopted *The Davidson Trust.* Despite the presence of these innovative financial aid policies, Davidson policymakers did not rely heavily on the design of existing programs when crafting the specifics of their own LRG. It was inevitable that the design of pre-existing need-based aid programs would establish a template for Davidson to follow by addressing loan debt. However, administrators and trustees did not invest any significant amount of time or resource into investigating the specifics of these programs in an effort to design their own initiative.

Interview participants were typically aware that other institutions in the country had implemented LRGs, but tended not to be knowledgeable about the number of programs or their specific terms and conditions. For example, when asked if he was familiar with other programs, one interview participant explained:

> Sort of periodically I suppose I read stuff in the press about, [how] Princeton's done this. But if you ask me what schools and what programs, the answer would've probably been "No." If you asked me what the rules of each programs were, the answer would be "No."

One member of the board who had been described as a strong advocate for *The Davidson Trust* answered the same question this way:

> Vaguely – I hadn't really studied any of them. I know there have been a number of schools that have adopted variations of their loans – financial aid changes that guarantee tuition for people who have a family income under certain levels – we talked some about income levels. I think deciding that looking at the whole financial need of a family was a better way to do it so that's the reason I think we went in the direction we did. My memory is there were no others except Princeton.

Institutional policymakers who were knowledgeable of other initiatives did indicate that as part of the decision-making process they considered a commonly-used practice among LRG adopting institutions when crafting *The Davidson Trust.* The majority of LRGs that existed prior to 2007 were "Income-Level Eligible" initiatives, and those at Davidson discussed the possibility of implementing a similar policy. One board member explained:

> Among the ideas that were considered were just expanding the framework for the [existing] loan cap, were more targeted programs, based on family income ranges or things like that. Any number of variations was among the policy issues that were at least laid out. While we did not explore how other institutions came to these decisions, we did discuss how their programs and how appropriate similar programs would be for us.

While those at Davidson did not necessarily seek to borrow a pre-existing policy idea from other institutions, they did investigate and consider other popular policy options when constructing their own initiative. Ultimately, those charged with formulating the policy arrived at the decision that there were not applicable "examples that paralleled where [Davidson was] in the area of financial strength that would've been overly helpful." Instead, from these examples, Davidson arrived at the conclusion that there was a "need for clarity and ease and understanding" that was best achieved by eliminating all loan obligations.

6.4.2.3 Normative Pressure

For several years prior to the implementation of *The Davidson Trust*, the enrollment of financial aid recipients remained steady at around 33% and there were approximately 100 Pell Grant recipients attending the institution. These enrollment figures brought about the possibility that Davidson might begin to experience some pressure from those advocating for wider access to higher education. One potential source of such normative pressure was the federal government, which had recently released the Spellings Report and questioned colleges regarding their rising costs and lack of affordability. Additional pressure may have come from Davidson's alumni body which tends to be active and involve itself in institutional matters. Despite the presence of potential sources of normative pressure, individuals involved in the policymaking process did not indicate that there was any push from external entities prior to the program's adoption. This diffusion explanation was thus not a factor in the adoption of *The Davidson Trust.*

6.4.2.4 Policy Networks/Communities

Because the bulk of the decision-making power at Davidson lies with members of the Board of Trustees, in the case of *The Davidson Trust* there was little opportunity for policymakers to share ideas concerning financial aid initiatives with those at other institutions. The majority of the individuals on the college's board hold leadership positions in the private sector, which essentially removes them from interaction with those who craft higher education policy for other institutions. Two Davidson administrators – Vice President Gruber and President Vagt – by virtue of holding influential positions at the college, did have opportunities to communicate with their colleagues. However, these two institutional leaders indicated that they did not consult with their peers or discuss policy options in professional meetings, indicating that policy networks essentially played no role in the adoption of *The Davidson Trust.*

Gruber explained that as an enrollment professional, he remains in close and consistent contact with his colleagues at other institutions, stating that "we all know one another." This is especially true among those working in admissions at the national liberal arts colleges. Despite maintaining these relationships and communication, when asked if he discussed the Davidson LRG with his peers prior to adopting the program, Gruber stated, "No. No. The 46 trustees were aware of this. There were 46 trustees, and seven members of the president's cabinet" and a few other select individuals. Therefore, instead of the policy process being one that relied on a sharing of ideas across policy networks, it was better characterized as one that remained confidential.

Similarly, President Vagt suggested that the decision to adopt *The Davidson Trust* was made entirely within the walls of the institution and that he did not communicate with his considerable contacts across higher education. When asked whether or not he discussed the policy idea with other presidents, he explained:

> No. Because at that point when you announce it, it sounds like you are thumping yourself on the chest. Because once we had to announce it, then it gets to be, "Well, who else is doing this" and we needed to be very clear that we were not doing this to be the first. This was about doing what we thought had to be done.

Vagt's response indicates that Davidson's primary focus was on crafting a policy that was appropriate for the institution, and that the administration was less concerned about the actions of other colleges. Because of this inward focus, there appeared to be little need for those at Davidson to interact with colleagues at institutions with similar policies. Additionally, the six-week period between the day of the program's adoption and the institution's March 19 announcement supports the assertion that the institution was intent on keeping the policy decision confidential.

7.0 EMORY UNIVERSITY AND *EMORY ADVANTAGE*

Emory University is a privately-funded, comprehensive research institution located in Atlanta, Georgia which enrolls approximately 12,000 students, 6,700 of whom are undergraduates. In January 2007 Emory announced the adoption of a new LRG initiative, known as *Emory Advantage*, for eligible undergraduate students beginning in the 2007-2008 academic year. When it was introduced, *Emory Advantage* was fairly unique in that it was among the earliest "two-tiered" LRG initiatives, including both a No-Loan LRG (for lower-income students) and a Loan Cap LRG (for middle-income students). The institution allotted $15 million in institutional funds to support *Emory Advantage* over its first five years, with a goal to raise an additional $75 million in endowment funds during that time to sustain the program. In its first year, the university spent over $3.4 million on the LRG. As a case study, the development and implementation of *Emory Advantage* reflects the critical role of institutional finances, the influence of policy entrepreneurs, changing leadership and approaches to institutional governance, and competitive pressures resulting from the broader higher education financial aid policy landscape.

This chapter opens by providing a brief description of Emory University's history and background, including information on the institution's administrative and decision-making structure as it pertains to financial aid policy development. The ensuing section provides relevant antecedents that describe the financial aid policy context both across higher education and at

Emory at the time of the adoption of *Emory Advantage.* The narrative chronology that follows subsequently describes the process leading to the implementation of the need-based aid initiative. This chronology relies heavily on interview data and archival documents which were used to corroborate information provided by interview participants. The final section utilizes the eight dimensions of the diffusion of policy innovation framework (Appendix C) to analyze the case and the adoption process associated with *Emory Advantage.*

7.1 EMORY UNIVERSITY OVERVIEW

7.1.1 Institutional Profile

Emory College was founded in Oxford, Georgia in 1836 as a Methodist institution. In 1914, the institution moved its central operation from the small town of Oxford 30 miles west to Atlanta and in later established graduate programs in law, medicine, and business. Emory built and enjoyed a reputation as a quality regional university after moving to the state capital. However, it was not until 1979 when a $105 million gift of Coca-Cola stock from the company's owners, the Woodruff family, helped Emory grow into a highly regarded national research university. At the time, the gift was the largest single contribution ever given to an American college or university. The institution enjoys a national reputation, including a top 20 ranking among the *USNWR* "Top National Universities," and membership in the prestigious AAU. Emory's $5.5 billion endowment currently ranks 16th nationally among American colleges and universities (NACUBO, 2009). The operating budget at the university is approximately $2.8 billion. The institution describes itself as "an inquiry-driven, ethically engaged, and diverse community whose members work collaboratively for positive transformation in the world through courageous leadership in teaching, research, scholarship, health care, and social action" (Emory University, 2008b, p. 1).

7.1.2 Organizational Structure

Oversight of Emory University is the responsibility of the institution's 39-member Board of Trustees, made up of individuals from a variety of corporate and educational backgrounds. During its annual meeting with high-level university administrators, the group approves the annual budget and reviews significant institutional policy decisions. Within the Board of Trustees, a smaller Executive Committee, appointed annually and consisting of less than 20 members, takes charge of the general affairs of the university and carries out the Board's directions and resolutions. While the Board has final say on major policy decisions, and was responsible for final approval of *Emory Advantage*, they are not often actively or directly involved in developing and implementing policy. Instead, the President and cabinet develop and present major policy initiatives to the Executive Committee.

Emory's president is elected by, and reports directly to, the Board of Trustees and is primarily responsible to act as the institution's "chief executive and administrative officer" and make decisions regarding "academic and other institutional affairs" (Emory University, 2008a, p. 1). James Wagner, Emory's 19th president, began his tenure in 2004. Individuals reporting to and appointed by the president include the Chief Executive Officer of the Health Sciences Center, the Provost, the Executive Vice President for Finance, and the Vice Presidents of Campus Life, Alumni Relations, and Communications. In the case of *Emory Advantage*, the cabinet members most involved with the program's adoption were Provost Earl Lewis and the Executive Vice President (EVP) for Finance, Michael J. (Mike) Mandl.

7.1.3 Financing an Emory Education

The current tuition for Emory undergraduates is $35,800 and the per-year budgeted cost including room, board, books, travel, and personal expenses is just less than $50,000. The institution devotes the majority of its undergraduate financial aid budget to need-based financial assistance but also awards 150-200 annual merit-based scholarships. Approximately 37% of Emory undergraduates receive some form of need-based financial assistance, with the average aid package (grants, loans, and work-study) for students totaling over $27,000 annually (Emory University, 2009). In assessing students for need-based assistance, Emory practices "need-blind/full-need" admission and financial aid policies, meaning that students are evaluated for admission without regard for their ability to pay. All financial aid applications are reviewed and awarded by employees in Emory's Office of Financial Aid and must apply for aid every year. In 2006-07, 12% of Emory students were eligible to receive Federal Pell Grants, an indication of low-income student enrollment (Economic Diversity of Colleges, 2008b).

7.2 ANTECEDENTS TO *EMORY ADVANTAGE*

Before describing the policy adoption process that produced *Emory Advantage*, this section begins with a review of the broad LRG context across higher education at the time of the Emory decision and a description of the institutional environment prior to the program's adoption.

7.2.1 Financial Aid Policy Context

7.2.1.1 The Spread of LRGs

At the time Emory announced *Emory Advantage,* LRGs were a fairly new phenomenon. During the year prior to the introduction of the Emory program (2006-07), a total of 12 institutions had implemented various forms of LRGs, and most of these institutions were among the best known, highly endowed, and most selective institutions in the United States (Lips, 2008). At the time the Emory initiative was announced, the existing programs were all structured fairly similarly. Most were “Income Level-Eligible” programs, typically presenting a pre-determined income level used to define “low-income” and a financial aid award comprised mainly of grant. The greatest variation between initiatives was related to eligibility requirements. Though LRGs were few in number, the general public was knowledgeable of these programs, viewed them as innovative, and the initiatives received considerable coverage in newspapers, magazines, and on television. The adoption of LRGs in their various forms appeared to represent a concentrated and targeted effort to enroll lower-income students in some of the country’s most selective institutions. *Emory Advantage* was unique at the time of its inception as one of the few programs that addressed “middle income” students, as its reach was extended to families earning up to $100,000.

7.2.1.2 State Context

Emory’s location in Georgia placed the institution in a unique state financial aid policy landscape. The state’s merit aid scholarship program – Georgia HOPE – had long benefitted academically talented students at the institution by providing them with tuition-free education at state-run institutions. The unique opportunity for Georgia residents to take advantage of the

HOPE scholarship had allowed state-run institutions, especially the University of Georgia, to become more selective and prestigious (Cornwell et al., 2006). As a need-based program, *Emory Advantage* was fundamentally different from Georgia HOPE, but interview participants explained that the presence of an innovative financial aid program that was benefitting nearby institutions was something Emory administrators were cognizant of and consistently monitoring.

7.2.1.3 Federal Government Scrutiny

In addition to significant changes in institutional financial aid in the years leading up to Emory's announcement, there was also the potential pressure of increased government scrutiny. In September of 2006, the Spellings Commission on the Future of Higher Education – a group formed by United States Secretary of Education Margaret Spellings – issued a much anticipated report. While the main focus of the document was a call for greater accountability in higher education, the commission's report was also critical of rising college costs and insufficient access for lower-income students. The work of the Spellings Commission was highly publicized, and began to turn lawmaker attention to college affordability issues, including institutional endowment amounts and spending levels on financial aid (Reeves, 2007).

In the months that followed the Spellings Report, Iowa Senator Charles Grassley, minority leader of the U.S. Senate Finance Committee began calling for institutions to utilize at least 5% of their endowments to promote access among lower-income students (Pope, 2007). The Senator argued that a number of American colleges and universities had been able to accumulate multi-billion dollar endowments while being sheltered from tax liability as not-for-profit entities. The fact that many of these wealthy schools enrolled relatively few students from lower-income backgrounds led to questioning about their motives and the service they were doing for society at large. From those working within higher education there was some fear that if colleges and universities did not begin to address the inequitable access problem on their own they might see greater oversight from the federal government. While most of the pressure Grassley and others came after Emory announced its LRG, the work of those on the Spellings Commission had clearly sent a message to higher education that it would be held increasingly accountable for its actions related to both educational outcomes and financing.

7.2.1.4 Emory's Position

In this wider financial aid policy landscape, there were both threats and opportunities for Emory University. For one, some of the institution's aspirational peers, particularly Ivy League institutions, had adopted LRGs of one type or another in the years leading up to *Emory Advantage.* In addition, the University of Georgia was becoming more prestigious, partly as a result of the state's financial aid policy. At this point in time, LRGs were a new phenomenon, and adopting institutions continued to benefit from significant publicity following their respective program announcements. Moreover, there existed an opportunity in program design. Most LRGs were focused on the lower-income students, and those at Emory saw some promise in extending the income level eligibility of its program through the loan cap. So, not only would the Emory program be one of the few LRGs in higher education, it would be a new and different *type* of LRG. Finally, the institution's sizable endowment made it a potential target of the federal government, which was seeking to hold institutions with larger endowments accountable for their financial aid decisions. Emory officials saw an opportunity to be an innovator and an institution on the cutting edge, ahead of its competitors, and proactive in providing financial support to lower income students.

7.2.2 Emory University Institutional Context

Emory Advantage was adopted at a time that was not only unique in terms of the wider financial aid policy arena, but at a transitional point in the University's history as well. As a result, there are a number of important institutional factors that influenced the development and implementation of *Emory Advantage.* This section describes some of the more influential developments including leadership change in the time leading up to the program's adoption, the relative fiscal health of the institution, and the makeup of Emory's undergraduate population in the years leading up to adoption. In addition, it discusses Emory's position among its competitors and aspirational peers with regard to visibility, prestige, and eye toward competitiveness helped contribute to an environment that facilitated the program's adoption in January of 2007.

7.2.2.1 Institutional Leadership Change

President James Wagner arrived at Emory University in 2004 after 5 years as the Provost at Case Western Reserve University in Cleveland, Ohio. An engineer by trade, Wagner brought with him what some described as "a new and different energy" than that which had existed under the previous administration. After arriving at the University, Wagner worked quickly and tirelessly to connect with individuals employed at and associated with the institution in order to better understand Emory's history and to formulate a plan for the future. One of the President's early formal efforts was to work with the Emory community toward crafting a vision statement designed to guide the university as it moved forward. After several weeks of corresponding with various constituencies across the University, the President's Office released the Emory Vision Statement:

> Emory: A destination university internationally recognized as an inquiry-driven, ethically engaged, and diverse community, whose members work collaboratively for positive transformation in the world through courageous leadership in teaching, research, scholarship, health care, and social action (Emory University, 2004, p. 1).

The development and publication of the vision statement was important in at least two regards. First, the fact that Wagner began his time at Emory with a public effort that involved individuals from across the community provided insight into his leadership style. Second, the bold characterization of Emory University as a "destination university" would permeate the institutional culture, and become a clear driving force for a number of institutional decisions including a comprehensive strategic plan that was launched soon after Wagner began as president.

Wagner's desire to understand the institution he was entrusted with managing, and his willingness to make the road toward crafting a vision an open process, resonated with those at the university and suggested that major decisions about the direction of the institution would not be made in a vacuum. Wagner's leadership style represented, in the minds of many interview participants, a positive change from that of the previous administration – one that was more forward-thinking, invested in change, and willing to involve multiple stakeholders from across the institution. This approach characterized many of the early policy decisions made by Wagner and his cabinet, including the adoption of *Emory Advantage*.

The central tenet of the Emory vision statement was that the University would seek to become a "destination university" which, among other things, would be "recognized as the first choice of brilliant and committed students," "known broadly both within and outside academic circles," and "highly ranked" (Emory University, 2004, p. 1). For faculty and staff, the institution would seek to be the place where they sought to work, and would represent the top of their profession. For graduate and undergraduate students, it would become a first choice school from which they aspired to attend. This notion of Emory as a “destination university” caught on quickly and became a prominent idea that infused the institution’s culture. In filling out his cabinet, Wagner followed the spirit of this message in nominating his Provost Earl Lewis, who arrived at Emory following a six year appointment as Vice Provost at the University of Michigan. Mike Mandl, EVP for Finance, had been hired during the previous administration after working at Duke University, and was retained by the new President.

In Mandl and Lewis, Wagner had two high-ranking cabinet officials who embraced his vision. Both arrived at Emory from well-respected institutions – an indication of Emory moving toward its goal of being a “destination university.” Additionally, both embraced Wagner’s open and communicative approach to leadership. Soon after the president arrived at the institution, the cabinet members began a series of town hall meetings aimed at community-building and soliciting feedback from those at the institution. Mandl and Lewis, along with Wagner, were central figures in these conversations. Wagner made it clear early in his tenure that communication would be a key in his approach to leading the institution. “The intention of why we communicate is to get others to listen to us,” he said.

7.2.2.2 Financial Situation

Because *Emory Advantage* ultimately required a substantial investment of resources from the institution, it is important to consider the institution’s financial status leading up to the adoption of the LRG. The Woodruff Family gift of 1979 helped Emory to become one of the nation’s wealthiest postsecondary institutions. Since that time, the institution’s endowment had grown steadily and currently ranks among the largest at American colleges and universities. Additionally, the health care division of Emory University is a profitable enterprise that brings in considerable monies from research grants and other products. The income helps the institution with its operating costs and helps to fund building and other projects.

An example of Emory's earning power is illustrated by Emory's sale of the royalty interest for Emtriva – a drug used to treat HIV infection that had been discovered by researchers at the University – to two drug companies in July 2005 (Emory University, 2005b). This occurrence would ultimately affect the decision to adopt Emory Advantage. At the time of the sale, Wagner announced that the "dividends will be plowed back into our mission of research and discovery for the benefit of our state, our nation and the world, in accordance with the priorities we have identified in our University-wide strategic plan." Ultimately, a portion of the funds would be made available to the central university. As one administrator explained:

> President Wagner and . . . his team of executive vice presidents made a decision. You could either put that into the endowment . . . or they could use it right away to have an immediate impact on the institution. . . . So the decision was made that the funds from the licensing of Emtriva that were held by central university would actually be invested – very little of it put into long term endowment. And so it gave the new president and his team an opportunity to develop a strategic plan – which in some cases has very little financial backing – to a strategic plan that actually has significant amount of cash to drive those initiatives.

A little over a year prior to the sale of Emtriva, Emory had embarked upon its ambitious and comprehensive strategic plan designed to grow and improve the institution. The strategic plan was enacted as a mechanism to help the institution realize Wagner's vision of transforming Emory into a "destination university" by strengthening all facets of the institution and expanding Emory's reach and reputation. In crafting the plan, the institution identified a number of strategic issues, one of which was "inadequate financial aid across all the University's schools, resulting in over dependence on tuition and decreasing socioeconomic diversity" (Emory University, 2005a, p. 1). It was not a surprise, then, that both the considerable funding that came from the

Emtriva transaction, and Emory's already sizable endowment would act as major catalysts for the adoption of *Emory Advantage*.

7.2.2.3 The Student Population

Along with being one of the most highly endowed institutions in the country, Emory is also among the most expensive. With a current total cost of nearly $50,000, it is among the most expensive private institutions in the U.S. As evidenced by the institution's strategic goals, there were concerns at the highest levels concerning decreasing socioeconomic diversity. Interview participants across all levels of the institution recognized that Emory had not escaped system-wide problems related to inequitable access. While the institution had consistently had about two-thirds of its undergraduate student population qualify for financial aid, only about 12% of those were Pell-eligible students – a relatively low percentage. It was acknowledged that the inequitable access issue, a problem experienced by selective institutions from across the country, also existed at Emory. Additionally, those who were in influential policymaking positions were aware of the problem, and viewed it as a threat to the institution's mission and vision. There was a sense from those involved that "something needed to be done."

7.2.2.4 The Quest for Prestige

Despite strong undergraduate programs, highly respected graduate and professional schools, and a top 20 *USNWR* ranking, several interview participants indicated that Emory does not enjoy the name recognition afforded Ivy League institutions and other private universities such as Duke, Stanford, or Northwestern. As a result, there is constant awareness of the actions of Emory's competitors and aspirational peers. This awareness often influences institutional policy decisions and *Emory Advantage* was no exception. The quest for prestige is formally captured in the President's Vision Statement with the reference to becoming a "destination university." In fact, as part of that statement, Emory unabashedly proclaims a desire to be "known broadly, both within and outside academic circles" and "highly ranked" (Emory University, 2004, p. 1). Ultimately, the emergence of LRGs in the higher education financial aid policy arena would present an opportunity for Emory to address its desire for recognition. By adopting *Emory Advantage*, the Emory would become one of the few institutions with this innovative type of financial aid program and place the university in company with some of the nation's elite institutions.

7.3 NARRATIVE HISTORY OF EVENTS

The adoption of *Emory Advantage* essentially occurred in three stages: (a) The development of a program outline that emerged out of conversations between Provost Lewis and Vice President Mandl; (b) The formation of a working committee charged with establishing program specifics; and (c) Approval by the Executive Committee of the Board of Trustees. This section describes the relevant events leading up to and emerging from that series of working committee meetings and explains the role of various actors in the formation of *Emory Advantage*. The construction of this narrative chronology depends heavily on interviews with Emory University administrators and a thorough review of institutional documents and archives.

7.3.1 The Charge from Lewis and Mandl

The most influential policy actors in the adoption of *Emory Advantage* were Provost Lewis and Executive Vice President Mandl. These two men were given prominent roles in overseeing the institution's strategic planning process, and followed the president's commitment to open communication and proactive leadership through regular participation in university-wide town hall meetings. The meetings represented an effort to involve individuals across Emory's campus and obtain feedback prior to implementing initiatives that would be enacted through the university's strategic plan. This helped to open lines of communication that would bring attention to the institution's financial aid practices.

Provost Lewis's responsibilities include oversight of the financial aid awarding practices at the institution. In the context of increasing affluence of the student body and the relative dearth of lower-income students, Lewis was commonly approached by students and others seeking to discuss the Emory's financial aid practices. Concerns were voiced over the rapidly rising cost of an Emory education, steadily increasing loan debt, and hardships felt by the lower-income students on campus. Lewis stated *Emory Advantage* began as "a number of conversations" that were sparked by growing student concern over pricing and an awareness of the approaches to need-based aid at other institutions The Provost explained that several students – citing LRGs that had been implemented at other colleges and universities – had approached him with the idea of Emory adjusting its financial aid policy:

> And I mean that is how it started. I mean it really was students asking. I said, "Wait. Let's see if we can't engage in something that makes sense for Emory that really extends the opportunity boundaries."

The "number of conversations" included meetings with admission and financial aid staff members which would eventually yield formalized "core principles" for undergraduate financial aid. The concern over pricing also made its way into the strategic plan and become one of the institution's "strategic challenges."

The ongoing strategic plan and the financial support from the sale of Emtriva created an opportunity for Lewis and Mandl to change the way Emory approached its financial aid policy. While the suggestion to address the affordability issue initially came from the student body, the actual idea for *Emory Advantage* came jointly from the Provost and the EVP for Finance. Lewis explained how the groundwork for the policy began as an informal discussion:

> So we worked . . . to come up with a design. And to be honest, Mike Mandl and I one morning at breakfast sketched it out – Mike had some ideas and we began to sketch out how we thought we could make it work. But the principles were already there where we wanted to not only deal with low-income students, but also middle-income students. So our goal was to try to figure out could we make Emory more accessible to a range of students – low-income *and* middle-income students.

Similarly, others describe the team of Lewis and Mandl as the core drivers of the policy. Dr. Santa Ono, Deputy to the Provost, recalled a simple and straightforward beginning to the initiative. "[T]here was an email that came from Mike Mandl," Ono explained, "It was something like to the effect that he said, 'I am concerned that not enough [strategic planning] funds are being spent for financial aid for students of need.' One sentence like that, and that was the beginning."

Both Mandl and Lewis shared a desire to promote opportunities for lower income students to attend Emory, and this was reflected in the "core principles" that would drive the initiative. One administrator explained that "one of [Dr. Lewis's] passions is finding ways to provide access to students who are under-represented in higher ed.," and that for Mandl, "the concept of access is just as much a passion as it is for Earl Lewis." Additionally, the two men had a keen understanding of the needs of the University because of their work on the Strategic

Plan and other institutional initiatives. They also possessed a working knowledge of the larger LRG landscape across higher education. At Emory, there was an opportunity to proactively address the access issue, but also play a leading role in formulating higher education policy, which they concluded would, in turn, carry some clear competitive benefits.

Lewis and Mandl wanted a financial aid policy that was unique and allowed Emory to stand apart from the other institutions that already had LRGs in place. They identified an opportunity with middle income students. While most existing LRGs benefitted lower-income students exclusively, Mandl and Lewis envisioned Emory's program as one that could "raise the bar" and extend the income boundaries to benefit students from middle-income families. This extension would serve a dual purpose of meeting the needs of a declining population of students (low- and middle-income) and provide some competitive advantages. One administrator explained, "We [at Emory] were very unusual at that time to propose a loan cap . . . that was very, very pioneering at the time to go up to $100,000."

From the conversations between Mandl and Lewis, the central tenets and foundation of the program were formed. Working on their own, Mandl and Lewis formulated a sketch of the current LRG. The early draft of the program did not set the exact financial limits for the No-Loan and Loan Cap components, but it did specify that both low- and middle-income students would be eligible. With the idea in place, in September 2006 Lewis formed a working committee comprised of individuals from the Provost's Office and the Office of the EVP of Finance as well as administrators working with enrollment and financial aid and the deans of the various undergraduate colleges across the institution.

7.3.2 The Working Committee

At the time the working committee was formed, the decision to adopt the program had already been made, so the role of the committee was to investigate, assess, design and finalize the details of the program. The group was not formed to debate and discuss the relative merits of such an initiative. One member of the committee described the group's role this way: "I don't think it was even a discussion of 'Do you (the committee) think this is a good idea?' It was 'This is a foregone conclusion. We are going to do this. We are going to do it in December/January and you're going to make it work.'" Another member explained:

> I think that the idea came along and then the implementation was expected so quickly afterward that they really assembled a large group of people to sort of have all hands on deck. [The administration wanted] to have as many ideas from various individuals as possible incorporated.

Because the goal was to have the initiative announced early the next year and implemented for the fall semester of 2007-08, the committee worked in a condensed time frame and there was a clear sense of urgency with the program – a feeling that Emory needed to act boldly and swiftly in order to seize this unique opportunity. Many who were involved in the process expressed surprise by the aggressive time schedule, given the often measured and conservative approach to implementing policy they had become accustomed to under the previous administration.

Those involved in the development and implementation of *Emory Advantage* described it as "fast track," "intensive," and "aggressive" that took place "very quickly." The details of the program were developed and establish through a series of "8 to 10" meetings that took place depending on the availability of those involved. For those charged with working on the program, this was a stressful time. The semester was ending, and everyone on the committee had demands from their everyday responsibilities. One individual recalled that “we had meetings it seemed like twice a week, every week, for two months or something. Probably wasn’t that bad but that is how it felt.”

According to at least one committee member, the expectations for the group from the President’s cabinet were simple: “It was just how fast can we do it and what’s it going to cost me?” While similar sentiments were echoed by others on the committee, the group’s role was actually more nuanced. In order to meet the stated needs of the central administration, the working committee needed to develop a program that was (a) aligned with the institution’s mission and vision; (b) competitive and unique; and (c) financially feasible, and do so in a condensed amount of time.

Lewis described the development of *Emory Advantage* as “part of putting in place some of the things that we have talked about both in the vision statement and the strategic plan.” It was thus important to Lewis and Mandl that the program aligned with the wider goals of the institution. In order to do this, *Emory Advantage* was to be designed in a way that adhered to the nine “core principles” of the institution’s wider financial aid strategy. The most relevant core principle related to this strategy was a stated commitment to improving Emory’s socioeconomic diversity through financial aid. According to a number of respondents, these core principles were a key in the program’s design and implementation as they provided an agreed-upon starting point for the formation of the policy. Dean Bentley, Director of Financial Aid, explained: “Because we had set the principles early on, and there was trust that . . . those of us that were in charge of implementing knew what we were doing. That’s why it got done.”

In addition to formulating a program that adhered to the larger strategic plan, Lewis and Mandl were intent on creating a program that was unique across higher education. Prior to the formation of the committee, it was decided that the program would have two components – a No-Loan LRG for lower-income students and a Loan Cap LRG for middle-income students. Because most programs were designed as "low-income initiatives" there was a sense that by adding the loan cap and including middle-income students in the equation that Emory had an opportunity to do something unique. One committee member explained:

> I would say that, really the Provost and Mike Mandl determined that we needed a differentiator. We couldn't really just mimic the UVa or Princeton programs. And I would attribute this middle-class element of the *Emory Advantage* program to them because they determined that was the differentiator. And then we beat that up in the committee – lots of input – but we eventually landed on it.

As a result, a No-Loan program similar to that which existed at other institutions was to be put in place for the lower-income students while the Loan Cap piece was meant to address the needs of middle-income students. Many administrators believed that this was, in fact, an element that would set Emory apart from its peers and competitors. Prior to implementing the Loan Cap component there was an awareness of the existing LRG landscape and institutional leaders were intent upon taking advantages of the opportunities that might be available from a competitive standpoint. The middle-income piece was described as "a competitive trigger [resulting] from the need to differentiate our product offer. So speaking in pure business terms [Emory] needed a marketing differentiator and that was it."

With the decision to adopt Emory Advantage already made prior to the formation of the working committee, the group's most critical task was deciding on the income limits that they would use for both the No-Loan and the Loan Cap components of the program. While $15 million had been pledged from the operating budget in order to fund program "startup costs," funds to sustain the program were not yet available. That money would have to come from future fundraising efforts. With this in mind, the committee was charged with establishing income-level limits that would not exceed the budgeted startup costs, and also allowed the institution to raise the necessary funds within a certain time period so that *Emory Advantage* could be sustained.

The final income limits for the program were established through input from the committee and a joint effort between the EVP for Finance office and the Office of Financial Aid who sought to make the program both attractive to students and sustainable from a financial standpoint. This was done through financial modeling, which took into account enrollment and financial aid projections in different scenarios in order to predict the cost of the program. Much of the financial modeling work became the responsibility of David Hanson, the Associate Vice President for Administration and Special Assistant to Mike Mandl. Hanson benefitted from a wealth of knowledge and experience, as he had worked closely with EVP Mandl on similar projects in the past. He explained his role and the process:

> I didn't participate as much in sort of the conceptual framing of the program but once they determined that the program should have a low-income piece and a middle-income piece . . . they needed someone to figure out what that meant.
>
> So what I did was I took that conceptual framework and I basically built a financial model. Working closely with financial aid to figure out, over the past five years, what type of success we had had with low-income and middle-income. And we worked with economists to define those terms – economists here at Emory – as well as the financial aid office. And we landed on the 0 to $50,000 household income as being low-income, the $50,001 to $100,000 income as being middle-income. So I did a lot of research with economists and with census bureau data on figuring out if those two buckets were correct. And really I built, in the process I would say, somewhere between 15 and 20 financial models that did sensitivity testing on what if we moved it from 0 to $30,000 and $30,000 to $120,000 or $0 to $80,000 and $80,000 to $120,000. Figuring out with assumptions about what the demand would be, what the yield would be, what the loan replacement cost would be, what our tuition increase would look like, not to fund the programs but just in general how much more would it have to fund every year. A lot of sensitivity testing over a period of about 2.5 months to figure out, bottom line, what this was going to cost. And then once we had the cost for a five period, then I had to come in and model what the funding - how we would fund it.

As a result of the modeling, Emory settled on $50,000 for the income level cut-off for No-Loan recipients, and $100,000 for Loan Cap eligibility.

Other committee members described Hanson's role as "crucial" to the final version of the program. The work done by Hanson and others in his office not only allowed the committee to arrive at the final income brackets for the program, it also provided Mandl and Lewis with a tangible idea of what *Emory Advantage* might cost in the coming years. Because the initial startup funds for the program were not going to be enough to assure that the initiative would continue indefinitely, determining optimal cutoff points was of paramount importance. Lewis explained that the methods employed by the committee answered the question of "how much the University could essentially loan to the program for them to begin with until we raised some funds on the backside. [W]e have said that to sustain this program it is going to cost, at a minimum $75 million." The decision was made to use $15 million of the college's money to fund the program for the first five years and rely on fundraising efforts to sustain *Emory Advantage.*

7.3.3 Final Approval of *Emory Advantage*

Three months after the formation of the working committee and its series of regular meetings, the group was prepared to submit the *Emory Advantage* proposal to the President's Cabinet on December 15, 2006. Following approval by the President and the Cabinet, the proposal for *Emory Advantage* was presented to the Executive Committee of the Board of Trustees and approved on January 11, 2007. Because the idea for *Emory Advantage* came from Lewis and Mandl – two high-ranking administrators in the President's cabinet – there was little concern that the initiative would be approved. Access issues were important and worthwhile to the Board so final approval was a formality. Lewis explained that the administration was careful "to craft something that made sense that we knew would garner the support of the trustees as well."

The formal adoption of the program was followed by a press release and an aggressive marketing campaign designed to promote the program and spread the message through multiple media outlets. Staff members from Emory's Communications and Marketing Department and its Development and Alumni Relations Team had become involved in *Emory Advantage* planning toward the end of the process. Knowing the history of LRG programs, the institution anticipated media attention and therefore wanted to craft an appropriate message for public consumption.

7.4 CASE ANALYSIS

This section provides an analysis of the case of Emory University and its decision-making process in the adoption and development of its LRG initiative, *Emory Advantage*. The case analysis considers the actions of the institution generally and of specific policy actors along the eight dimensions of the diffusion of policy innovation framework. The framework, as adapted to be relevant to the current study, and as described in Chapter 4, consists of four internal determinant explanations and four diffusion explanations.

7.4.1 Internal Determinants

7.4.1.1 Institutional Finances

As a financial aid initiative, it is intuitive that institutional finances would play a role in the decision to adopt *Emory Advantage.* Institutions that could not afford such a program would obviously not consider adopting an LRG because of the substantial investment required to begin and sustain the program. Instead of focusing on whether or not institutional finances played a role in the decision to adopt, this analysis instead considers *how* and *to what extent* Emory's financial situation affected the adoption decision. The influence is observed through at least three "events": (a) The overall fiscal health of the institution (including endowment and revenues) and its role in the program adoption decision; (b) The central role of the EVP of Finance and his staff in proposing and designing a financially feasible program; and (c) Plans to sustain the program through future fundraising efforts.

A major reason that Emory moved to adopt Emory Advantage was that it was financially well-positioned to do so. As detailed previously, the institution benefits from its multi-billion dollar endowment which places it in a status of fiscal stability and health experienced by few other colleges and universities. As one administrator replied when asked how Emory came to adopt its program, "How did it all begin? It all began because there were funds available." Another stated simply that "we had some resources that were available to drive this program forward. . . . [T]hat was helpful. It is hard to do these programs when you don't have resources." The substantial funding commitment required of LRG adopting institutions is something that few institutions can absorb without running the risk of cutting other services or compromising academic offerings at the institution. In Emory's case, the program would end up adding $3.3 million to the financial aid budget in the first year, a remarkable amount of money when considering that the program was formally adopted a mere eight months before the funds were spent. That the institution could make this commitment was for the most part due to its largesse. As one administrator explained, "We're quite a well-endowed institution and we have research that can generate income through licensing that can help fund this" and "some institutions just simply won’t be able to keep up” with similar aid programs because of a lack of resource. Another explained, “the truth is that Emory is a well-endowed institution so is the money there to continue this program.”

In addition to an already healthy endowment, Emory administrators pointed to the sale of Emtriva, and the subsequent decision to utilize a portion of the proceeds to fund strategic planning initiatives, as a major catalyst in the decision to adopt *Emory Advantage.* This event allowed the institution to target funds toward strategic planning initiatives, creating an opportunity for the adoption of *Emory Advantage*. As one respondent explained:

> We had successfully just monetized the value for [Emtriva] which gave us a large payment. And the university had a significant piece of that payment that came back to the university. So we had some resources that were available to, to drive this program forward. . . . That was helpful. . . . So we had enough money to get the program going, and to fully fund it for the first five years.

Prior to this event, substantial funds to support new financial aid initiatives through the operating budget were not existent because of other institutional priorities at the comprehensive university. There had always been a competition for resources between units. As one participant pointed out, “Each business unit within the university has their own strategic goals and then you have the university’s strategic mission. And it doesn’t always dovetail at the right time appropriately.” In the context of a strong endowment and high tuition revenues, the infusion of unrestricted funds from the Emtriva sale allowed for the allotment of $15 million to fund the first five years of Emory Advantage. Without the sale of the drug and the resulting funds that would be used to fund strategic planning initiatives, it is likely that the program introduction would have been delayed or not occurred at all. “Most of [the endowment] is restricted . . . and the [undergraduate] college is tuition-dependent” which made the infusion of the Emtriva funds extremely important, one administrator explained.

The significance of Emory's financial situation in the *Emory Advantage* adoption decision is also illustrated by the central role played by Mike Mandl, the EVP for Finance and his office, in the adoption decision and the planning process. Typically, financial aid policy design would primarily be the responsibility of the Provost and those working in enrollment management. However, in the case of *Emory Advantage,* Mandl played a central role – he and Lewis worked closely to construct and craft the program – and many attributed the program's adoption to the fact that it had his support. Mandl, as Emory's Chief Financial Officer, largely controls the institutional budget, and his position as a major architect, supporter, and designer of the program illustrated that *Emory Advantage* was a program that was heavily dependent upon securing sufficient financial backing. As one participant explained, "[Mandl] obviously had to look at the financial feasibility of it. And so when we asked for money it was already in his mind – [he] set aside a bucket of money to do this without limitations, because it is important."

Additionally, the financial modeling work done by David Hanson, Mandl's special assistant, was heavily relied upon in the crafting of program specifics, providing additional support for the crucial role of the institution's finances. Provost Lewis explained that "we then had to do the due diligence that Mike [Mandl], and David [Hanson] in particular, working with [staff] over in financial aid began to sort of test the number of assumptions to figure out how we could afford it, when we could afford it." A working committee member commented further on Hanson's crucial role: "Dave is the one that Mike said, 'Here is what I want to do, go build a financial model.' And Dave is the one who built the financial model."

In the end nearly every decision made regarding the program would come back to the institution's financial situation. One individual on the Emory Advantage working committee summed up the adoption process this way: "I think it was sort of, how do we have an impact and how do we get – as anything around here – how do we get the biggest bang for the buck?" Another working committee member described the central role of finances this way:

> So you have to know what your cost is going to be and then you have to escalate it over a five year period, so we think in five years, this is the cost of the program. What bucket of money do we need in the bank given our investment portfolio to be able to fund that cost? . . . We know it's going to be X million dollars a year. How do we fund that?

Ultimately, the $15 million funding budget that was initially earmarked for the program would dictate the income levels used in the final version of the LRG.

Despite the $15 million set aside for the program, the decision to adopt Emory Advantage was made with the knowledge that Emory did not yet have the funds to support the program beyond its first five years. Therefore, the program's implementation included a plan for future fundraising that would carry the initiative forward. As one administrator explained, "It's not inexpensive but – and then you're sort of hoping that an endowment can be generated and given whose interest will fund the program going forward. This reliance on and hope for future non-existent funds, and the institution's efforts to secure them, was a concern for those involved with the program. Despite this concern, one working committee member explained, the institution chose to push forward with the program's adoption:

> A large amount of money was committed that would pay for the program for the first five years. And the thinking was, obviously you don't want to start any sort of financial aid program that you can't sustain. And so there is a significant amount of pressure on the institution to raise several times more than what was already invested to make it a self-perpetuating program.

The absence of long-term financial support suggests that other factors played a crucial role in the decision to implement the LRG. On one hand, if Emory did not believe it was not in a strong financial position at the time of adoption, it is highly unlikely that the program would have been developed. At the same time, if there were no other factors influencing the adoption decision, it is likely that the institution would have waited until it had more funding in place before implementing the initiative.

7.4.1.2 Policy Entrepreneurs

The decision to implement *Emory Advantage* was clearly driven by two individuals – Provost Earl Lewis and the EVP for Finance, Mike Mandl. While both offered credit to concerned students for the program's beginnings, these two administrators were at the center of the decision. As one working committee member explained, "They are the core." Another stated that *Emory Advantage* "was an idea that the Provost and Mike Mandl dreamed up together." Mintrom (1997) describes policy entrepreneurs as "people who seek to initiate dynamic policy change" and promote their ideas by "identifying problems, networking in policy circles, shaping the terms of policy debates, and building coalitions" (p. 739). The involvement of Lewis and Mandl in the policymaking process, their willingness and ability to work together, and their respective positions in the University hierarchy were instrumental in the creation of *Emory Advantage*. The personal and professional background of the two men made them keenly aware of relevant "problems" facing the institution, and their administrative positions allowed them to "shape the terms of the policy debate" and "build coalitions" in order to assure that the program was developed and approved in a short amount of time.

The backgrounds of these two policy actors played a role in their decision to pursue the aggressive and targeted financial aid initiative. Both possessed a "passion" for assisting students from lower-income families. Provost Lewis, had worked at the University of Michigan through highly-publicized affirmative action cases, and had largely committed his long academic and administrative career to promoting diversity in all of its forms:

> Dr. Lewis the Provost – one of his fundamental passions is finding ways to provide access to students who are under-represented in higher ed. And that means students of lower income levels, students of color, students in various racial and ethnic backgrounds.

Similarly, one individual who works with Vice President Mandl explained:

> If you look at [Mandl's] background, he did not grow up in a wealthy family. He showed exceptional intellectual abilities as a youngster. He had parents who were very supportive, but . . . he just didn't grow up a wealthy individual. . . . So for him the concept of access is just as much a passion as it is for Earl Lewis.

Lewis and Mandl had the knowledge and power to implement the strategy, and benefitted from an institutional environment that was open to change and in the process of a comprehensive strategic plan. They were able to combine these elements and conceptualize a workable program that they knew would receive the necessary support from the President and ultimately the Board of Trustees. Lewis explained that the administration was careful "to craft something that made sense that we knew would garner the support of the trustees as well."

The short amount of time between the formation of an early "sketch" of the program and the final *Emory Advantage* policy that emerged was attributed to Lewis and Mandl and demonstrates the influence of policy entrepreneurs on the implementation of policies. Further, it highlights the considerable effectiveness of entrepreneurs who occupy powerful positions in their adopting units and are able to easily and effectively gather support for their ideas. One working committee member explained the importance of such "executive sponsorship" in getting policies implemented at Emory:

> Executive sponsorship is the way to make it happen. In these instances we always want someone to be the executive sponsor of our projects . . . because when you run into a problem that's what your executive sponsor can do. They can make that problem go away.

Because in the case of *Emory Advantage*, the entrepreneurs happened to be individuals with considerable status, this helped in moving the program adoption along quickly. This occurrence was an "about face" for the institution, which was often seen as reactionary and slow to act on groundbreaking and influential policy.

7.4.1.3 Institutional Governance/Leadership Dynamics

Diffusion scholars point to different structures of governance and institutional leadership cultures as factors in policy adoption decisions. The case of *Emory Advantage* is an indication of the role of these factors. The recent change in the central administration brought with it a new approach to governance at the institution that reflected the philosophy of Emory's new president. The specific aspects of the institutional governance that factored into the LRG's adoption were related to the power given to the President's cabinet to develop and implement policy decisions. Concerning leadership, a concerted effort to be more proactive with regard to institutional policy and an open decision-making process contributed to the decision to adopt.

As a private institution, Emory is in a position where it is accountable to few external constituencies. The affairs of the institution are essentially approved by the Board of Trustees, but great considerable power is given to the institution's president and those he appoints as members of his cabinet. Because of the tremendous policy making power bestowed upon Lewis and Mandl, the two men were able to work within the governing structure of the institution to quickly implement the program. The adoption process took place quickly and with knowledge that such efforts would not be completed in vein and that their ideas would be fully supported. This sense was palpable not only at the cabinet level, but also among those occupying staff positions in admissions and financial aid. Further, the president was operating under the knowledge that he possessed full backing from the Board of Trustees.

With a governance structure that gave great policymaking power to the president and his cabinet, the leadership approach and qualities of the president became an influence in the decision to adopt *Emory Advantage.* During the two years prior to the program's adoption, President James Wagner's presence had a profound effect on the decision-making approach of the central administration. One interview participant explained:

> When we talk about setting higher education policies, you have to talk about the culture, climate, and . . . organizational structure that comes into play. So you are dealing with not only what's the right thing to do and what's the competitive thing to do, but how in the implementation it's really realistic with the key stake holders. So this was sort of a new day for us, in my mind. I had not seen a program like this that pulled together people that were appropriate - key people in the process. And that was a good thing.

Wagner's efforts began to result in a cultural shift from the policymaking practices of the previous administration, and would have an effect on the decision to adopt *Emory Advantage.* One administrator pointed to Wagner as a catalyst for cultural change:

> I think who is in charge resonates with me. Because if I were to go back in time, to a time when we had a different president. For example, who I have heard say. . . "[W]hen I came to Emory I had a good view, but I didn't have a vision." That was the old president. You would never hear Jim Wagner say that. He has a clear vision for the university. And to see that we were making progress [on *Emory Advantage*] and having a lot of discussions about community and how we were important to that process made it right for the implementation of the financial aid strategy.

Many described this cultural shift as one from a conservative, reactive approach to leadership to a change-oriented, proactive approach. Several respondents suggested that under the previous administration, Emory was often slow to react to changes in higher education. That is, instead of being proactive with regard to policy decisions, the institution was often reactive. Many believed that this not only left the institution with unimaginative policies, it also contributed to Emory's lack of recognition. The changing culture of leadership helped pave the way for the adoption of Emory Advantage, and many viewed it as a positive development. As one administrator explained:

> We're finally sort of on the front curve with what we're doing – because, you know, Emory usually waits to see what everybody else is [doing]. . . . We were finally doing something that we're kind of stepping out a little bit. And that was an interesting – it's nice to get that vibe.

Such sentiment captures the belief of many administrators and staff who were observing the formerly reactive approach changing under the new administration. With the rapidly shifting national financial aid policy landscape, many at Emory believed that there was a unique opportunity to act as a leader in higher education.

Both in spirit and in practice, *Emory Advantage* is a program that aligns with Wagner's larger vision for the University, and works toward his desire to make Emory a "destination university." Wagner's cabinet selections, particularly Lewis and Mandl, and his charge to these individuals to think broadly and boldly about ways in which to transform the institution had a major influence on the decision to adopt the program. As one administrator explained:

> Part of the dynamics were [sic], as you know, this was a new executive team here and they really had incredible energy and optimism, and it's a very young team. They really wanted to do something historic.

The open lines of communication and the practice of involving multiple constituencies was something practiced by Wagner, Lewis, and Mandl, and this also helped facilitate the adoption of the program. Provost Lewis explained that soon after his arrival at the institution in 2004, he made a point to visit with student groups from across campus. One of the concerns that came up had to do with college financing issues, and for the Provost partially attributed the idea for *Emory Advantage* emerged to these conversations:

> The *Emory Advantage* Program really probably had its origins in a number of conversations. But when I arrived here in 2004, within a year I was visited by a group of students who had taken note of an earlier effort by Harvard to cap loans for folks coming from households of about $40,000 or so. And so a group of students came and asked, "Could we adopt some version of the Harvard program?" And I looked at it and I said, "Well, instead of it being the fifth

> version of Harvard, let's see if we can't figure out what it means to be the first version of Emory."

Additionally, administrators suggested that the fast and aggressive design and implementation process was effective because of open lines of communication, a desire to use the gifts and talents of multiple constituencies, and a willingness to consider their suggestions and insights. While the initial idea for the program may have come from these two leaders, the open lines of communication and cooperation between the two offices, and those across the institution facilitated implementation. For example, regular meetings between Mandl and Lewis, the willingness to listen when students and others voiced concerns about the direction of financial aid policy, and Wagner's trust of those who comprised his cabinet were all outcomes of the governance structure that contributed to the adoption and implementation of *Emory Advantage*. Emory's institutional governance structure and the approach to leadership that was embraced by members of the executive team was an important internal factor in the decision to adopt *Emory Advantage*. It allowed for the emergence of policy entrepreneurs, and the proactive policymaking efforts were supported by the institution's healthy financial standing, helping pave the way for the LRG's adoption.

7.4.1.4 Institutional Educational Problems

The decision to adopt *Emory Advantage* was commonly discussed by those involved in the process as a decision made to increase application numbers from lower-income students and promote their enrollment at Emory. Interview participants indicated that the dearth of lower-income, and even middle-income students was troubling to the Board of Trustees, the administration, and students at the institution. Additionally, there was concern over rising debt levels among Emory undergraduates, and the effect that this was having on students after graduation, and even while choosing their majors while attending. The problem of underrepresentation of lower-income students at Emory was viewed as a problem because of the effect it was having on the institutional culture, and because it ran contrary to Emory's mission.

Emory had always prided itself on a commitment to diversity in all of its forms, but as Dan Walls, Vice Provost for Enrollment, explained: "We've had concerns for quite awhile . . . and for a lot of lower-income kids a place like Emory is viewed as maybe a little more elitist or not as accessible." Another administrator added that the outcome of that problem – a sizable population of wealthy students – was affecting the learning environment:

> [T]he student body is relatively affluent. And that was recognized . . . and some people feel that it's not the best learning environment to have a very privileged student body because that's not the real world. And also - so it's not good for those who are privileged to be only in a privileged student body. But also what that means by definition is that more needy students who are high ability don't have the chance to benefit from an Emory education. So I think people realize that.

Administrators across all levels of the university understood the problem of underrepresentation of lower-income students, from the president and his cabinet down through the staff in the admission and financial aid offices. The student body at Emory had continued to become wealthier and economically privileged students were enrolling at the expense of the lower income. The situation was anathema to the educational experience that Emory sought to provide its students. As discussed previously, the issue of decreasing socioeconomic diversity was particularly important to Provost Lewis and Vice President Mandl. Therefore, *Emory Advantage* was seen as a program that would not only increase the *enrollment* of lower-income students, but also increase *applications* from the demographic by promoting the institution as a place that allowed enrollment despite economic circumstance.

In addition to experiencing problems enrolling lower-income students, Emory believed that it was losing a large proportion of middle income students. One administrator pointed out that "A disproportionate share of our student body comes from the high income brackets. So if you looked at family income in quartiles, we have, you know, a huge number from the top two quartiles." When asked about declining enrollment numbers among students from different backgrounds, one respondent pointed to middle income students, explaining "We were getting hit really, really hard [in terms of middle-income enrollment numbers] particularly here in Georgia with UGA and the whole HOPE scholarship thing." Those from the middle-income category (families earning less than $100,000 per year) were attending elsewhere because the families "made too much to qualify for substantial financial aid, but did not make enough to reasonably meet the contribution that was expected from the family." The loss of these students – many of whom were either local students or from the southeast U.S. (a targeted Emory demographic) contributed to the need and desire to craft a program that addressed the situation.

In addition to the concern over enrollment numbers among low- and middle-income students, administrators pointed to already sizable and rapidly growing debt loads among Emory undergraduates as motivation for adopting the program. In addition to increasing economic diversity on campus, those in the central administration "did not want students to be encumbered by debt by the time they leave." This concept became a central point in the early conversations about starting the program. As one interview participant explained, "I just don't like them graduating with huge debt because I think that interferes with their choice of career and life after." This sentiment was echoed by others, and while seemingly not as important as increasing socioeconomic diversity, it did play a role in the programs adoption.

While it is clear that the declining enrollment of lower-income students was a factor in the decision to adopt the program, it is more difficult to discern the extent to which this was a central motivation. Nearly all interviewed cited this problem as a significant reason for program adoption. However, it was often mentioned with the understanding that it was a socially desirable aim, and that failure to adopt could have negative consequences from a competitive standpoint. It thus may be interesting to note that at the time of the program's adoption, there were not any formal institutional efforts to provide support for students upon enrolling. Given the knowledge that student's from lower-income families often struggle, implementing wider efforts may have lent more support to this notion of institutional problems as a primary motivation. The institution did, however, provide resources for recruiting students who might meet the criteria to be eligible for Emory Advantage. By not implementing such a support system at the time the program was adopted, it may point to the quest to increase lower-income student enrollment as having some additional motivations.

7.4.2 Diffusion Explanations

7.4.2.1 Competition

As a highly ranked school in *USNWR*, and a selective institution that considers some of the better known colleges and universities in the country as its peers, Emory operates in a competitive recruitment and enrollment landscape. Because LRGs were a fairly recent and innovative development at the time Emory implemented its program, the institution stood to realize substantial competitive benefits from its implementation because of the publicity Emory would receive. Though competition was rarely cited as a *primary* motivation for adopting *Emory Advantage* by interview participants, most did acknowledge that it did play some role in the decision to adopt. As one participant stated that in implementing the LRG "you are dealing with not only what's the right thing to do but what's the competitive thing to do". The importance of competition was mentioned by multiple respondents and illustrated through (a) the intent to design a program that would be unique when compared to existing LRGs; (b) the desire to formulate the program quickly; and (c) the effort to promote the initiative with a strong marketing push.

Administrators regularly acknowledged that *Emory Advantage* was partially driven institutional competition for students and publicity. At the time the decision to adopt the program was made, Emory administrators were cognizant of existing LRGs, and there was an awareness of the construction and influence of programs at other institutions. Interview participants commonly recalled and listed institutions that had already adopted LRGs prior to Emory making its decision. For example:

> I think the early stages of this kind of grant . . . it actually resulted from the competitive landscape. We had a few schools that were out in front of us – Princeton and UVa were out in front of us. We knew that these programs were working for them.

Other institutions that were mentioned as capturing the attention of administrators included the University of North Carolina at Chapel Hill and Harvard University. Interview participants commonly pointed to competitive benefits received by early adopters, making the administration well aware of the potential advantages that could emerge from an LRG. There was thus a sense that adoption of such a financial aid program would represent an opportunity for the institution to assert itself as a desirable place for lower income students to attend relative to Emory's peers. As one interview participant stated, "Obviously at that time, to be completely honest, I have to say that what we did at that time was meant to give us a competitive advantage in comparison to our peers."

The concerted effort by those at the institution to come up with something that was "different" from that which already existed at LRG adopting institutions was an indication that competition played a major role in the decision to adopt *Emory Advantage*. With the advent of the middle-income Loan Cap dimension of *Emory Advantage*, the institution was seeking out a "differentiator" that would draw attention to the program, and possibly make it more attractive to prospective students. One administrator explained the Loan Cap component for middle income students "resulted from the need to differentiate our product offer. So speaking in pure business terms we needed a marketing differentiator and that was it." Another stated:

> There has been a direct impact on what others have done on how we think about things. To be very honest, yes we were intentional about trying to do something better than everybody else when [*Emory Advantage*] was conceived.

This decision to offer through Emory Advantage something that few others had done before was made at the very early stages of planning for the initiative. Extending LRGs to middle income students and targeting them specifically was something that had been a part of some programs, but was a fairly new idea. There was a belief that adding this component would set their program apart from those that already existed and draw additional attention to the program. As one interview participant stated, "The floor and ceilings of those boundaries of who would get what were chosen so that we would be competitive. We would be a pioneering program."

With the number of LRGs growing in 2007, those at Emory realized that more institutions – including Emory's closest competitors – would likely adopt in the coming years. By getting "ahead of the curve" and adopting when only a handful of elite colleges and universities had LRGs, officials felt Emory had a chance to join this elite company. As one administrator explained:

> I think this was something they wanted to roll out because it seemed like even then, every other *Chronicle* [*of Higher Education*] you picked up somebody else

> was doing it. So in some ways, I think Emory wanted to be on the leading edge as opposed to being in the trail that follows.

A working committee member described Emory's reputation as a "follower," and explained how the LRG could help the university to adjust its image in relation to peer institutions:

> I think that's how Emory is often viewed as an institution. For people on the outside its, "Well, you all just do what everybody else does. You do what Duke [University] does. . . ." And so [Emory Advantage] was an opportunity for us to be on the frontline as opposed to on the backside of things

The administration understood the competitive landscape and realized that other institutions would likely soon be implementing LRGs, and they wanted to make sure that they were able to receive maximum publicity. One administrator captured this belief when discussing some research he was doing on one of Emory's main competitors – Washington University in St. Louis:

> I think the, "How can we compete if we don't have something?" really came into play. And I know there were – people sent me articles – I remember getting one from I think the [Washington University in St. Louis] school paper where they had done some editorial on schools doing these access programs saying, "We don't have one. What are we doing?" In fact, they do now have one.

At the time Emory announced its LRG, Washington University, Vanderbilt, Duke, and others Emory considered to be their competitors had not yet adopted (though they would in later years). Officials at the institution saw LRGs as an opportunity to "do something that Duke's not doing and that Vanderbilt's not doing." Additionally, the administration believed that their approach was effective in achieving its goal of being competitive:

> I think that when we came out with the program we were a little bit of a lead. More so, we were slightly ahead of the pack. There were some other programs out there, obviously. . . . But there weren't 30. And then quickly on the heels of when we announced, several, several schools announced

The accelerated adoption timeframe was also done, in part, to assist the institution with encouraging admitted students to enroll. As one admission staff member explained, there was a belief that "if we get this together quickly enough it is really going to mean a lot for this admission cycle," and reap immediate benefits by attracting students to enroll. Another administrator stated

> The reason that it happened more quickly is that it caught on, that it was a good idea, and it seemed financially doable. And so they said . . . it wasn't going to affect the number of people who applied at that point, but it could potentially affect yield if people got the award they wanted which then allowed them to come to Emory that otherwise they might not have thought had been feasible.

This deliberate attempt to seize the momentum of the announcement to help with their "yield" efforts in the short term also points to the strategic nature of the decision.

Another aspect of the *Emory Advantage* adoption decision – the concentrated formalized effort to market and publicize the program – also points to the quest to gain a competitive advantage. Lewis and Mandl made sure that staff members from Emory's marketing and public relation divisions were involved on the *Emory Advantage* working committee. This was done in order to make sure that the LRG would receive appropriate publicity. Many of the committee members saw this as necessary in order for the program to achieve its goals, stating "There is a marketing drive – it takes that piece of the pie to make it happen. It really does. And so, yeah we wanted a big marketing splash, of course we did."

Many who worked on the adoption and implementation of *Emory Advantage* were aware that the public might be cynical of the institution's motivations for adopting the initiative. However most believed that the institution was implementing the program because it was the "right thing to do." As one working committee member summarized:

You cannot do the right thing unless you think about your market, unless you think about – we have to stay in business, we have to be competitive. So I don't think there should be any apologies or doing this because the competitors do it. Was that the sole driver? Absolutely not.

So at the end of the day, part of me could care less. The end result is that we are helping students that we otherwise would not be able to help.

7.4.2.2 Convenience or "Satisficing"

Convenience, or "satisficing," speaks to the extent to which adopting units utilized the design of pre-existing innovations in order to craft their own initiative. Satisficing is commonly provided as an explanation for adoption in situations where there are time or information constraints that may limit the ability to construct a unique policy or program (Cohen-Vogel et al., 2008). Several interview participants indicated at least some dependence on LRGs at other institutions in arriving at the decision to adopt Emory's initiative. The limited time between the idea for *Emory Advantage* and the implementation of the program led to satisficing, as institutional policymakers relied on blueprint of previously existing programs in order to craft their own LRG.

While respondents indicated that there was a desire to make Emory's initiative unique so that it might stand out from other programs, the program's foundation – the low-income initiative – was nearly identical to most of the previously existing LRGs. Several administrators were aware of how other initiatives were constructed, having "studied the programs from afar." One working committee member described some of the research done by the group:

> We were very aware of what other schools were doing. I did look at [The University of North Carolina at] Chapel Hill and I did look at *Access UVa* to see what they were really doing. . . . I guess I did reach out by email and by phone but there wasn't enough time.

These programs, and others, provided a framework for Emory to develop its own No-Loan initiative. An administrator explained, "I think maybe the No Loan part was sort of we want to find an income level below which you wouldn't have any loans. That's pretty consistent with these others."

While the final version of *Emory Advantage* was different from other programs because of the Loan Cap piece, the basic *idea* for the program was derived from LRGs that were at other institutions. And while the Emory program was not meant to be the "fifth version of Harvard" but rather the "first version of Emory," the no-loan component was similar to those at other institutions. In addition, Emory officials looked superficially at other programs, and their eligibility requirements, but time did not allow for discussion with colleagues at those places.

Satisficing often occurs when adopting entities face time constraints and the expedited adoption process created such a situation at Emory. The template for LRGs had already been established by previously adopting institutions so there was no need to "reinvent the wheel," and create an entirely new approach to assist lower-income students. A decision was made to follow a template that had been created by other schools, and the adoption process was thus able to focus on establishing income limits and implementing the Loan Cap piece of the program. As a result of these time constraints, and reliance on this template, some administrators pointed to things that should have been done differently, an outcome of the satisficing that took place:

> Planning it was very compressed. We probably could have . . . studied those other programs in depth. . . . So we did inquire somewhat. But we probably could have done more.
>
> The negatives are that perhaps with a little more time and planning we could have thought of the hidden costs associated with bringing high-needs students to an institution because with any package, with any expectation for a contribution from the student and the family there are hidden costs.

As these respondents indicate, the approach taken by Emory in designing the program was not ideal. Several administrators suggested that condensed timeframe led Emory to look at the structure of other programs for some design ideas. There was simply not enough time to investigate these initiatives closely, and consider all of the potential outcomes – both positive and negative – that might be associated with implementing an LRG.

7.4.2.3 Normative Pressure

The decision to adopt *Emory Advantage* occurred at a time during which the underrepresentation of lower-income students was attracting considerable attention across higher education and from outside sources. Two potential sources of such normative pressure were the federal government, which had recently published the Spellings Report, and the citizens of the State of Georgia, who were already benefitting from attractive in-state funding options made available through the HOPE scholarship. Despite these sources, and considerable knowledge of those working at Emory about access problems plaguing higher education, there was little evidence that Emory experienced any significant amount of such normative pressure that influenced the program's adoption.

Individual administrators at Emory tended to possess a comprehensive knowledge of higher education access issues, and problems brought about by substantial loan debt. Inherent in this understanding was a belief that the institution had a responsibly to address some of these problems.

> "Why should we do Emory Advantage?" Should we do it because the president says we should do it and the board of trustees says we should do it or should because it is the right thing to do? And why is it the right thing to do? . . .[W]hen you look at some national statistics, nearly one half of all college qualified low- to moderate-income high school graduates do not enroll in four year programs of study because of financial barriers.

Interview participants commonly quoted statistics and reports that pointed to issues with lower-income student enrollment. Despite knowledge of these problems, those interviewed did not indicate that the institution felt any specific pressure to adopt the program. Instead, most echoed the sentiment that it "was the right thing to do."

The developments associated with the Spellings Report and wider calls for accountability occurred just prior to Emory's decision to adopt the program. Most of those interviewed were well aware of Grassley's work:

> I think it's this whole – the federal investigations of how schools are using their endowments. This Charles Grassley, the guy from Iowa – we had to fill out a whole series of questions that he and his senate committee sent around to the, I guess it was the top 50 most heavily endowed colleges. And we had to all this research on: How are you using your endowment? How much of it goes into financial aid? All these probing questions.

Another explained:

> And there's going to be continued governmental pressure with Grassley and all that - on how efficient we are and what's the added value of this expensive education over one which is more economical. It's going to be hard to defend.

While respondents were aware of these developments they didn't believe these events directly influenced Emory's decision to adopt *Emory Advantage*. Many believed that the proactive efforts to adopt the program would leave the institution in a good position should this government pressure intensify. However, there was no suggestion that this looming pressure really significantly affected the decision to adopt the program.

A number of respondents mentioned the presence of the HOPE Scholarship Program, Georgia's merit-based initiative that allows qualifying students to attend state-run institutions tuition-free. While the conditions that qualify students for *Emory Advantage*, a need-based program, are completely different from those govern the HOPE scholarship, several administrators believed that the state merit program was widely viewed as an "affordability initiative." One interview participant said the following about Georgia HOPE: "Look at the state. They have the Georgia HOPE scholarship program. Well, it's an equivalent program [to *Emory Advantage*] if you think about it." Several officials at Emory suggested that the presence of the HOPE scholarship and the benefits it afforded the state flagship institution may have been a small – but not overwhelmingly significant – factor in Emory's decision to implement an affordability initiative. While this was mentioned, it did not appear to play as significant a role as several other factors in influencing Emory's decision to adopt.

7.4.2.4 Policy Networks or Communities

As a national institution with a variety of well-connected administrators who had worked at other colleges and universities, there was ample opportunity for those at Emory to reach out to colleagues and discuss LRGs prior to adopting their own program. Emory is an AAU member and connected to other institutions through a variety of other consortia. Specific to financial aid policy, the institution counts itself as a member of the "President's 568 Group" – a collection of institutions that have pledged to consider students for financial aid in a similar fashion. Administrators in the Office of Admission and the Office of Financial Aid are active in professional organizations and commonly attend conferences and meetings. Despite the extensive membership, and the considerable communication between Emory staffers and their colleagues at peer institutions, there was little to no communication or consultation with others during the formation of the policy, and activity within these policy communities was not a factor in the decision to adopt Emory Advantage.

The vast majority of respondents indicated that the administration at Emory used publicly available information and surveyed the landscape to understand the programs that were in existence. However, neither Mandl nor Lewis could recall contacting their colleagues about such a program prior to the adoption of *Emory Advantage*. Provost Lewis explained "I didn't call any of the other provosts and have a conversation per se about this particular plan." Some conversations did take place, though informally. For instance Dan Walls, Vice Provost for Enrollment management stated "I talked with Jerry Lucido [Dean of Admissions] at UNC and I talked with Greg [Roberts, Associate Dean of Admissions] at UVa and read a lot about those two programs." However, he indicated that these conversations had little influence on Emory's adoption decision. One administrator explained why there was little sharing of ideas prior to the program's announcement:

> I think pretty much everyone is aware of what everyone else is doing so there's not really a lot of discussion about it because there really – at least from our office's perspective – there's really not anything we can do about it.

Much of the decision-making and research was done within the confines of the institution, providing additional evidence that the LRG represented an opportunity to place the institution at a competitive advantage. There was no interest in sharing or discussing with peers because they knew that, perhaps, those schools might act to change or better their programs in light of more schools jumping on board. It was better, from Emory's perspective, to allow the program to remain largely a secret.

8.0 COMPARATIVE CASE ANALYSIS

The purpose of this dissertation is to investigate the process through which colleges and universities adopt LRG initiatives. More specifically, the study seeks to address *why* institutions implement these targeted need-based financial aid policies and *how* they arrive at their decision to adopt the programs. The inquiry is guided by three primary research questions designed to describe the policy adoption process, offer insight into institutional motivations for LRG implementation, and reveal implications for policymakers interested in advocating for similar targeted policies. The research questions are presented in Chapter 1 and are as follows:

1) Why do institutions adopt loan replacement grant initiatives for low-income students?

2) To what extent does the diffusion of policy innovation theory describe the way in which loan replacement grants are adopted by colleges and universities?

   a) How do internal determinants play a role in the decision to adopt the programs?
   b) How do diffusion explanations play a role in the decision to adopt the programs?

3) What policy adoption characteristics are shared among institutions that have adopted loan replacement grant initiatives?

In order to provide insight into the policy adoption process at three separate four-year institutions, this study relies upon an analytical framework derived from the diffusion of policy innovation theory. The theory, while most commonly utilized in political science research to investigate the spread of policies among American states, has been adapted for use in the current study and is described in Chapter 4 and Appendix D.

The institutional case studies contained in Chapters 5, 6, and 7 include within-case analyses along the eight dimensions of the framework. This chapter presents a between-case analysis that also relies upon the diffusion of policy innovation theory and uses it to explore similarities and differences between the policy adoption cases of the University of Virginia, Davidson College, and Emory University. The two sections that follow present the analysis – the first addresses the influence of the four relevant internal determinants derived from the analytical framework and the second considers the four diffusion explanations. The experience of all three institutions is explored, compared, and contrasted along each of the eight dimensions. Outcomes of the between-case analysis are summarized in the chapter's final section.

8.1 INTERNAL DETERMINANTS

Across all three cases, factors internal to the institutions played an influential role in the decision to adopt the initiative, the process through which it was adopted, and the final design of the financial aid programs. In each situation, though, the manner in which individual internal determinants affected the policy adoption process differed. For instance, in all three cases, institutional finances influenced adoption behavior. However, the variegated financial picture from institution to institution dictated differences in these fiscal effects. Also, differences in the policymaking structures led to varying influences of policy entrepreneurs and the effect of institutional governance on adoption decisions. The greatest similarity between the cases occurred along the "institutional problems" dimension of the framework; all three institutions expressed similar concerns about low-income student enrollment and the effect of rising debt loads on current students. This section further details the influence of each internal determinant at the three case institutions, and compares the manner and extent to which they played a role in the final decision to adopt LRG initiatives.

8.1.1 Institutional Finances

That institutional finances would play a role in policy adoption at UVa, Davidson, and Emory is not surprising; LRGs are financial aid programs and by definition seek to provide more generous awards and thus increase financial aid budgets by several million dollars. Therefore, finances were extremely influential in the decision to implement the LRG at each institution. However, differences in the fiscal portrait (i.e. holdings and revenue potential) of the three case institutions produced variation in the manner in which finances influenced each LRG adoption process.

The University of Virginia manages a multi-billion dollar endowment that ranks among the 20 largest in the country, and is the fifth largest among public institutions (NACUBO, 2009). Despite this large potential source of funds, UVa's endowment was not a major consideration in the decision to implement *Access UVa* because holdings are heavily restricted and less available for academic operating costs. Instead, UVa sought to mainly support its LRG initiative through student tuition increases. Those at the university believed this to be a feasible plan, in part because of the concurrent proposal of the Restructured Higher Education Act which sought to provide the university with greater autonomy in terms of setting – and increasing – tuition prices. Ultimately, the increased financial aid amounts offered through *Access UVa* became part of a broader institutional financing strategy to adopt a high tuition/high financial aid financing model (Turner, 2006). Finally, the university's main financial officer was assigned to develop the specifics of *Access UVa,* an action that speaks to the central role finances played in the adoption of the initiative.

At Davidson College, the institution’s relatively modest endowment rested at the center of discussion and concern over potential LRG adoption. Administrators and board members at the college believed that Davidson’s endowment was not large enough to provide continued support for *The Davidson Trust.* When making their decision to adopt the LRG, policymakers mainly focused on ideological reasons as to why they should implement a program as opposed to financial realities that suggested they should not. As a result, Davidson leaders sought to address the initial cost of the LRG through surplus money made available by prudent financial management and fundraising campaigns that had exceeded expectations. In the absence of a large endowment, the board chose to rely upon Davidson’s strong fundraising record in order to sustain the initiative. Therefore, Davidson decided to adopt *The Davidson Trust* in spite of – not because of – its financial situation.

Among the three case institutions, Emory University holds the largest endowment. Though there was some concern over the restrictive nature of the university endowment, the size of the fund was cited as a factor supporting the adoption and implementation of *Emory Advantage.* It was also a consideration in the institution’s plan to fund its initiative over time. Emory’s decision to adopt its LRG was also influenced by another event – the sale of Emtriva – which provided Emory with discretionary funds that could be used for financial aid. As was the case at UVa, the central role of Emory’s EVP for Finance in the adoption process illustrates the importance of institutional finances in the final adoption decision.

The varying influence of finances across the three institutions suggests that there is not one singular fiscal portrait that corresponds with colleges and universities that adopt LRGs. As policy scholars have pointed out, the fiscal health of adopting units is believed to play a significant role in the adoption behavior of financial policies (e.g., Berry & Berry, 1990, 1992;

Hearn & Griswold, 1994). However, the institutional cases provide additional insight into this observation by describing how financial variations between institutions dictated the varied manner in which finances influenced policy adoption and design. Davidson College, which had the most to risk by implementing an initiative that it seemingly could not afford, based its decision heavily on the ideological orientation of the board. Emory, which appeared to be in the strongest financial position of the three case institutions, took a cautious approach as evidenced by its extensive financial modeling. At UVa, care was taken to craft a "fiscally responsible" program that took advantage of likely future tuition increases. Common across all three institutions was the availability of funds to support the initiative in the short term. At UVa, Davidson, and Emory these funds came from tuition revenues, budget surpluses, and the successful monetization of a pharmaceutical product, respectively.

8.1.2 Policy Entrepreneurs

In each of the three cases, the decision to implement an LRG initiative was driven by policy entrepreneurs. Key policy actors at UVa, Davidson, and Emory who occupied positions of influence effectively advocated for program adoption, and worked through relevant channels in order to assure that proposals would become actual policies. While policy entrepreneurs in each case advocated for their LRG differently, their considerable influence is an indication of their importance in the policy adoption process. Additionally, across all three cases the personal and professional backgrounds of the policy entrepreneurs were cited as an influence in their advocacy for this particular type of policy, highlighting the importance of past experiences among these actors.

At the University of Virginia, President Casteen acted as a policy entrepreneur in the adoption of *Access UVa*. After being notified of *The Carolina Covenant*, and prior to engaging in any formal planning process, the president boldly announced to the Board of Visitors that UVa would soon introduce a financial aid program for lower-income students. Casteen's approach to promoting *Access UVa* was thus quick, direct, ambitious, and evidence that he could rely on considerable political capital that he had built up over his 14 year tenure as UVa's president. Knowing that the board would respond most favorably to a program that was fiscally responsible, the president called upon trusted administrators who were in charge of financial operations to craft the program. As is often the case with policy entrepreneurs, Casteen's interest in implementing an innovative financial aid initiative was influenced by his personal background which included a moderate-income upbringing, and his professional experience which provided him with comprehensive knowledge of financial aid policy.

Davidson College's president Bobby Vagt occupied a role as a policy entrepreneur in promoting *The Davidson Trust*. Vagt, like Casteen, was able to utilize his powerful position at the college and the long-standing trust of the board in order to help facilitate adoption of the LRG. The president worked closely with administrators and the board's Admission and Financial Aid Committee to assure the crafting of a policy that fulfilled his vision, and he focused the agenda for the annual board retreat in order to promote the initiative. Additionally, Vagt networked with other influential board members in order to facilitate adoption and implementation of *The Davidson Trust.* Vagt's long-running interest in researching enrollment trends, and his close connection with the college's students had made him acutely aware of the dearth of lower-income students and the challenges facing those who had taken on considerable amounts of loan debt. These experiences were cited as influences on his advocacy of a targeted financial aid program.

In the case of Emory University, two high ranking administrators conceived and facilitated the adoption and development of *Emory Advantage* – Provost Earl Lewis and EVP for Finance Mike Mandl. Like the policy entrepreneurs at UVa and Davidson, Lewis and Mandl occupied positions of considerable influence at their institution. As a result, they were able to effectively navigate the university's policymaking structure and develop a policy proposal in an abbreviated amount of time that was acceptable to the Board of Trustees. They built support for the initiative by providing evidence of its financial feasibility and by designing it in a way that meshed with a new proactive policy culture at Emory. Finally, like Casteen and Vagt, the personal and professional backgrounds of Lewis and Mandl led them to take a vested interest in promoting access for underrepresented student groups.

In each of the three cases of LRG adoption, policy entrepreneurs were instrumental in devising the policy innovation, and working through various channels to assure that it would be implemented. In their respective administrative positions, approach to affecting policy change, and personal/professional background, each of the entrepreneurs uncovered in this study exhibit traits that are common among policy entrepreneurs in a variety of settings (e.g., Kingdon, 1995; Mintrom, 1997; Mintrom & Vergari, 1998; Newmark, 2002). The prominent and influential position of these individuals at their institutions allowed them to assume the role of policy entrepreneur, and their knowledge of the political dynamics of their respective institutions helped them to work within the unique structures to affect change. In all three cases, policy entrepreneurs built necessary coalitions and utilized their knowledge of the institution to assure adoption. For example, at UVa and Emory, policy entrepreneurs were effective because of an institutional reliance upon administrators to develop and propose policy, and each capitalized on a unique political climate. At Davidson, Vagt interacted with individuals on the Board of Trustees and worked alongside them to craft and implement a desired LRG. Also, in each of the three cases, policy entrepreneurs drew upon their respective personal and professional experiences in order to push for a policy that they believed would concurrently yield the greatest benefit for students and also appealed to their interests.

8.1.3 Institutional Governance/Leadership Dynamics

In the three cases, the structure of institutional governance and the leadership environment had some influence on the decision to adopt LRG programs. At each institution, the governance structure that was in place allowed for policy entrepreneur influence, and there was considerable overlap between the two dimensions. Additionally, institutional leadership in situations of both stability (UVa) and transition (Davidson and Emory) factored in to program adoption and partially accounted for variance in the manner that the LRGs were pursued.

At the University of Virginia, considerable policymaking power is provided to the institution's president and senior cabinet. The role of the institution's Board of Visitors is largely to approve, deny, or revise administrator-proposed policy. This governance structure provides the president with considerable freedom to suggest and develop policy, and ultimately allowed him to aggressively pursue the implementation of *Access UVa.* Another factor that was cited by interview participants at UVa was the mutual trust that existed between the senior administration and the board – a relationship that had emerged as a result of the long tenure of the president and his cabinet. This familiarity and the sustained success of those overseeing UVa operations assisted administrators because it made them aware of the type of program that would be appealing to the Board of Visitors and was most likely to be approved.

The Davidson College Board of Trustees is heavily involved in the proposal, development, and adoption of institutional policy, and plays a much more active role in the policymaking process than UVa's Board of Visitors. As a result, the manner in which *The Davidson Trust* was designed and implemented required that administrators collaborate with board members to craft a workable initiative. As a result, influencing the implementation of the LRG initiative required President Vagt to work closely with those on the board – he could not simply mandate development of the policy. It was necessary that the adoption decision come from, and be designed by, those at the highest levels of governance. Additionally, the pending leadership change resulting from President Vagt's upcoming departure helped to create a situation that was conducive to adopting the program. Finally, many institutional leaders – particularly President Vagt and the majority of those on the board – were Davidson graduates and held close personal connections to the institution. This connection influenced decision-making – board members often cited emotional reasons for policy adoption – and clearly played a role in the implementation of *The Davidson Trust.*

The governance structure at Emory University is somewhat similar to that at the University of Virginia in that university administrators develop policy initiatives that go before a board for approval. As was the case at UVa, significant policymaking power provided to those working at the institution allowed for the emergence of policy entrepreneurs who promoted *Emory Advantage*. Unique in Emory's case, though, was the recent installation of a new president and senior administrators. Having been responsible for appointing the new leader, Emory's board was supportive of the president's forward-thinking approach, and invested in his vision of making the institution a “destination university.” The institution’s cultural shift benefitted university administrators who advocated for the new financial aid program, and they were able to successfully link *Emory Advantage* to the strategic plan and capitalize on this new leadership approach in order to promote adoption.

While policy scholars have suggested that specific governance structures (e.g., centralized vs. decentralized) or leadership orientation (e.g., Republican vs. Democrat) influence adoption behavior (Doyle, 2006; Hearn & Griswold, 1994; McLendon et al., 2006; McLendon et al., 2005) there was little evidence in this study suggesting that one particular profile that was especially conducive to LRG adoption. The varied governance structures and approaches to leadership evident at each of the three case institutions indicate that LRGs can emerge within the context of a variety of governance/leadership approaches. Perhaps more importantly, the three case examples in this study do suggest that awareness by institutional leaders of the governance structure and leadership approaches, coupled with a corresponding ability to work within the environment, can be useful in facilitating LRG implementation. This was illustrated at UVa and Emory, two institutions at which administrators are responsible for crafting policy as well as in the case of Davidson College, where the work of the Board of Trustees produces the institutional initiatives. While all three cases are unique, it could be argued in each situation that the respective administrative structure was influential.

8.1.4 Institutional Educational Problems

Of the four internal determinants, factors falling under the institutional problems dimension were the most consistently apparent across the cases in this study. At all three institutions, evidence suggested that similar institutional problems – and growing concern stemming from the problems

– influenced the decision to adopt and implement LRGs. As detailed in each case, the institutional problems were (a) low enrollment of students from low- and middle-income backgrounds; (b) rising loan debt that was affecting the educational decisions of currently attending students; and (c) growing belief among prospective students that the institutions were either overly expensive or “elite” and unwelcoming.

For administrators and board members at the University of Virginia, the relatively low percentage of financial-aid eligible students (approximately 25%) was a concern, especially in light of the university’s position as a public institution. Additionally, the rapidly increasing loan debt amounts of its current students, and the belief that this was affecting educational and post-baccalaureate career decisions worried policymakers at the institution. According to administrators, though, the most pressing issue at UVa was a growing perception among lower-income students in the state that the institution was “elitist” and “unwelcoming.” Those interviewed suggested this perception problem both influenced the decision to adopt the program and the final design of the initiative.

Administrators and board members at Davidson shared similar concerns with those at UVa. Small numbers of aid-eligible applicants, problems related to loan debt burdens, and perceptions that prevented lower-income students from applying were all discussed as problems. At Davidson, the sizable price tag was viewed as an obstacle to potential applicants who believed that they could not afford to attend. In addition to supporting students through financial aid efforts and addressing the loan indebtedness problem, Davidson was focused on using *The Davidson Trust* to change a growing perception that the institution was unaffordable. The desire to address this issue not only influenced the decision to adopt an LRG, but pushed them toward implementing an All Aid Eligible, No-Loan initiative. Administrators and board members viewed this type of policy as more straightforward and simple than the existing programs that relied upon income levels to determine eligibility.

Among the three institutions, Emory University enrolled the highest percentage of financial aid-eligible students and the highest percentage of Pell Grant recipients. However, these figures were low relative to the rest of higher education, and administrators at the institution feared that Emory was becoming a “school for the wealthy.” Interview participants pointed to a desire to increase enrollment of lower-income students as a primary motivation for implementing the initiative. Emory administrators also expressed concern about declining middle-income student enrollment, and cited it as rationale for expanding the program’s income limits to $100,000 with the loan cap. As was the case at Davidson, the high price of Emory was viewed as a deterrent to aid-eligible students, and administrators were interested in changing the pricing perception that the institution was “too expensive” for students from low- and moderate-income families.

The greatest amount of consistency across the three institutions was on the dimension of institutional problems, with those at each institution communicating similar concerns. In all three cases these issues were cited as a primary motivation for program adoption, suggesting that problems related to lower-income enrollment are an important indicator of institutional willingness to implement LRGs. The connection between low enrollment of aid eligible applicants and program adoption is not surprising, considering that by definition LRGs seek to assist low- and moderate-income students through financial assistance. It is valuable to note that the slight variation of issues from institution to institution did have some effect on the design of the programs. For example, Davidson chose to completely eliminate loans in order to create a simple message and encourage applications, while Emory chose to implement a loan cap (a relatively unique program dimension) mainly to appeal to middle-income students. At UVa, the introduction of a "fiscal literacy" dimension to its program demonstrated a commitment to help students who were on campus overcome financial issues. While each institution was motivated to increase enrollment of and provide assistance to financial aid-eligible students, each went about addressing the issue in slightly different ways as evidenced by variations in program design.

8.2 DIFFUSION EXPLANATIONS

Diffusion-related factors had varying effects on the decision to adopt LRG initiatives in each of the three cases observed in this study. The clearest influence of these external forces occurred at the University of Virginia, where the adoption of *Access UVa* was tied closely to competition, and the design of the policy represented a clear case of satisficing. Additionally, UVa was the only case where policymakers cited the influence of policy networks in the adoption process. At Emory University, competition, and to a lesser extent convenience, were observed as influences in the adoption process, but there was little indication that normative pressure or policy networks played a role in the program's adoption. In the case of Davidson College, diffusion-related factors did not play much of the role in the decision to implement *The Davidson Trust*. While the college did appear to capitalize on competitive benefits by publicizing the program, internal dynamics were far more influential in the college's decision to adopt its LRG.

8.2.1 Competition

The influence of competition on the decision to adopt LRGs was present to some extent at UVa, Davidson, and Emory. All three institutions adopted their initiatives following a brief, but active, history of LRGs being implemented at other reputable institutions. By virtue of holding positions as respected national colleges and universities, the three case institutions operated in a competitive enrollment landscape and were acutely aware of the public praise and publicity that had benefitted prior LRG adopters. In this study, the presence and reach of this competitive influence varied from institution to institution. At UVa, the competitive relationship with one singular peer institution strongly influenced the decision to adopt *Access UVa*, while at Emory the collection of previously adopting (and yet-to-adopt) institutions influenced both the decision to implement *Emory Advantage* and the manner in which the program was designed. At Davidson College, those at the institution recognized the potential competitive benefits of a no-loan program and worked to capitalize upon them through publicizing their initiative. However, this outcome was not a major consideration in the decision to adopt *The Davidson Trust.*

The University of Virginia's decision to pursue a lower-income student financial aid program was clearly influenced by the adoption of *The Carolina Covenant* at the University of North Carolina at Chapel Hill. There is a long-running rivalry between the two institutions – they are similarly selective in their admissions processes, they are both national universities residing in neighboring states, and they commonly compete with one another for students. While UVa had been working on changes to its financial aid policy in the years leading up to the adoption of *Access UVa*, the announcement of the UNC program pushed the institution to pursue a more aggressive approach to awarding need-based financial aid. Concerted effort by UVa to create a program that would be superior to *The Carolina Covenant* offers additional evidence that *Access*

UVa was, in part, a “competitive response” to the UNC program. Administrators at UVa also articulated a desire to establish the institution as a national leader in need-based financial aid policy, an indication that the influence of competition extended beyond the region. Finally, the university’s comprehensive and costly institutional marketing effort in part confirms UVa’s desire to take advantage of the positive publicity that would inevitably come from the *Access UVa* announcement.

Davidson worked to publicize and market its LRG initiative for external audiences following a six-week “quiet period.” During this time, policymakers were instructed not to discuss the plans for *The Davidson Trust* with others outside of, and even within, the college. In Davidson’s case this action was the only clear indication that the institution was seeking any competitive benefits from the adoption of the program. The decision to adopt *The Davidson Trust* was largely made without regard for information about the specifics of existing programs at other institutions. While the college made efforts to publicize its initiative as “the first of its kind at a liberal arts college” those at Davidson arrived at this conclusion after adoption. Competition was thus not a primary motivation in the decision to adopt *The Davidson Trust*, and actually played very little (if any) role. In fact, Davidson policymakers paid little attention to the financial aid policy landscape and the actions of other institutions prior to implementing their initiative, instead focusing heavily on internal factors such as the financial situation and its problems enrolling lower-income students.

At Emory University, the national financial aid policy landscape and the recent implementation of a number of LRGs facilitated the adoption of *Emory Advantage*. Competitive influence in Emory’s case differed from that affecting UVa. Instead of implementing its LRG as a “response” to one specific prior adopter, leaders at Emory were more interested in the competitive benefits that might emerge through joining with the group of highly prestigious prior adopters. Additionally, those at the university viewed *Emory Advantage* as an opportunity to implement an innovative program before many of its competitors and provide the university with a competitive edge over institutions such as Duke, Vanderbilt, and Washington University in St. Louis. As was the case at UVa, the design of Emory's LRG – extension beyond a "low-income" initiative to include students from "middle-income" backgrounds – indicated an effort to capitalize on a competitive opportunity through a program that would extend existing product offerings. Finally, through its concentrated marketing campaign to publicize *Emory Advantage*, those at the institution recognized that they were making an effort to capitalize on competitive advantages that might be associated with the program's adoption.

The three cases considered for this study indicate that competitive forces between institutions are likely to influence the adoption of LRGs. However, as the Davidson College case indicates, competitive aims are not a necessary motivation in the policy adoption process. The two remaining cases, in which a competitive policy environment influenced LRG adoption, the dynamic affected the process differently. At the University of Virginia, policymakers sought to respond to a policy that had been implemented by one of its direct competitors by creating a stronger initiative. At Emory, the institution viewed its process as proactive and an effort to install the policy innovation prior to its direct competitors.

The role of competition in the cases of Emory and UVa provide some insight into the nature of policy diffusion in cases of individual institutions. Higher education policy researchers, who commonly focus their attention on state policies, describe competition as a dimension of "regional diffusion" (Cohen-Vogel et al., 2008; Doyle, 2006; McLendon et al., 2006; McLendon et al., 2005). In regional diffusion models, adopting behavior of individual states is posited to be influenced by activity in neighboring or nearby states. While there is evidence of this regional effect in state higher education policy, it appears that LRG adoption patterns are better explained by a "peer diffusion" (Weinstein, 2007) model. This explanation posits that institutional adoption activity is driven more by the action of peers that hold similar levels of prestige than it is by colleges and universities located in the same region of the country. It is obvious that at Emory University, where national competitive forces were at work in influencing the adoption of *Emory Advantage,* there was evidence of peer diffusion. In the case of UVa, the peer/regional distinction is less clear. That *Access UVa* was adopted in part because of the action of a neighboring state's flagship institution suggests that regional forces were at work. However, because both UVa and UNC are widely considered national institutions and are considered similarly prestigious, it appears that the competitive dimension had less to do with where they are positioned regionally, and more to do with their national reputations and relationship as peers.

8.2.2 Convenience or "Satisficing"

Varying forms of LRG initiatives existed prior to the case programs, thus the three institutions were "early adopters" as opposed to policy "innovators" or inventors (Rogers, 2003). Because each of the institutions implemented a variation of the initial program that was "invented" by Princeton University, some level of satisficing inevitably took place in all three cases. However, the extent to which UVa, Davidson, and Emory relied upon the design of pre-existing LRG initiatives varies. The presence of satisficing behavior in the three cases corresponds with the influence of competition – it was most evident at UVa and Emory, and played only a small role in the adoption of *The Davidson Trust.*

At the University of Virginia, where *Access UVa* was partially a “response” to *The Carolina Covenant*, administrators relied heavily upon the design of the UNC program when formulating their own initiative. The UVa administrators who crafted the university’s LRG explained that they closely studied *The Carolina Covenant* and largely based *Access UVa* on the program that had recently been introduced by their peers. Additionally, UVa administrators studied and scrutinized the UNC program in an effort to determine ways in which they might adapt that program and improve upon it to meet their own purpose – a common trait among policy adopters that adopt out of convenience (Cohen-Vogel et al., 2007). Finally, the UVa administrators charged with crafting the new policy were operating under considerable time constraints, a condition under which reliance on the design of existing initiatives is most likely to occur.

In the case of *The Davidson Trust*, administrators at Davidson College did not indicate that they considered any particular financial aid initiatives when working to design their LRG. In fact, several of the individuals who were closely involved in the policymaking process were unaware of the existence of many pre-existing programs. Satisficing and design out of convenience only occurred at Davidson to the extent that the institution was not the first to consider eliminating loans from the financial aid package. In other words, Davidson chose to seek out a financial aid policy solution that had been previously developed, but beyond this, they did not closely consider the specifics of existing policies when crafting the specifics of their own initiative.

In developing *Emory Advantage*, university administrators did consider the design of pre-existing programs in the policy adoption process. The investigation of these initiatives allowed for the creation of the pieces of Emory’s program – the no-loan component and the loan cap element. It was through consideration of LRG initiatives at other institutions that Emory concluded that extension of an LRG to middle-income students was a relatively unique phenomenon across higher education. In this way, the design of existing programs influenced Emory's decision to add the loan cap as part of *Emory Advantage.* While those at Emory did not key in on one specific LRG initiative as the administrators at UVa did, Emory policymakers did rely in part on the design of existing initiatives.

The three cases considered in this study suggest that satisficing behavior can influence LRG adoption, and that the action overlaps and corresponds with the dimension of competition. Policy researchers have indicated that such patterns of emulation are typically observed in situations where adopting entities experience time or information constraints (Cohen-Vogel et al., 2008; McLendon, 2003; Newmark, 2002; Walker, 1969). At all three institutions, policymakers were faced with time constraints and the situation appeared to influence the likelihood that they would borrow ideas from existing policies. This was especially evident at Emory and UVa, where existing policies were closely analyzed and influenced the final program design. As mentioned previously, there was significant overlap between the influence of convenience and competition. For example, in the case of UVa, the institution borrowed information from its main competitor, UNC; at Emory, administrators looked more broadly at the population of existing programs and then used this information to influence the design of *Emory Advantage.*

8.2.3 Normative Pressure

There were clear potential sources of external pressure that could have acted to influence need-based financial aid policy changes at UVa, Davidson, and Emory. Despite wide concern from the government and general public about access and affordability in higher education, pressure from outside sources did not have any noticeable effect on LRG adoption behavior at the institutions. Because its policy adoption process took place at a different time, and because it is a public institution, the sources of pressure at UVa were unique compared to those at the two private institutions. Davidson and Emory, both high priced private institutions, were in similar situations but their administrators denied any pressure from external sources.

As a public institution, UVa's mission and purpose articulates that the university is expected to provide service to citizens from across the state regardless of background. Administrators recognized that in the years leading up to the adoption of *Access UVa,* the institution was enrolling unacceptably low numbers of low- and moderate-income students. Given the view of education at UVa as a public good, it appeared likely that the state legislature might assert some pressure on the institution to improve enrollment of financial aid recipients. While those at the state level had in the previous decade asserted some pressure on the institution (Timberg, 1998), addressing affordability issues through tuition reductions and freezes, there was no concerted effort by those at the state level to encourage a shift in financial aid policy. Administrators at UVa also indicated that there was no federal government influence on the decision to adopt *Access UVa*.

As private institutions, Davidson and Emory largely operate free from state government influence. The adoption processes at the two institutions took place concurrently, and at a point in time when the federal government was becoming increasingly interested in college affordability issues. The growing concern over these problems was heavily influenced by publication of the Spellings Commission's *Report on the Future of Higher Education*. The relatively low number of lower-income students at Davidson and Emory, coupled with their relatively high cost of attendance, appeared to place them among a large group of institutions that might be subject to any federal action. While administrators at both institutions acknowledged the rising scrutiny of the federal government, they indicated that this environment effectively had no influence on their decisions to adopt an LRG, and they attributed policy adoption to other factors.

The nature of the problems facing each institution pertaining to low-income student enrollment (Section 8.1.4) placed all three in a situation in which they were likely targets for external scrutiny. That normative pressure had essentially no direct influence on policy adoption at UVa, Emory, or Davidson is thus somewhat surprising given the growing affordability concerns at the time each initiative was implemented. However, the lack of formal pressure might be explained by the fact that at the time each LRG was adopted, the programs remained relatively new higher education policy phenomena. Therefore, it is a possibility that later adopters experienced external pressure to adopt because LRGs had been presented as a viable financial aid policy option. In fact, policymakers at UVa, Davidson, and Emory believed that by adopting an LRG they had removed themselves from future government scrutiny, which they viewed as almost inevitable.

8.2.4 Policy Networks or Communities

At all three of the institutions, key policy actors described themselves as well-connected participants in a variety of policy communities including professional organizations. Additionally, nearly every institutional leader interviewed in this study explained that they maintain contact with colleagues who hold similar positions at other institutions, and that they commonly communicate with these associates about policy activity at their respective colleges and universities. Given these seemingly open channels of communication one might expect them to play a role in the adoption and development of LRG initiatives. However, in only one of the three cases – the University of Virginia – did policy networks factor in to the program adoption.

When developing *Access UVa* the administrators who were involved in the adoption process – especially Yvonne Hubbard – reached out to both colleagues and top higher education scholars and researchers. Her relationship with these individuals had been developed through participation in national and regional conferences sponsored by organizations of financial aid professionals. Hubbard sought their counsel in order to determine the feasibility of UVa's developing initiative, and to inform the design of the program. Working through these policy channels helped administrators decide on *Access UVa's* composition and also acted as additional points of support for the policy that helped when the proposal came up for board approval.

In the cases of both Davidson and Emory, administrators indicated that they too had established a wide network of colleagues via participation in national meetings, and often associated with leaders at other institutions. However, at both institutions, when the respective LRGs were being developed, there was little to no communication with colleagues about the developing financial aid policy. In fact, the refusal to make efforts to reach out through established networks appeared to be done by design, and it appeared that there was a concerted effort to keep the process secretive. In the case of Davidson, the lack of communication may have been due to the fact that the policy was developed in a short amount of time. Also, while administrators (the individuals most likely to reach out through policy communities) were involved in the adoption process, the central role of trustees (who were not well-connected higher education policymakers) likely inhibited cross-institution communication. In the case of

Emory, some administrators did have conversations with colleagues about the LRG, but stated that this had essentially no influence on the *Emory Advantage* adoption process.

The role of policy networks and communities in the three cases of LRG adoption indicate that they can be useful in the adoption process (as in the case of UVa), but that institutions can effectively develop and implement policy in the absence of this communication (e.g., Davidson and Emory). It appears that at Davidson and Emory, key policymakers made a deliberate effort not to communicate with colleagues, suggesting a desire to keep the initiative a secret and pointing to concerns about competition. However, at UVa – the institution most influenced by competition – administrators reached out through policy communities and even made efforts to discuss the policy with their most direct competitor. The actions of UVa support the findings of education policy scholars who cite the importance of policy networks in communicating ideas (Cohen-Vogel et al., 2008; Ingle et al., 2007; Mintrom & Vergari, 1998). However, the overall influence of policy communities in LRG adoption is inconsistent. This may be due to the point in time that these particular adoption processes occurred. Had the institutions adopted at a later time when the population of LRG adopting institutions was larger, they might have been more willing to reach out to colleagues. In fact, many of the administrators interviewed indicated that since they had adopted their programs, colleagues from other later-adopting colleges and universities had reached out to them for information on program adoption, design, and implementation.

8.3 BETWEEN-CASE SUMMARY

This section of the between-case analysis summarizes how the diffusion of policy innovation theory informs the understanding of the LRG adoption process at each of the three case institutions. Table 4 compares the explanatory power of each dimension of the analytical framework at the University of Virginia, Davidson College, and Emory University and reflects the relative influence of internal determinant and diffusion explanations on the decision to adopt the respective programs.

Table 4. Explanatory Power of the Diffusion of Policy Innovation Framework

	University of Virginia	Davidson College	Emory University
Internal Determinants			
Finances	High	High	High
Entrepreneurs	High	High	High
Governance	Moderate	High	Moderate
Inst. Problems	High	High	High
Diffusion Explanations			
Competition	High	Low	High
Convenience	High	Low	Moderate
Normative Pressure	Low	Low	Low
Policy Networks	High	Low	Low

Utilizing a three-level scale (high, moderate, low) each of the 24 cells in Table 4 indicates the extent to which the individual dimensions of the analytical framework influenced and explain the adoption of the LRG initiative at the case institutions. The level of explanatory power reflects both the within- and between-case analyses. For example, with regard to Policy Entrepreneurs, data from each institution suggested that there were individuals in all three cases who drove the adoption of the respective LRGs resulting in “high” explanatory power along this dimension. Conversely, with regard to Normative Pressure, the results from the three cases suggested that while there were clear potential sources of external pressure, the dimension had little influence on the respective adoption decisions. As a result, the explanatory power along this dimension is “low” for all three institutions.

Table 4 indicates that internal factors heavily influenced the decision to adopt an LRG initiative at UVa, Davidson, and Emory. Of the 12 internal determinant cells, 10 offer “high” explanatory power pertaining to institutional adoption decisions, and remaining two had a “moderate” influence. The effects of the diffusion-related explanations, on the other hand, were mixed. Five of the 12 cells offered “high” explanatory power, one “moderate,” and the remaining six were “low.” External factors clearly helped to drive the adoption decision at UVa and Emory (to a slightly lesser extent). In the case of Davidson College, the decision to adopt *The Davidson Trust* was made with little regard for external circumstances related to the wider financial aid policy landscape, government influence, and other conditions.

The results summarized in the table provide insight into why institutions adopt LRGs and how they arrive at the decision to implement the programs. In cases of LRG adoption, factors internal to the college or university are effective in describing the *ability* to adopt a program. In other words, if factors internal to the institution are not conducive to LRG adoption, it appears unlikely that an institution will implement such an initiative. For example, in the absence of some combination of financial support, “buy-in” from institutional leaders, motivated policy actors, and/or perceived problems pertaining to lower-income enrollment, colleges and universities may not consider these need-based programs. In this way, internal determinants play a central role in LRG adoption.

Results related to diffusion explanations suggest that such external factors can influence an institution’s decision to adopt, but as demonstrated in the Davidson case, they do not appear to be a necessary element. However, this does not make them unimportant dimensions in the decision to adopt LRGs. It is appropriate to describe diffusion-related factors as affecting the *likelihood* that institutions will adopt. The influence of diffusion explanations is illustrated most vividly in the case of *Access UVa.* Based on factors internal to the institution, UVa was in a position where it was capable of adopting an LRG initiative. However, the likelihood that the institution would implement such a program was greatly influenced and increased by external events and interactions.

9.0 CONCLUSION

The final chapter of this dissertation begins with a brief overview of the study. The subsequent section presents seven key findings that emerge from the between-case analysis and is followed by a discussion of the wider relevance of these findings. Future research and policy implications are addressed in the final two sections that conclude the chapter.

9.1 OVERVIEW OF THE STUDY

This dissertation investigated the process through which selected four-year postsecondary institutions have adopted a recently developed need-based financial aid initiative. More specifically, the qualitative study sought to examine *why* specific colleges and universities implemented LRGs and *how* they arrived at the decision to adopt these innovative policies. Using a comparative-case research design, this investigation considered the LRG policy adoption experience of three distinct four-year institutions and utilized the diffusion of policy innovation framework, which is commonly used by political science scholars to study the spread of new policy ideas between adopting units.

The dissertation topic was conceived after a consideration of postsecondary choice and access issues and recent developments in institutional financial aid policy. It seeks to expand upon a growing body of policy diffusion research in higher education through both its subject matter and methodology.

Over the past several decades, access to selective four-year colleges and universities has become increasingly inequitable along socioeconomic lines. This inequality has been exacerbated by a combination of ill-conceived but well-intentioned government financial aid policies and institutional enrollment management practices. The recent development and proliferation of LRGs appears to be a response by individual colleges and universities to address the growing inequities in postsecondary access. The concept of replacing loans with grants has been well-received by college administrators seeking to address challenges facing lower-income students, and the need-based aid programs have proliferated; today nearly 50 four-year postsecondary institutions have some form of LRG. Despite the spread of programs, however, little has been done to investigate LRGs and existing studies have mainly focused on the evaluation of individual programs. With no formal effort to study program proliferation to date, this dissertation seeks to address that gap in the literature. Additionally, through consideration of individual postsecondary institutions as the unit of analysis, and through a qualitative investigation of policy adoption behaviors at the institutions, this study seeks to expand policy innovation literature through use of an alternative research subject and mode of inquiry.

Chapters 5, 6, and 7 present case studies investigating the LRG adoption and development processes at three postsecondary institutions. Each case relied on an extensive review of archival material, documents, and interview data collected from key individuals involved in the policy adoption process at each institution. The case study chapters contain background information on each institution, describe the policy adoption process through a narrative chronology, and include an analysis of events across the eight dimensions of the analytical framework summarized in

Appendix D. A between-case analysis of the three processes comprises Chapter 8, and provides further examination and exploration of LRG adoption. This concluding chapter reports key findings emerging from the between-case analysis, discusses the relevance of the findings for higher education and within existing policy diffusion literature, and presents future research and policy implications.

9.2 FINDINGS

The comparative analysis of the LRG adoption process at the University of Virginia, Davidson College, and Emory University produced one overall "core finding" and six distinct additional findings that relate to specific dimensions of the analytical framework. These findings outline commonalities present across the three adoption processes, point out important influences that are both internal and external to the institutions, and address the roles of individual policy actors. By addressing the three research questions presented in Chapter 1 and following the outline provided by the diffusion of policy innovation framework, the comparison of individual cases offered insight into how and why institutions adopt LRG initiatives.

9.2.1 Core Finding

Because of the influence of both internal determinant and diffusion-related factors, this study indicates that a "unified theory" (Berry, 1994) of policy innovation that accommodates both types of explanations best explains the LRG adoption process. Though there are a number of between-case commonalities, the policy adoption behavior of any specific institution depends upon the interaction of the various dimensions with one another. Perhaps the most valuable contribution of this inquiry comes not from the identification of relevant influences, but from its description of how the interaction of internal and external factors varies from case to case.

Through its investigation of the various factors associated with LRG adoption, this dissertation suggests the following: In LRG adoption, an evaluation of internal determinants is most effective in describing an institution's *ability* or *capacity* to implement programs, while diffusion-related factors provide insight regarding the *likelihood* that institutions will adopt. In all three cases, the institutions were influenced by similar internal determinant factors. Each had short-term funding to support their initiative, active policy entrepreneurs with a keen sense of institutional governance, and experienced problems related to low-income enrollment and rising loan debt. Commonalities among these internal factors suggest that each institution was in position to adopt. However, as demonstrated in the cases of UVa and Emory, external diffusion-related factors acted as a sort of "tipping point" that moved the universities from having the capacity to adopt toward actually adopting. In the Davidson College case, external influences played less of a role in the decision to adopt, suggesting that while such diffusion-related factors can play a role, they are not an absolutely necessary element to LRG adoption. This finding supports similar observations made by Ingle, Cohen-Vogel, and Hughes (2007), who point out the centrality of favorable internal determinants while recognizing the considerable influence diffusion-related factors can have on policy adoption.

9.2.2 Additional Findings

In addition to the core finding presented above, this study produced a series of six additional findings that relate specifically to individual internal determinants and diffusion explanations.

These findings provide a more thorough description of the influence of various analytical framework dimensions on LRG adoption decisions.

1) An institution's financial condition is a critical consideration in LRG adoption decisions. However, there is no one particular overall financial picture that is necessary for adopting institutions. As evidenced by the three cases, institutions with both large and modest endowments may adopt, and can choose from a variety of options to financially sustain their initiatives. One area of consistency that does exist along the financial dimension is the availability of short-term or "start-up" funds to initially support the program. This centrality of institutional finances in the adoption of this financial aid initiative is consistent with findings presented by a number of state policy scholars (e.g., Hearn & Griswold, 1994; Ingle et al., 2007; Walker, 1969)) who claim that financial policy adoption behavior is closely related to state "fiscal health." More broadly, it offers support for the observation made by Cohen-Vogel and Ingle (2007), who explain that the type of policy that is considered dictates which determinants will have the most significant influence on its adoption.
2) The LRG policy adoption process is subject to considerable influence by an individual or small group of policy entrepreneurs. In each of the three cases, individual administrators drove the policy adoption process. Consistent across all these situations was an effort by these entrepreneurs to work through existing governance structures in order to build the credibility of their proposal. Additionally, they demonstrated "the ability to organize others to turn policy ideas into policies" (Mintrom, 1997, p. 739). In each case policy entrepreneurs worked differently, but all utilized political capital and built coalitions to gain support for their projects.

3) The presence of institutional educational “problems,” particularly those related to a perceived scarcity of lower-income students, is a significant factor in an institution’s decision to implement an LRG. Addressing inequitable access issues was cited as the primary motivation for program adoption in each of the three cases and the socially desirable aim is present in all of the publicly available materials on the programs. Additionally, these problems are often used by key policy actors to build support for the initiatives and to provide justification for this particular policy solution. The goal of providing access to students from diverse socioeconomic backgrounds also represents a socially desirable aim which connects to the wider mission of the institutions.
4) Competition between institutions for publicity, prestige, and students can play a role in the decision to adopt an LRG. As evidenced in the three cases, the competitive landscape in which individual institutions operate helps dictate the extent to which it shapes program design or the length of the process. The influence of this diffusion-related factor suggests that for individual institutions, the “peer diffusion” (Weinstein, 2007) model is more relevant than the traditional “regional diffusion” explanations offered by state higher education policy diffusion researchers (e.g., Cohen-Vogel et al., 2008; Doyle, 2006; McLendon, 2003; McLendon et al., 2006). In cases of peer diffusion, “actions of one’s peers (universities that share similar levels of prestige) can have a greater influence than the actions of one’s geographical neighbors in determining the eventual implementation of specific policies” (Weinstein, 2007, p. iv). Because four-year institutions are often national entities, peers and competitors who influence policy adoption may (or may not) be located in the same state or region. In the case of UVa – which may *appear* to have been influenced by regional competition – evidence suggests

that the competitive relationship with UNC was based more on the reputation of both universities as national institutions, and less on their location in neighboring states. The competitive landscape in which Emory and Davidson operate clearly supports the peer diffusion concept.

5) Satisficing behavior – the borrowing of existing policy design from other units to craft new policy – is evident in LRG adoption processes at each of these institutions (although to a lesser extent at Davidson). Furthermore, in each case, institutional efforts to craft the LRG in a rather condensed amount of time led to reliance on existing LRG design. Such patterns of emulation support the findings of higher education policy researchers who have found that satisficing is a common practice among units facing time or information constraints (e.g., Cohen-Vogel, et al., 2007; Cohen-Vogel & Ingle, 2007).

6) While communication of policy ideas between actors via policy networks or communities can influence LRG adoption, the cases of Emory and Davidson suggest that competitive factors may reduce the likelihood that institutions reach out through the networks when crafting their initiatives. Mintrom and Vergari (1998) suggest that policy communities are most influential in program adoption when policy entrepreneurs participate in them. In the case of LRG adoption at the evaluated institutions, the specific policy entrepreneurs were not involved in the most potentially influential policy networks – national and regional organizations of financial aid administrators – and had reservations about discussing policy plans with peers. This situation likely mitigated policy community influence in the Davidson and Emory cases. While the policy entrepreneur identified at UVa was not active in these organizations, the key figure entrusted with designing *Access*

UVa was a well-connected participant. Thus, the leadership dynamics at that institution provided an opening for the influence of the networks.

9.3 DISCUSSION

The findings from this dissertation largely support conclusions similar to past policy diffusion research. Additionally, by addressing a recent policy innovation promoting postsecondary access, employing qualitative methods to study the policy adoption process, and using individual colleges and universities as the unit of analysis, this study expands the reach of policy adoption inquiry. This section explores the contribution that this dissertation makes to higher education policy literature by connecting its findings to past studies and through a discussion of the importance of the methodological approach used herein to the wider policy research arena.

The seven findings presented in this study suggest that both internal determinants and diffusion explanations combine to play a role in the adoption of LRGs. The presence and interaction of these various dimensions provides additional support for Berry's (1994) "unified model" for studying policy diffusion, and suggests that simply exploring either internal determinants or diffusion-related factors would provide an incomplete picture of the LRG adoption process. While support for such unified or integrated models has been well established through the use of higher education policy diffusion studies that utilize quantitative event history analysis (Doyle, 2006; McLendon et al., 2007; McLendon et al., 2006), the current study lends support to the suggestion made by Ingle, Cohen-Vogel, and Hughes (2007) that qualitative studies are strengthened by use of this integrated model.

Along the internal determinant explanations for policy adoption, this study corroborates many of the findings produced by researchers who have studied state policy adoption processes within higher education. For example, policy researchers studying state higher education policy have found that a state's fiscal health is a significant factor in policy innovation, particularly those concerning financial aid (Ingle et al., 2007). Additionally, the influence of leadership structure and approach to governance of states adopting a variety of policies has been addressed through a number of studies (Hearn & Griswold, 1994; McLendon et al., 2007; McLendon et al., 2006; McLendon et al., 2005). While the role of policy entrepreneurs has been addressed in the extant literature (Cohen-Vogel & Ingle, 2007; Doyle, 2006), it is in this area that the current study makes one of its more significant contributions. By detailing the adoption story in the three institutions, the case studies provide insight into the actions of policy entrepreneurs and illustrate the manner in which they navigate other internal factors (e.g., governance structure) in order to promote LRG implementation.

The presence of educational problems, one of the primary motivations for LRG adoption, has been shown to play a role in policies such as state merit aid (Doyle, 2006), but has been less influential in other areas including the adoption of budgeting policies (McLendon et al., 2006) and state governance reform (McLendon et al., 2007). The findings in this dissertation along this dimension suggest that the nature of the specific problem dictates the policy-based solution that is sought to address it. It also highlights a key benefit of the methodology used in this dissertation. Researchers using event history analysis hypothesize as to potential problems that may influence adoption, and thus run the risk of identifying an influential issue. Conversely, asking policymakers themselves to what they attribute program adoption allows such problems to emerge through the data.

With regard to diffusion, this dissertation lends support to past studies that cite competition and convenience as factors in policy diffusion (Cohen-Vogel et al., 2008; Doyle, 2006; Ingle et al., 2007), while the effects of normative pressure suggested by others (McLendon et al., 2005) were less apparent. Of particular note is the support this dissertation offers for a model of “peer diffusion” (Weinstein, 2007). The influence of policy networks, a factor by several researchers considering state higher education policy (e.g., Cohen-Vogel & Ingle, 2007), played a less prominent role in the adoption of LRGs, though their potential was evidenced by the experience at UVa. Essentially, as researchers suggest, and this study illustrates, the type of policy and the subject matter of that policy acts to dictate which dimensions of the framework come to influence the program’s adoption.

One of the additional contributions this dissertation makes to the wider higher education literature is a result of the specific subject matter. The growing inequity in postsecondary access is a problem that has been exacerbated by a number of government and institutional policies that have essentially constructed increasingly insurmountable price barriers for lower-income students. According to McLendon, Heller, and Young (2005), such emerging challenges “suggest a need for new thinking, as well as for nuanced approaches” (p. 365) to existing financial aid policies. LRGs appear to represent a new and innovative approach to addressing system-wide access problems through their aggressive and targeted approach to awarding need-based aid. This notion is backed by both research and policy experts. Despite the potential promise these programs hold for promoting access for lower-income students, little formal research has been done to date investigating the initiatives. In light of the inherent promise LRGs hold for underrepresented students, this study represents one of the earliest efforts to formally study the initiatives. Through uncovering and exploring factors that have contributed to LRG adoption, the dissertation contributes to a better understanding of the policies, provides insight regarding their potential to become a wider policy trend, and equips institutional leaders and policymakers who seek to advocate for similar programs with knowledge of how they might achieve that aim.

This dissertation also makes a relevant and important contribution to higher education policy research is through its methodological approach to studying the policy adoption process. To date, the vast majority of policy diffusion studies have utilized quantitative models. While this approach has proven useful in uncovering factors related to policy adoption products, it largely ignores the process associated with policy adoption (Cohen-Vogel & Ingle, 2007; Cohen-Vogel et al., 2008; Ingle et al., 2007; McLendon et al., 2005). This dissertation attempts to answer the call of higher education policy diffusion scholars including those who suggest that "well-planned qualitative studies can integrate the internal determinants and regional diffusion models and avoid the pitfalls of conventional techniques typically employed by innovation diffusion scholars" (Ingle et al., 2007, p. 609). These pitfalls include over-reliance on one particular type of explanation for the adoption of a policy, and a failure to recognize the nuance and interplay between various determinants that ultimately contribute to adoption.

This current study on the policy adoption process associated with LRGs demonstrates this nuance. It shows, for example, that while an institution's financial situation may be a factor in policy adoption, the manner in which these institutional finances play a role varies widely. Or, as in the example of competition, it demonstrates that the influence can come from a single direct competitor (as in the case of UVa), a desire to take competitive advantage of the wider landscape (as at Emory), or may play little role at all (Davidson). These situations are prime examples of the "invisible relationships" (Ingle et al., 2007, p. 610) that might not have otherwise been captured through traditional means of studying policy adoption. Certainly, there are limitations associated with reliance on interview data and archival analysis. For example, recall error, interview participant overstatement of altruistic motivations, and the positive “spin” evident in many institutional documents are difficult to overcome even with data triangulation. However, the findings uncover and address the inherent complexity involved in the policy adoption process and provide further support for utilizing diverse methods to investigate this commonly studied phenomenon. As demonstrated in this study, qualitative methods allow competing explanations to be explored, and illustrate the manner in which these explanations play off of one another, interact, and ultimately combine to produce the final policy.

The current study is not completely unique with its use of qualitative methodology to study the diffusion of higher education policies. Recently published research (Cohen-Vogel & Ingle, 2007; Cohen-Vogel et al., 2008; Ingle et al., 2007) has investigated the phenomenon through qualitative comparative case studies. However, these studies, like the event history analysis research before them, have focused exclusively on government policies, and utilized American states as their unit of analysis. Through its consideration of individual postsecondary institutions, this study further widens the scope of higher education policy research by expanding to a unique unit of analysis. This is an important contribution because of the central role of institutional decision-making in shaping the wider higher education policy landscape. Over the course of the past 60 years, American higher education has become increasingly decentralized, meaning that individual institutions have taken on more policy decisions over time (McLendon et al., 2005). Colleges and universities, including those that are publicly funded, thus have considerable autonomy when it comes to policy decision-making. Institutional policy analysis is therefore an important corollary to state higher education policy research which addresses policies that affect public institutions, but does not account for the diversity in these state systems and ignores private colleges and universities. In order to arrive at a more complete picture of higher education policy dynamics, it is important to consider institutional trends alongside government policy events. This dissertation illustrates how the experience of individual colleges and universities and a comparison of public and private institutional experiences can serve to broaden perspective.

9.4 RESEARCH IMPLICATIONS

Along with the particular financial aid policy addressed in this dissertation, the theoretical frame and methodological approach used to investigate LRGs creates a number of potential areas for future research. Ongoing investigation of the need-based aid policies might look intently at the effectiveness of the initiatives or build upon the current study by investigating program adoption, and non-adoption, at other institutions. Additionally, the use of different methodological approaches to study program adoption might help to provide a broader view of the relevant factors that contribute to LRG adoption.

The first, and perhaps most obvious, area for future research pertains specifically to LRG initiatives themselves. Though the programs have grown and proliferated over the past few years, little has been done to formally evaluate their effectiveness. As students who have been the beneficiaries of LRGs progress through college and begin to graduate, there will be considerable opportunity to investigate their collective experience. Such studies could and should take a variety of forms to help policymakers and researchers better understand how the policies affect lower-income student enrollment as well as recipient performance, retention, and persistence to graduation. As mentioned above, institutions that have adopted LRGs to date have done so largely in the absence of evidence that they are effective, meaning that such studies can help inform future decision-making processes.

While the three institutions considered for this study were not the very first to adopt LRGs, they were among what Rogers (2003) refers to as "early adopters." Using similar methods, the current case study could be expanded to include the "early majority" – the next group of institutions to adopt innovations. These two groups have different characteristics, and may cite varying motivations for implementing their LRG initiatives. It would be valuable to note the extent to which internal determinants and diffusion explanations factored in with the "early majority" and how they compare to those influencing the "early adopters." It is plausible, if not likely, that with more readily available information on existing programs, and a greater likelihood that a direct competitor or competitors adopted LRGs, that these later-adopting institutions may have been more greatly influenced by diffusion-related factors than the institutions considered for this study.

Because of the rate and manner in which LRGs have spread the initiatives offer opportunities for researchers to investigate their diffusion through different methods, such as event history analysis. Such studies would be beneficial as they could effectively consider a larger sample of institutions, and provide additional insight into relevant internal determinants and diffusion-related factors that play a role in adoption. Such inquiry would help provide a wider picture of financial aid policy adoption phenomenon across higher education. Additionally, quantitative methods would likely be effective in considering changes that have occurred in already existing programs over time, and providing information about the relevant factors involved in these changes.

While this study focused on reasons why and how particular postsecondary institutions arrived at their respective decisions to implement LRGs, future studies might also focus on institutions that have chosen not to adopt programs. Studying such "hold-out" (Ingle et al., 2007) institutions may help to provide additional information on internal and external factors that are the most important in the LRG adoption process. It would also act to provide a more complete picture of the policy procedure, help researchers to test the limits of diffusion theory, and "address the pro-innovation bias that has diverted scholarly attention away from explanations for policy failure" (Ingle et al., 2007, p. 609). The research approach has been used to study state higher education policy, and could be similarly effective in investigating institutional financial aid policy.

9.5 POLICY IMPLICATIONS

This study yields valuable implications for future policy and practice. The first of these implications relates to policymakers at individual institutions, who stand to benefit from both the findings emerging from this dissertation as well as its focus on the policy process. Additional implications are more global, and relate broadly to role of the programs in addressing system-wide inequity and the future of LRG initiatives and their potential to represent a broader higher financial aid policy trend.

Through its consideration of three distinct four-year institutions of varying size and control, this dissertation provides administrators and policymakers with an in-depth view of conditions that are conducive to adoption of the policy and the specific processes that produced each LRG. Individuals at non-adopting institutions who wish to advocate for similar programs can benefit from these accounts as they look to affect policy change, especially if they work within systems with similar dynamics to those described in this study. For example, the new president of an institution with a small endowment can look to the Davidson example to determine how this financial situation might be navigated when considering policy changes, and borrow from the Emory case and connect the policy solution to a wider institutional vision. Similarly, a financial aid director at another institution who seeks to emulate observed financial aid policy change at a competing university, might look to UVa as a way to use the actions of competitors as a catalyst, consider the importance of policy entrepreneurs and institutional governance in all three of the cases, and work through relevant channels to address the problem.

By replacing loans with grants for low- and moderate-income students at colleges and universities, LRGs appear to address the call from higher education scholars and policy experts who have advocated for efforts to reverse the trend toward awarding wealthier students with financial assistance. While the programs appear to hold promise for improving equity, the nature and extent of their influence in this regard remains unclear. Certainly, the premise behind the initiatives is indicative of the type of policy reform that may be needed to reverse prevailing financial aid trends that award merit at the expense of need. However, the limited number of institutions and the types of colleges and universities that have adopted the programs raises questions about the likelihood that they will a wide-reaching positive influence on the problem of inequitable access.

As discussed previously, and evidenced by the table in Appendix A, the vast majority of LRG-adopting institutions are among the best-known, most prestigious, and wealthiest institutions in America. Thus, the initiatives are currently limited to a small number of schools which fit a particular institutional profile, a fact that will likely influence the potential reach of the programs. One hopeful view is that the early-adopting institutions, because of their reputation as leaders, may act as bellwethers and influence other colleges and universities of varying type to focus financial aid efforts more intently on meeting need and addressing access and equity issues. The findings in this study suggest that this influence can occur among institutions which are similar with regard to reputation and admission selectivity. What is not yet known is whether or not this influence will allow similar policies to diffuse to more regional, lesser-known, and less-selective colleges and universities. The existing population of adopting institutions may also lead to a more cynical interpretation of the initiatives. Because of the relative wealth of the institutions that have adopted – in terms of finances, reputation, and abundance of applications – some may view LRGs as a largely symbolic effort which has less to do with improving equity and more to do with enhancing prestige. Because the majority of adopting institutions receive many more applications than they have slots for admission, they are in position to subsidize expanded financial aid budgets with greater numbers of full-paying students.

The future of LRGs may be closely tied to the fiscal conditions at adopting institutions and potential adopters. Given the current economic climate in the United States, and the tremendous negative effect it has had on college and university endowment holdings (Herbst-Bayless, 2009) it is likely that LRG sustainability will become a concern for adopting institutions. To date, institutions have resisted cutting financial aid to students (Zernike, 2009). However, there is a distinct possibility that economic pressures facing institutions might force them to either drop their LRGs or make adjustments that mitigate program effectiveness. Additionally, the tenuous financial situation facing institutions is likely to essentially halt the once rapid spread of the programs. While more than 40 institutions had implemented new programs between 2005 and 2008, there is only one institution that has introduced a new policy for the 2009-2010 academic year.

The economic situation may threaten the future of these programs and relegate LRGs to what Birnbaum (2000) describes as a higher education “management fad” as opposed to policies that represent a long-term policy trend. So, while LRGs appear to hold promise for addressing inequities in four-year colleges and universities, financial realities facing institutions may create a situation in which very few, if any, additional institutions adopt programs. Already, the spread of these programs has slowed dramatically. This slowing of program growth, if not reversed in the near future, might threaten the future of LRGs and leave policymakers looking for alternatives to addressing the growing problem of inequity in postsecondary access.

Ultimately, the premise behind LRGs represents a positive development that if applied aggressively across a large number of institutions would likely work toward addressing issues of inequitable access to higher education. Because the programs remain in their infancy, have been adopted almost exclusively by a select collection of colleges and universities, and appear threatened by the current economic situation in the United States raises questions about their ability to reverse existing financial aid policy trends. Monitoring the initiatives in the coming years and continued investigation of their possible spread and adoption will offer additional insight into the problem of inequitable access to higher education.

APPENDIX A

ACTIVE LOAN REPLACEMENT GRANT PROGRAMS BY INSTITUTION

The following table presents the active LRG programs as of the 2008-09 academic year. Programs are listed by institution. The program information contained in Appendix A has been compiled from Lips (2008), TICAS (2008), and admissions and financial aid websites at the individual institutions.

Loan Replacement Grant Programs by Institution

Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Amherst College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Appalachian State University - *Appalachian Access*	Reduces loan amounts. Cost of tuition, fees, room, and board covered by grant and work study. Remaining cost may be covered by loans.	Family income below the Federal poverty level. North Carolina residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Arizona State University - *ASU Advantage*	Reduces loan amounts. Cost of tuition, fees, room, and board covered by grant and work study. Remaining cost may be covered by loans.	Family income below $25,000. Arizona residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Bowdoin College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Brown University (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $100,000	Combined student and parent contribution. No family contribution for those earning less than $60,000	No-Loan	Income Level Eligible, Work Included
Brown University (2)	Reduces loan amounts. Loans capped at $3000 or $4000/year. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $100,000 and $125,000 and $125,000 and $150,000	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
California Institute of Technology	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Claremont McKenna College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Colby College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
College of William and Mary - *Gateway*	Replaces loans with grants for the entire cost of attendance.	Family income below $40,000. Virginia residency.	Combined student and parent contribution	No-Loan	Income Level Eligible, No Work

Loan Replacement Grant Programs by Institution *(Continued)*					
Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Columbia University	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution. Student contribution only for families earning less than $60,000.	No-Loan	All Aid Eligible, Work Included
Connecticut College (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $50,000 and EFC below $5500	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Connecticut College (2)	Reduces loan amounts. Loans capped at $10,263 over four years. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $50,000 and $75,000. EFC between $5500 and $15,000.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Four-Year Cap
Cornell University (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Cornell University (2)	Reduces loan amounts. Loans capped at $3000/year. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $60,000 and $100,000	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Dartmouth College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution. Student contribution only for families earning less than $75,000.	No-Loan	All Aid Eligible, Work Included
Davidson College - *The Davidson Trust*	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Duke University (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $40,000.	Student Contribution	No-Loan	Income Level Eligible, Work Included
Duke University (2)	Reduces loan amounts. Loans capped between $1000 and $4000 depending on income. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $40,000 and $100,000	Combined student and parent contribution. Student contribution only for families earning less than $60,000.	Loan Cap	Income Level Eligible, Per-Year Cap

Loan Replacement Grant Programs by Institution *(Continued)*					
Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Emory University - *Emory Advantage* (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $50,000.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Emory University - *Emory Advantage* (2)	Reduces loan amounts. Loans capped at $15,000 over four years. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $50,000 and $100,000.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Four-Year Cap
Georgia Institute of Technology - *Tech Promise*	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $30,000. Georgia residency.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Harvard University	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students.	Combined student and parent contribution. Student contribution only for families earning less than $60,000.	No-Loan	All Aid Eligible, Work Included
Haverford College	Replaces loans with grants and work study for the entire cost of attendance.	All aid eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Indiana University - Bloomington - *21st Century Scholars Covenant*	Replaces loans with grants for the entire cost of attendance.	Students qualifying for the federal school lunch program. Indiana residency.	Combined student and parent contribution	No-Loan	Income Level Eligible, No Work
Lafayette College (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $50,000.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Lafayette College (2)	Reduces loan amounts. Loans capped at $2500 per year. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $50,000 and $100,000.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Lehigh University (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $50,000.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included

Loan Replacement Grant Programs by Institution *(Continued)*

Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Lehigh University (2)	Reduces loan amounts. Loans capped at $3000 per year. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $50,000 and $75,000.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Massachusetts Institute of Technology (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $75,000.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Massachusetts Institute of Technology (2)	Reduces loan amounts. Loans capped at $4750 per year. Remaining need up to cost of attendance replaced with grants and work study.	All aid eligible students with family incomes above $75,000	Combined student and parent contribution	Loan Cap	All Aid Eligible, Per-Year Cap
Michigan State University - *Spartan Advantage*	Reduces loan amounts. Cost of tuition, fees, room, and board covered by grant and work study. Remaining cost may be covered by loans.	Pell eligibility. Michigan residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
North Carolina State University - *Pack Promise*	Reduces loan amounts. Loans capped at $2500 per year. Remaining need up to cost of attendance replaced with grants and work study.	Family income below 150% of the federal poverty line	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
Northwestern University	Replaces loans with grants and work study for the entire cost of attendance.	Pell eligibility and an EFC less than 20% of the cost of attendance.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Oberlin College -*Oberlin Access*	Replaces loans with grants and work study for the entire cost of attendance.	Pell eligibility	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Pomona College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Princeton University	Replaces loans with grants and work study for the entire cost of attendance.	All aid eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included

Loan Replacement Grant Programs by Institution *(Continued)*

Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Rice University	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Stanford University	Replaces loans with grants and work study for the entire cost of attendance.	All aid eligible students	Combined student and parent contribution. Student contribution only for families earning less than $60,000.	No-Loan	All Aid Eligible, Work Included
Swarthmore College	Replaces loans with grants and work study for the entire cost of attendance.	All aid eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Tufts University	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $40,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of Arizona - *Arizona Assurance*	Reduces loan amounts. Cost of tuition, fees, room, board, and books covered by grant and work study. Remaining cost may be covered by loans.	Family income below $42,400. Arizona residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
University of Chicago - *Odyssey Scholarship* (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of Chicago - *Odyssey Scholarship* (2)	Reduces loan amounts. Loans capped at $3000 per year. Remaining need up to cost of attendance replaced with grants and work study.	Family income between $60,000 and $75,000	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
University of Illinois at Urbana-Champaign - *Illinois Promise*	Reduces loan amounts. Cost of tuition, fees, room, board, and books covered by grant and work study. Remaining cost may be covered by loans.	Family income below the federal poverty level and an EFC of zero. Illinois residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
University of Louisville - *Cardinal Covenant*	Reduces loan amounts. Cost of tuition, fees, room, board, and books covered by grant and work study. Remaining cost may be covered by loans.	Family income below 150% of the federal poverty level. Kentucky residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap

Loan Replacement Grant Programs by Institution *(Continued)*

Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
University of Maryland, College Park - *Maryland Pathways* (1)	Replaces loans with grants and work study for the entire cost of attendance.	Students with an EFC of zero.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of Maryland, College Park - *Maryland Pathways* (2)	Reduces loan amounts. Loans capped at $15,900 over four years. Remaining need up to cost of attendance replaced with grants and work study.	All aid-eligible students	Combined student and parent contribution	Loan Cap	All Aid Eligible, Four-Year Cap
University of Michigan - *M-PACT*	Replaces loans with grants and work study for the entire cost of attendance.	Students with an EFC of zero. Michigan residency.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of North Carolina at Chapel Hill - *Carolina Covenant*	Replaces loans with grants and work study for the entire cost of attendance.	Family income below 200% of the federal poverty level.	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of Pennsylvania	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $100,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
University of Tennessee - *Tennessee Pledge Scholarship*	Reduces loan amounts. Cost of tuition, fees, room, board, and books covered by grant and work study. Remaining cost may be covered by loans.	Family income below $36,000. Tennessee residency.	Combined student and parent contribution	Loan Cap	Income Level Eligible, Per-Year Cap
University of Virginia - *Access U.Va.* (1)	Replaces loans with grants for the entire cost of attendance.	Family income below 200% of the federal poverty level.	Combined student and parent contribution	No-Loan	Income Level Eligible, No Work
University of Virginia - *Access U.Va.* (2)	Reduces loan amounts. Loans capped per year at one fourth tuition. Remaining need up to cost of attendance replaced with grants and work study.	All aid-eligible students	Combined student and parent contribution	Loan Cap	All Aid Eligible, Per-Year cap
Vassar College	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included

Loan Replacement Grant Programs by Institution *(Continued)*

Institution - *LRG Name*	Program Details	Eligibility	Family Contribution	Program Type	Program Category
Washington University in St. Louis	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Wellesley College (1)	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $60,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Wellesley College (2)	Reduces loan amounts. Loans capped at $8,650 or $12,825 over four years. Remaining need up to cost of attendance replaced with grants and work study.	All aid-eligible students. Family incomes between $60,000 and $100,000 receive the lesser amount.	Combined student and parent contribution	Loan Cap	All Aid Eligible, Four-Year Cap
Wesleyan University	Replaces loans with grants and work study for the entire cost of attendance.	Family income below $40,000	Combined student and parent contribution	No-Loan	Income Level Eligible, Work Included
Williams College	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution	No-Loan	All Aid Eligible, Work Included
Yale University	Replaces loans with grants and work study for the entire cost of attendance.	All aid-eligible students	Combined student and parent contribution. Student contribution only for families earning less than $60,000.	No-Loan	All Aid Eligible, Work Included

APPENDIX B

LOAN REPLACEMENT GRANT PARAMETERS

From Lips (2008):

LRGs are provided to students who are enrolled full-time at the institution, remain in good academic standing, and typically (though not necessarily) are dependent. In order for a need-blind/full-need financial aid initiative to be considered an LRG, it must meet certain criteria. The following six criteria are required for an institution's financial aid initiative to be considered an LRG. The awarding college or university must, at a minimum:

1) Consider students for admission without regard for a family's financial need
2) Meet a student's full demonstrated financial need with financial assistance, after accounting for a family contribution
3) Replace a portion of loans with grant aid so that students are awarded no more than $19,000[11] in loans over four years
4) Publicize clear eligibility requirements in terms of family income or some other transparent benchmark
5) Offer awards based on financial need with no merit-based requirement while considering students from a large proportion of the applicant pool[12]
6) Provide grant awards that cover direct billed cost (tuition, fees, room, board) at a minimum

---

[11] The $19,000 maximum figure represents the maximum amount of aid in Federally Subsidized Stafford loans that a student can accrue over four years - $3,500 in the first year, $4,500 in the second year, and $5,500 each in the third and fourth year. The Subsidized Stafford Loan is the most commonly awarded federally subsidized loan available to undergraduate students.

[12] With regard to this requirement, an institution must extend the LRG to a large proportion of its students. In cases where the program is narrowly limited (e.g., students from a particular high school, county, or background) the institution is excluded. However, included in the population of LRG granting institutions are state-run colleges and universities that offer programs for state residents because the majority of their students are residents.

APPENDIX C

INTERVIEW PROTOCOL

1. Describe how ***Institution*** came to the decision to adopt ***LRG Name***

2. Describe your role in the adoption of ***LRG Name***

3. How do you believe that the idea for ***LRG Name*** emerged at your institution when it did?
   - What about the institutional environment made ***adoption year*** a good time for the adoption of ***LRG Name***?
   - Were there particular circumstances external to the institution (e.g. political pressure, competition) that influenced the adoption decision?

4. Who came up with the idea for ***LRG Name*** at ***Institution***?
   - Would you say it was the idea of one person or a group of people?
   - Who do you believe was ultimately behind the adoption of ***LRG Name***?

5. To what extent did institutional finances play a role in the decision to adopt ***LRG Name***?

6. Are you familiar with initiatives similar to ***LRG Name*** at other institutions?
   - Did information about these initiatives influence thinking about ***LRG Name*** at your institution? In what ways?
   - Were there institutions that you paid particular attention to? What are some of the reasons that you mention these schools?

7. Please describe the type of research and investigation that occurred prior to the decision to adopt the program.
   - Did you discuss the program with your colleagues at other institutions?
   - Did you model ***LRG Name*** after another program?

8. What other information do you believe would be helpful to know about the adoption and/or implementation of ***LRG Name***?

APPENDIX D

DIFFUSION OF POLICY INNOVATION FRAMEWORK

D.1 INTERNAL DETERMINANTS

Internal Determinants Explanations	
The Role of Finances	To what extent did institutional finances play a role in the decision to adopt the LRG? a) Did the size or state of the endowment have an effect on the adoption decision? b) In what ways did the potential program cost play a role in program adoption and design? c) What role did the funding of the program in future years play in the decision to adopt and in program design?
Policy Entrepreneurs	Who developed the idea for the LRG at your institution? a) Was the LRG the idea of one specific person or a group of people? b) Who was ultimately behind the adoption of the LRG? c) What methods did “key policy actors” employ in order to implement the policy?
Governance Structure and Leadership	To what extent did the structure and approach of institutional leadership play a role in program adoption? a) Did the institutional governance structure facilitate or hinder LRG adoption? b) How did the leadership traits of key policy actors factor in program adoption? c) Was the adoption process more “open” or “closed” to departments charged with implementation? Did this affect the outcome of the decision?
Institutional Educational “Problems”	What specifically about the institutional environment made (adoption year) a good time for the adoption of the LRG? a) Were lower-income students under-represented on your campus prior to adoption? b) Were there issues with the financial aid policy that had been in place? c) Was there student, faculty, or administrator unrest regarding the aid policy?

D.2 DIFFUSION EXPLANATIONS

Diffusion Explanations	
Competition	Are you familiar with LRG initiatives that exist at other institutions? a) Were there particular institutions you were interested in? What are some reasons you mention these institutions? b) Did the presence (or absence) of LRGs at other institutions influence your decision to adopt? c) To what extent do you believe that this LRG puts your institution at a competitive advantage?
Convenience/"Satisficing"	Describe the process of designing the LRG at your institution. a) Did information about LRGs at other institutions influence your program design? b) Was your LRG modeled after another program? c) Were there particular aspects of other institutional LRGs that were utilized or rejected when crafting your program?
Normative Pressure	What, if any, factors external to the institution played a role in policy adoption? a) Did the underrepresentation of lower-income students across higher education influence your thinking about the program? b) Was there pressure, or a threat of pressure, to adopt such an initiative?
Policy Communities	Prior to adopting the LRG, did you discuss the program with colleagues at other institutions? a) Were there particular channels (e.g. conferences, informal conversations) through which LRG policy ideas were communicated? b) Did conversations with your colleagues influence the decision to adopt the program, or the design of the LRG?

BIBLIOGRAPHY

Adelman, C. (1999). *Answers in the tool box: Academic intensity, attendance patterns, and bachelor's degree attainment*. Washington, DC: United States Department of Education.

Advisory Committee on Student Financial Assistance. (2001). *Access denied: Restoring the nation's commitment to equal educational opportunity*. Washington, DC: Author.

Advisory Committee on Student Financial Assistance. (2002). *Empty promises: The myth of college access in America*. Washington DC: Author.

Aron-Dine, A. (2007). *Making higher education tax credits more available to low-and moderate-income students: How and why*. Washington, DC: Center on Budget and Policy Priorities.

Astin, A. W., & Oseguera, L. (2004). The declining "equity" of American higher education. *The Review of Higher Education, 27*(3), 321-341.

Avery, C., Fairbanks, A., & Zeckhauser, R. (2003). *The early admissions game: Joining the elite*. Cambridge, MA: Harvard University Press.

Avery, C., Hoxby, C. M., Jackson, C., Burek, K., Poppe, G., & Raman, M. (2006). *Cost should be no barrier: An evaluation of the first year or Harvard's financial aid initiative*. Cambridge, MA: National Bureau of Economic Research.

Baird, K. (2005). The political economy of college prepaid tuition plans. *The Review of Higher Education, 29*(2), 141-166.

Baum, S. (2004). Student financial aid policies: Do they promote universal education? In *Ford Policy Forum 2004* (pp. 7-14). Cambridge, MA: Forum for the Future of Higher Education.

Becker, W. E. (2004). Omitted variables and sample selection in studies of college-going decisions. In E. P. St. John (Ed.), *Readings on equal education, Vol. 19, Public policy and college access: Investigating the federal and state roles in equalizing postsecondary opportunity*. Brooklyn, NY: AMS Press, Inc.

Berkner, L., & Chavez, L. (1997). *Access to postsecondary education for the 1992 high school graduates, NCES 98-105*. Washington DC: United States Department of Education.

Berry, F. S. (1994). Sizing up state policy innovation research. *Policy Studies Journal, 22*(3), 442-456.

Berry, F. S., & Berry, W. D. (1990). State lottery adoptions as policy innovations: An event history analysis. *The American Political Science Review, 84*(2), 395-415.

Berry, F. S., & Berry, W. D. (1992). Tax innovation in the states: Capitalizing on political opportunity. *American Journal of Political Science, 36*(3), 715-742.

Berry, F. S., & Berry, W. D. (2007). Innovation and diffusion models in policy research. In P. Sabatier (Ed.), *Theories of the policy process* (2nd ed., pp. 223-260). Boulder, CO: Westview Press.

Birnbaum, R. (2000). *Management fads in higher education: Where they come from, what they do, and why they fail*. San Francisco: Jossey-Bass.

Bowen, W. G., & Bok, D. (1998). *The shape of the river: Long-term consequences of considering race in college and university admissions*. Princeton, NJ: Princeton University Press.

Cabrera, A. F., & La Nasa, S. M. (2001). On the path to college: Three critical tasks facing America's disadvantaged. *Research in Higher Education*, *42*(2), 119-149.

Carnevale, A. P., & Rose, S. J. (2003). *Socioeconomic status, race/ethnicity, and selective college admissions*. New York: Report for the Century Foundation.

Choy, S. P. (2002). *Access and persistence: Findings from 10 years of longitudinal research on students*. Washington, DC: American Council on Education.

Chronicle. (2008). Facts and figures: U.S. News rankings through the years. Retrieved January 13, 2009, from http://chronicle.com/stats/usnews/index.php?category=Liberalpercent20 Artspercent20Colleges&orgs=&sort=1996

Clancy, M., Cramer, R., & Parrish, L. (2005). *Section 529 savings plans, access to post-secondary education, and universal asset building*. Washington, DC: New America Foundation.

Cohen-Vogel, L., & Ingle, W. K. (2007). When neighbours matter most: Innovation, diffusion and state policy adoption in tertiary education. *Journal of Education Policy, 22*(3), 241-262.

Cohen-Vogel, L., Ingle, W. K., Levine, A. A., & Spence, M. (2008). The "spread" of merit-based college aid: Politics, policy consortia, and interstate competition. *Educational Policy, 22*(3), 339-362.

Corcoran, P. B., Walker, K. E., & Wals, A. E. J. (2004). Case studies, make-your-case studies, and case stories: A critique of case-study methodology in sustainability in higher education. *Environmental Education Research, 10*(1), 7-21.

Cornwell, C., Mustard, D. B., & Sridhar, D. J. (2006). The enrollment effects of merit-based financial aid: Evidence from Georgia's HOPE program. *Journal of Labor Economics, 24*(4), 761-786.

Couturier, L. K. (2006). *Checks and balances at work: The restructuring of Virginia's public higher education system*. San Jose, CA: The National Center for Public Policy and Higher Education.

Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed methods approaches* (2nd ed.). Thousand Oaks, CA: Sage.

Davidson College. (2005). Davidson College statement of purpose. Retrieved December 29, 2008, from http://www3.davidson.edu/cms/x924.xml

Davidson College. (2008a). *Davidson College annual report 2006-07*. Davidson, NC: Author.

Davidson College. (2008b). Davidson College: Board of Trustees. Retrieved December 29, 2008, from http://www3.davidson.edu/cms/x8356.xml

Davidson College. (2009). Davidson College: Tuition and fees. Retrieved March 3, 2009, from http://www3.davidson.edu/cms/x11246.xml

Davis, J. S. (2003). *Unintended consequences of tuition discounting*. Indianapolis: Lumina Foundation for Education.

Doyle, W. R. (2006). Adoption of merit-based student grant programs: An event history analysis. *Educational Evaluation and Policy Analysis, 28*(3), 259-285.

Duffy, E. A., & Goldberg, I. (1998). *Crafting a class: College admissions and financial aid, 1955-1994*. Princeton, NJ: Princeton University Press.

Economic Diversity of Colleges. (2008a). Institutional profile: Davidson College. Retrieved January 13, 2009, from http://www.economicdiversity.org/profiles.php?unitid=198385

Economic Diversity of Colleges. (2008b). Institutional profile: Emory University. Retrieved March 10, 2009, from http://www.economicdiversity.org/profiles.php?unitid=139658

Economic Diversity of Colleges. (2008c). Institutional profile: University of Virginia, Main Campus. Retrieved January 12, 2009, from http://www.economicdiversity.org/profiles.php?unitid=234076.

Ehrenberg, R. G. (2000). *Tuition rising: Why college costs so much*. Cambridge, MA: Harvard University Press.

Emory University. (2004). Emory University Office of the President: Emory University vision statement. Retrieved December 10, 2008, from https://www.admin.emory.edu/Vision/vision.html

Emory University. (2005a). Emory University strategic plan, 2005-2015. *The Emory Report, 58*(5), 1-7.

Emory University. (2005b). *Gliead Sciences and Royalty Pharma announce $525 million agreement with Emory University to purchase royalty interest for Emtricitabine* [Electronic Version]. Retrieved December 5, 2008 from http://www.emory.edu/news/Releases/emtri/.

Emory University. (2009). Emory University Undergraduate Admission: Financial aid. Retrieved March 10, 2009, from http://www.emory.edu/ADMISSIONS/admission-aid/admission-aid.htm

Emory University. (2008a). *Emory University: The bylaws of the university* [Electronic Version]. Retrieved January 13, 2009 from http://www.emory.edu/SECRETARY/bylaws.html.

Emory University. (2008b). *University profile*. Atlanta: Author.

Fitzgerald, B. K., & Delaney, J. A. (2002). Educational opportunity in America. In D. E. Heller (Ed.), *Condition of access: Higher education for lower income students* (pp. 3-24). Westport, CT: Praeger.

Gerring, J. (2007). *Case study research: Principles and practices*. New York: Cambridge University Press.

Gladieux, L. E. (2002). Federal student aid in historical perspective. In D. E. Heller (Ed.), *Condition of access: Higher education for lower income students*. Westport, CT: Praeger.

Glick, H. R., & Hays, S. P. (1991). Innovation and reinvention in state policymaking: Theory and the evolution of living will laws. *Journal of Politics*, *53*(3), 835-850.

Government Accountability Office. (1995). *College savings: Information on state tuition prepayment programs (GAO/HEHS-95-131)*. Washington, DC: Author.

Gray, V. (1973). Innovation in the states: A diffusion study. *The American Political Science Review, 67*(4), 1174-1185.

Greer, A. L. (1977). Advances in the study of diffusion of innovation in health care organizations. *The Milbank Memorial Fund Quarterly. Health and Society*, *55*(4), 505-532.

Grimes, C. (2007, December 6). U.Va. head gives tips to college success. *The Newport News Daily Press*, p. B2.

Guba, E. G., & Lincoln, Y. S. (1989). *Fourth generation evaluation*. Newbury Park, CA: Sage.

Haveman, R. H., & Smeeding, T. M. (2006). The role of higher education in social mobility. *The Future of Children*, *16*(2), 125-150.

Hawkins, D. A., & Clinedinst, M. (2006). *State of college admission 2006*. Alexandria, VA: National Association for College Admission Counseling.

Hearn, J. C., & Griswold, C. P. (1994). State-level centralization and policy innovation in U.S. postsecondary education. *Educational Evaluation and Policy Analysis, 16*(2), 161-190.

Heller, D. E. (1997). Student price response in higher education: An update to Leslie and Brinkman. *The Journal of Higher Education, 68*(6), 624-659.

Heller, D. E. (2002a). State merit scholarship programs: An introduction. In D. E. Heller & P. Marin (Eds.), *Who should we help? The negative social consequences of merit scholarships*. Cambridge, MA: The Civil Rights Project at Harvard University.

Heller, D. E. (2004a). The changing nature of financial aid. *Academe, 90*(4), 36-38.

Heller, D. E. (2004b). NCES research on college participation: A critical analysis. In E. P. St. John (Ed.), *Readings on equal education, Vol. 19, Public policy and college access: Investigating the federal and state roles in equalizing postsecondary opportunity*. Brooklyn, NY: AMS Press, Inc.

Heller, D. E. (2006). *Merit aid and college access.* Paper presented at the Symposium on the Consequences of Merit-Based Student Aid, Madison, WI.

Heller, D. E. (Ed.). (2002b). *Condition of access: Higher education for lower income students*. Westport, CT: Praeger.

Heller, D. E., & Marin, P. (Eds.). (2002). *Who should we help? The negative social consequences of merit scholarships*. Cambridge, MA: The Civil Rights Project at Harvard University.

Heller, D. E., & Marin, P. (Eds.). (2004). *State merit scholarship programs and racial inequality*. Cambridge, MA: The Civil Rights Project at Harvard University.

Herbst-Bayless, S. (2009). College endowments lost 24 percent in 6 months [Electronic Version]. *Reuters News Service*. Retrieved March 9, 2009 from http://www.reuters.com/article/newsOne/idUSTRE5240WZ20090305.

Hicks, M. A., & Shere, C. (2003). Toward reflective admission work: Making the case for a transformative approach to admission practice and reflection in action. *Journal of College Admission, 178*(Winter 2003), 16-27.

Hill, C. B., Winston, G. C., & Boyd, S. (2004). *Affordability: Family income and net prices at highly selective colleges and universities*. Williamstown, MA: Williams Project on the Economics of Higher Education.

Hoffman, J. L., & Lowitzki, K. E. (2005). Predicting college success with high school grades and test scores: Limitations for minority students. *The Review of Higher Education, 28*(4), 455-474.

Horn, L., & Nunez, A. M. (2000). *Mapping the road to college: First-generation students' math track, planning strategies, and context of support, NCES 2000-153*. Washington, DC: United States Department of Education.

Hossler, D., Schmit, J., & Vesper, N. (1999). *Going to college: How social, economic, and educational factors influence the decisions students make* Baltimore: The Johns Hopkins University Press.

Institute for Higher Education Policy. (1999). *The tuition puzzle: Putting the pieces together*. Washington, DC: Author.

Institute for Higher Education Policy. (2002). *The policy of choice: Expanding student options in higher education*. Washington, DC: Author.

Ingle, W. K., Cohen-Vogel, L., & Hughes, R. (2007). The public policy process among southeastern states: Elaborating theories of regional adoption and hold-out behavior. *Policy Studies Journal, 35*(4), 607-628.

Kahlenberg, R. (2003). *Economic affirmative action in college admissions: A progressive alternative to racial preferences and class rank admissions plans*. New York: The Century Foundation.

Kane, T. (1999). *The price of admission: Rethinking how Americans pay for college*. Washington, DC: Brookings Institution Press.

Karabel, J. (2005). *The chosen: The hidden history of admission and exclusion at Harvard, Yale, and Princeton*. New York: Houghlin Mifflin Company.

Kimmel, M. (2007a). Being Bobby Vagt: The true story of a man having the time of his life. *Davidson Journal*(Summer), 5-17.

Kimmel, M. (2007b). Expanding the definition of "possible": Redefining affordability. *Davidson Journal*(Spring), 4-11.

King, J. (2006). *Missed opportunities revisited: New information on students who do not apply for financial aid*. Washington, DC: American Council on Education.

Kingdon, J. W. (1995). *Agendas, alternatives, and public policies* (2nd ed.). New York: Harper Collins.

Lederman, D. (2007). Assessing the Spellings Commission [Electronic Version]. *Inside Higher Ed*. Retrieved January 13, 2009 from http://www.insidehighered.com/news/2007/03/21/commission.

Lee, J. B. (1999). How do students and families pay for college. In J. King (Ed.), *Financing a college education: How it works, how it's changing.* (pp. 9-27). Phoenix, AZ: The Oryx Press.

Lee, J. B. (2002). An issue of equity. In D. E. Heller (Ed.), *Condition of access: Higher education for lower-income students*. Westport, CT: Praeger.

Lehman, J. S. (1990). Social irresponsibility,actuarial assumptions, and wealth redistribution: Lessons about public policy from a prepaid tuition program. *Michigan Law Review, 88*(5), 1035-1141.

Leslie, D. W., & Berdahl, R. O. (2008). The politics of restructuring higher education in Virginia: A case study. *Review of Higher Education, 31*(3), 309-328.

Leslie, L. L., & Brinkman, P. T. (1988). *The economic value of higher education*. New York: Macmillan.

Lips, A. J. A. (2008). *Loan replacement grants for low- and middle-Income Students: A typology of programs*. Paper presented at the the annual meeting of The Association for the Study of Higher Education, Jacksonville, FL.

Lutz, J. M. (1997). Regional leaders in the diffusion of tort innovations among the American states. *Publius, 27*(1), 39-58.

Maag, E. M., & Fitzpatrick, K. (2004). *Federal financial aid for higher education: Programs and prospects*. Washington, DC: Urban Institute.

McDonough, P. M. (1994). Buying and selling higher education: The social construction of the college applicant. *Journal of Higher Education, 65*(4), 427-446.

McDonough, P. M., Antonio, A. L., Walpole, M., & Perez, L. X. (1998). College rankings: Democratized college knowledge for whom? *Research in Higher Education, 39*(5), 513-537.

McDonough, P. M., Korn, J. S., & Yamasaki, E. (1997). Access, equity, and the privatization of college counseling. *The Review of Higher Education, 20*(3), 297-317.

McLendon, M. K. (2003). State government reform of higher education: Patterns, trends, and theories of the public policy process. In J. C. Smart (Ed.), *Higher education handbook of theory and research* (Vol. XVIII, pp. 57-144). London: Kluwer.

McLendon, M. K., Deaton, R., & Hearn, J. C. (2007). The enactment of reforms in state governance of higher education: Testing the political instability hypothesis. *The Journal of Higher Education, 78*(6), 645-675.

McLendon, M. K., Hearn, J. C., & Deaton, R. (2006). Called to account: Analyzing the origins and spread of state performance-accountability policies for higher education. *Educational Evaluation and Policy Analysis, 28*(1), 1-24.

McLendon, M. K., Heller, D. E., & Young, S. P. (2005). State postsecondary policy innovation: Politics, competition, and the interstate migration of policy ideas. *The Journal of Higher Education, 76*(4), 363-400.

McPherson, M. S., & Schapiro, M. O. (1998). *The student aid game: Meeting need and rewarding talent in American higher education*. Princeton, NJ: Princeton University Press.

McPherson, M. S., & Schapiro, M. O. (2002). Changing patterns of institutional aid: Impact on access and education policy. In D. E. Heller (Ed.), *Condition of access: Higher education for lower-income students* (pp. 73-96). Westport, CT: Praeger.

McPherson, M. S., & Schapiro, M. O. (2004). The promise and perils of universal higher education. In *Ford Policy Forum* (pp. 33-36). Cambridge, MA: Forum for the Future of Higher Education.

McPherson, M. S., Winston, G. C., & Schapiro, M. O. (Eds.). (1994). *Paying the piper: Productivity, incentives, and financing in U.S. higher education*. Ann Arbor, MI: University of Michigan Press.

Mertens, D. M. (2005). *Research and evaluation in education and psychology* (2nd ed.). Thousand Oaks, CA: Sage Publications.

Millett, C. M. (2003). How undergraduate loan debt affects application and enrollment in graduate or first professional school. *The Journal of Higher Education*, *74*(4), 386-427.

Mintrom, M. (1997). Policy entrepeneurs and the diffusion of innovation. *American Journal of Political Science, 41*(3), 738-770.

Mintrom, M., & Vergari, S. (1998). Policy networks and innovation diffusion: The case of state education reforms. *The Journal of Politics, 60*(1), 126-148.

Mooney, C. Z., & Lee, J. B. (1995). Legislative morality in the United States: The case of pre-Roe abortion regulation reform. *American Journal of Political Science, 39*(3), 599-627.

Mooney, C. Z., & Lee, M. (2000). The influence of values on consensus and contentious morality policy: U.S. death penalty reform, 1956-82. *The Journal of Politics, 62*(1), 223-239.

Mumper, M. (1996). *Removing college price barriers: What government has done and why it hasn't worked*. Albany, NY: State University of New York Press.

Mumper, M. (1998). Beyond financial aid: alternative approaches to improving college participation. *The Review of Higher Education, 22*(1), 83-97.

Mumper, M. (1999). The student aid industry. In J. King (Ed.), *Financing a college education: How it works, how it's changing* (pp. 64-77). Phoenix, AZ: The Oryx Press.

National Association of College and University Business Officers. (2009). *2008 NACUBO endowment study*. Washington, DC: Author.

National Center for Education Statistics. (2003). *The condition of education, NCES 2003-067*. Washington, DC: United States Department of Education.

National Center for Education Statistics. (2009). *Mini-digest of education statistics 2008*. Washington, DC: U.S. Department of Education.

Newmark, A. J. (2002). An integrated approach to policy transer and diffusion. *Review of Policy Research, 19*(2), 151-178.

Nicholson, W. D. (2007). Leading where it counts: An investigation of the leadership styles and behaviors that define college and university presidents as successful fundraisers. *International Journal of Educational Advancement, 7*(4), 256-270.

Pallais, A., & Turner, S. (2006). Opportunities for low-income students at top colleges and universities: Policy initiatives and the distribution of students. *National Tax Journal, 59*(2), 357-386.

Pallais, A., & Turner, S. (2007). Access to elites. In S. Dickert-Conlin & R. Rubenstein (Eds.), *Economic inequality and higher education: Access, persistence, and success* (pp. 128-156). New York: Russel Sage Foundation.

Pascarella, E. T., Cruce, T., Umbach, P. D., Wolniak, G. C., Kuh, G. D., Carini, R. M., et al. (2006). Institutional selectivity and good practices in undergraduate education: How strong is the link? *The Journal of Higher Education, 77*(2), 251-285.

Pascarella, E. T., & Terenzini, P. T. (1991). *How college affects students*. San Francisco: Jossey Bass.

Paulsen, M. B., & St. John, E. P. (2002). Social class and college costs: Examining the financial nexus between college choice and persistence. *The Journal of Higher Education, 73*(2), 189-236.

Perna, L. W. (2002). Financing higher education at selective private institutions: Implications for college access and choice. *The Review of Higher Education, 25*(2), 225-235.

Perna, L. W. (2008). High school students' perceptions of local, national, and institutional scholarships. *NASFAA Journal of Student Financial Aid, 37*(2), 4-16.

Perna, L. W., Rowan-Kenyon, H. T., Thomas, S. L., Bell, A., Anderson, R., & Li, C. (2008). The role of college counseling in shaping college opportunity: Variations across high schools. *The Review of Higher Education, 31*(2), 131-159.

Perna, L. W., Steele, P., Woda, S., & Hibbert, T. (2004). State public policies and the racial/ethnic stratification of college access and choice in the state of Maryland. *The Review of Higher Education, 28*(2), 245-272.

Perna, L. W., & Titus, M. A. (2004). Understanding differences in the choice of college attended: The role of state public policies. *The Review of Higher Education, 27*(4), 501-525.

Peterson, P. E., & Rom, M. (1990). American federalism, welfare policy, and residential choices. *American Political Science Review, 83*, 711-728.

Pope, J. (2007). Colleges' portfolio returns prompt questions about cost [Electronic Version]. *USA Today*. Retrieved December 12, 2008 from http://www.usatoday.com/news/education/2007-10-14-endowments_N.htm.

Princeton. (1998). *Princeton changes its financial aid policies to increase affordability for lower and middle income students* [Electronic Version]. Retrieved January 8, 2008 from http://www.princeton.edu/pr/news/98/q1/0126-aid2.html.

Redd, K. E. (2000). *Discounting toward disaster: Tuition discounting, college finances, and enrollments of low-income undergraduates*. Indianapolis: USA Group Foundation.

Redd, K. E. (2004). Lots of money, limited options: College choice and student financial aid. *NASFAA Journal of Student Financial Aid, 34*(3), 29-39.

Reeves, T. C. (2007). The Spellings Report: An inadequate fix. *Academic Questions, 20*(1), 56-60.

Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). New York: Free Press.

Spencer, A. C. (2002). Policy priorities and political realities. In D. E. Heller (Ed.), *Conditions of access: Higher education for lower income students* (pp. 153-172). Westport, CT: Praeger.

St. John, E. P. (2004). Condition of access: Higher education for lower income students (review). *The Journal of Higher Education, 75*(4), 472-474.

St. John, E. P., Chung, C., Musoba, G. D., Simmons, A. B., Wooden, O. S., & Mendez, J. P. (2004). *Expanding college access: The impact of state finance strategies*. Indianapolis: Lumina Foundation for Education.

St. John, E. P., Musoba, G. D., & Simmons, A. B. (2003). Keeping the promise: The impact of Indiana's Twenty-first Century Scholars Program. *The Review of Higher Education, 27*(1), 103-123.

St. John, E. P., Paulsen, M. B., & Carter, D. F. (2005). Diversity, college costs, and postsecondary opportunity: An examination of the financial nexus between college choice and persistence for African Americans and Whites. *The Journal of Higher Education, 76*(5), 545-569.

Tebbs, J., & Turner, S. (2006). The challenge of improving the representation of low-income students at flagship universities: AccessUVa and the University of Virginia. In M. S. McPherson & M. O. Shapiro (Eds.), *College access: Opportunity or privilege?* (pp. 103-115). New York: College Board.

The College Board. (2007). *Trends in college pricing 2007*. Washington, DC: Author.

The Institute for College Access and Success. (2008a). *Financial aid pledges to reduce student debt* [Electronic Version]. Retrieved April 16, 2008 from http://projectonstudentdebt.org/initiative_view.php?initiative_idx=2.

The Institute for College Access and Success. (2008b). Financial aid pledges: Davidson College. Retrieved January 13, 2009, from http://www.projectonstudentdebt.org/pc_view.php?idx=18

Thelin, J. R. (2004). *A history of American higher education*. Baltimore, MD: Johns Hopkins University Press.

Timberg, C. (1998, December 22). General Assembly to focus on tuition cut [Electronic Version]. *The Washington Post*, p. D01. Retrieved January 12, 2009 from http://www.washingtonpost.com/wp-srv/local/longterm/valeg/virginia1222.htm.

Trow, M. (2006). Reflections on the transition from elite to mass to universal access: Forms and phases of higher education in modern societies since WWII. In J. J. F. Forest & P. G. Altbach (Eds.), *International handbook of higher education* (pp. 243-280). New York: Springer-Verlag.

Turner, S. (2006). Higher tuition, higher aid, and the quest to improve opportunities for low-income students: The case of Virginia. In R. G. Ehrenberg (Ed.), *What's happening to public higher education?* (pp. 251-274). Westport, CT: Greenwood Press.

United States Census Bureau. (2007). Facts for features, *Back to school: 2007-2008*: United States Census Bureau.

University of Virginia. (2004). University of Virgina Board of Visitors agenda item summary: *Access UVa*.

University of Virginia. (1985). University of Virginia: Statement of purpose and goals. Retrieved January 12, 2009, from http://www.virginia.edu/statementofpurpose/purpose.html.

University of Virginia. (2004). University of Virgina Board of Visitors agenda item summary: *Access UVa*.

University of Virginia. (2005). *Manual of the Board of Visitors of the University of Virginia*. Charlottesville, VA: University of Virginia Press.

University of Virginia. (2008). The University of Virginia: Executive Vice President and Chief Operating Officer. Retrieved December 19, 2008, from http://www.virginia.edu/execvp/.

University of Virginia. (2009). University of Virginia facts at a glance: Financial aid. Retrieved January 14, 2009, from http://www.virginia.edu/Facts/Glance_FinancialAid.html.

Usher, A. (2006). *Grants for students: What they do, why they work*. Toronto, ON: Educational Policy Institute.

Vargas, J. H. (2004). *College knowledge: Addressing information barriers to college*. Boston: The Education Resources Institute.

Walker, J. L. (1969). The diffusion of innovations among the American states. *The American Political Science Review, 63*(3), 880-889.

Walpole, M., McDonough, P. M., Bauer, C. J., Gibson, C., Kanyi, K., & Toliver, R. (2005). This test is unfair: Urban African American and Latino high school students' perceptions of standardized college admission tests. *Urban Education, 40*(3), 321-349.

Weinstein, M. A. (2007). *Trying to keep up with the Joneses: A study of peer diffusion by American public research universities*. Unpublished doctoral dissertation, University of Pittsburgh.

White, M. D. (2001). Diffusion of an innovation: Digital reference service in Carnegie Foundation master's (comprehensive) academic institution libraries. *The Journal of Academic Librarianship, 27*(3), 173-187.

Winston, G. C., & Hill, C. B. (2005). *Access to the most selective private colleges by high-ability, low-income students: Are they out there?* Williamstown, MA: Williams Project on the Economics of Higher Education.

Wong, K. K., & Shen, F. X. (2002). Politics of sate-led reform in education: Market competition and electoral dynamics. *Educational Policy, 16*(1), 161-192.

Yin, R. K. (2003). *Case study research: Design and methods* (3rd ed.). Thousand Oaks, CA: Sage.

Zernike, K. (2009). To keep students, colleges cut anything but aid [Electronic Version]. *The New York Times*. Retrieved March 9, 2009 from http://www.nytimes.com/2009/02/28/education/28college.html?em.