

The Role of Institutional Financial Aid in Increasing Minority Student Enrollment in a Post-Hopwood Environment

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Abstract

In this paper, the authors address the issue of financial aid as a tool for increasing diversity. Recently, many public universities have lost the ability to use race in financial aid decisions. As a result, universities in non-affirmative action states have experienced a disadvantage when competing for minority students with universities in affirmative action states. In this case comparison of two US research universities, the authors examine financial aid strategies that emphasize merit, socioeconomic disadvantage, and geography rather than race in their efforts to increase minority student representation. The authors will also discuss the implications of these strategies.

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I. Introduction and Problem Formulation

As tuition increases at American colleges and universities, many students (and their parents) become increasingly responsive to financial assistance provided by colleges and universities. For many students, college is unattainable without financial assistance. This is especially true for low-income students; the category in which racial minority students are over represented. Poorly resourced public schools, lack of information about attending college, limited access to advanced placement courses, and inadequate preparation for entrance testing continue to limit low-income students to pursue higher education. Now, more than ever, access to a college education is the key to economic sustenance, social mobility, and political participation (Bowen & Bok, 1998). To ensure democratic access to the social, economic and political resources associated with a college education, socially responsible higher education institutions must continually expand college access for all segments of the population.

For decades, admissions policies have been central to the efforts to expand access to college and universities in the United States. Specifically, many higher education institutions in the US have relied on admissions policies that consider race as an affirmative factor--*affirmative action*---as a means to include underrepresented student groups on their campuses. However, recent lawsuits and state level *anti* affirmative action policies have prohibited institutions from using affirmative action admission policies that consider race as a factor in the admissions process. Following the implementation of these policies, the minority student representation decreased on the campuses affected by these anti affirmative action policies.

The decrease in the number of minority students on campus has been problematic for colleges and universities constrained by anti-affirmative action policies. Unable to offer attractive admissions and financial aid packages targeted specifically to minority students, colleges and universities without affirmative action have found it more difficult to compete for minority students. Campuses with affirmative action policies attract more minority students not only because of the increased financial aid, but also because of the perception that these campuses are less hostile to minority students. But the problem is not only a decrease in the number of minority students on campus, but also a decrease in educational quality.

Diversity, including racial diversity, has been shown to enhance educational outcomes for students (Hurtado, 1999). Declining racial diversity as a consequence of anti-affirmative action policies threatens education quality at colleges and universities seeking to be the “best of the best.” Thus, colleges and universities seek to increase minority representation in order to expand the segments of society with college access and to increase the educational outcomes of a college education. This requires that U.S. institutions consider alternative strategies for addressing declining minority representation on their campuses.

The focus of this paper is to examine the responses of two American universities to the demands for increasing minority representation without relying on affirmative action policies in the admissions process. More specifically, this paper explores the use of financial aid policies as

the strategy for increasing access without violating anti-affirmative action policies. The paper begins with a brief history of affirmative action and financial aid in the United States before presenting case studies of the financial aid strategies developed by the two universities. These case studies will examine the universities' financial aid philosophies and policies as well as compare their use of financial aid as a strategy for increasing access and diversity on their campuses. The particular institutional, political, and social context of each institution features prominently in the development and implementation of their financial aid strategies. This paper will analyze the influence of context on strategy decisions, review the results of the newly created financial aid policies, and then conclude with implications of these policies as a tool for increasing racial diversity on college and university campuses.

II. A Brief History of Affirmative Action Policy and Financial Aid in American Higher Education

In October 1972, the Higher Education Guidelines to Executive Order 11246 recognized the need for colleges and universities to adopt policies to overcome the effects of institutional discrimination (Swanson, 1981). Based on the assertion of Supreme Court Justice Powell that diversity, including racial diversity, furthered a compelling interest with respect to education, the most selective American colleges and universities consistently used race conscious policies in their admissions process (Board of Regents v. Bakke, 1978). Such policies lacked uniform societal support and faced constitutional challenge merely six years later.

Following his second denial for admissions to the medical school at the University of California at Davis, Allan Bakke alleged that the university's affirmative action admissions policies violated the Equal Protection clause of the United States Constitution. Minority students could participate in dual admission's tracks, but white students were limited to the track with more rigorous evaluative criteria; the complaint alleged that this denied white students' rights to equal protection. The Supreme Court of the United States agreed that the affirmative action process that UC Davis implemented violated the Fourteenth Amendment of the Constitution. The decision did not invalidate the use of affirmative action admissions policies, however.

The Fourteenth amendment permits institutions to implement apparently unequal policies provided the policies are narrowly tailored to further a compelling state interest (Board of Regents v. Bakke, 1978). Supreme Court Justice Powell asserted that diversity, including racial diversity, furthered a compelling interest with respect to education, and affirmative action policies that considered race as one of many factors in an admission process satisfied the Fourteenth Amendment. Based on this assertion, the most selective American colleges and universities consistently used race as a "plus" factor in admissions without concern for offending the equal protection clause of the Fourteenth Amendment (Bowen & Bok, 1998; Nettles, Perna, & Edelin Freeman, 1999).

Despite the endorsement of the United States Supreme Court and gains in minority access to higher education, sentiment against affirmative action policies gained momentum. The first lawsuit ended affirmative action policies in financial aid by invalidating programs that offered scholarships open only to a single minority group (Podberesky v. Kirwan, 1994). The successful legal challenge of Hopwood v. University of Texas (1996) also prohibited the use of race as a

factor in determining eligibility for institutional financial aid. Legislation effectively ended the use of race conscious admissions policies by colleges and universities in California (Proposition 209) and Washington (Initiative 200),¹ in 1997 and 1998 respectively. However, the applicability of these statutes to financial aid has been somewhat ambiguous.²

The anti-affirmative action legislation brought into sharp relief the mission of financial aid. Financial aid had been an effective tool for increasing minority student representation – offering qualified minority students additional aid as an inducement to get them to enroll. What remained problematic was the appropriate financial aid philosophy in the anti-affirmative action era.

Historically, financial aid had been awarded on the basis of financial need. As institutional prestige increased in importance, institutions became more interested in recruiting academic stars, including those without financial need, to their campus. By shifting from need to merit, institutions often redirected dollars to students who already possessed the financial means to attend college (McPherson & Schapiro, 1998).

State funding has also impacted the distribution of financial aid proportionally from need-based to merit-based in the past decade. Most new initiatives in state grants for undergraduate students have been merit-based programs with no means testing. Ten years ago, merit grants represented only about 10 percent of all state grants to undergraduates; in the 2000-2001 year (the most recent for which data are available), 24 percent of all grants were merit-based. This shift, while politically popular, is likely to negatively impact higher education access for lower income students of all races/ethnicities (Heller & Marin, 2002).

Financial aid, particularly in the form of grants, has been shown to be a significant factor influencing minority students' decision to enroll in college (Heller, 1997; Leslie & Brinkman, 1987). However, low income and minority students are less likely to be the recipients of such financial aid packages determined based on merit (as defined by standardized test scores and grades) (Heller & Marin, 2002).

Under affirmative action, need and merit based philosophies were combined. Colleges and universities offered qualified, i.e. meritorious, minority students attractive financial aid

¹ In its review of suit challenging the use of affirmative action at the University of Washington Law School, the Ninth District adopted Justice Powell's decision in Bakke supporting the use of race as a plus factor in admissions. The decision of the Ninth District, however, did not invalidate the prohibition of Initiative 200. Notwithstanding the vindication of Ninth Circuit, the colleges and universities still cannot use race as a factor in admissions.

² Anti-affirmative action momentum swung into the new millennium as well. Florida's Governor eliminated the use of race as a factor in admissions through legislative action effective 2001. The Florida higher education board is currently evaluating the use of race as a factor in financial aid awards as well. Another successful legal challenge brought the most recent affirmative action defeat. The Eleventh Circuit ruled in August of 2001 that the admissions program used by the University of Georgia was unconstitutional. Presently, the University of Michigan presents the battleground for affirmative action. The Sixth Circuit has upheld the use of race as a factor in the undergraduate admissions process, while a different court within the Circuit ruled the law school's use of affirmative action violated the Fourteenth Amendment of the Constitution. It remains to be seen which way the affirmative action pendulum will swing in the coming years.

packages as a recruiting tool. Because minority students are more likely to have financial need than white students, these packages also benefited needy students. Absent affirmative action, universities in this study have adopted financial aid strategies that clearly articulate a financial aid philosophy. In their post-affirmative action era, the need vs. merit “debate” has been brought into stark relief for the Universities of Texas and Washington.

III. Approach and Methodology

Drawing from a larger study, the research presented here relies on research practices that mix quantitative and qualitative methodologies to examine the universities’ responses to changing public policy. The research relies on quantitative analysis of institutional data on applications, admissions, and enrollment to identify changing trends in the representation of low income and minority students. This analysis uses data collected both prior to and following the changes in state policies regarding affirmative action. The quantitative analysis draws largely on descriptive statistical techniques, as the effort is to explore trends rather than explain either student or institutional behavior with respect to the admissions process.

Site visits and interviews with campus decision makers supplement the quantitative data. The interviews and observations comprise the qualitative data, enabling us to build a description of campus climate and to create an inventory of campus outreach initiatives. In addition, the universities made documents available to us to review decision-making, mission, and institutional organizational issues relevant to the universities’ use of financial aid as an alternative access strategy. These documents complemented the other data collected through interviews and observation.

The data was used to create a case study of each campus and provide for comparison analysis. Each case study reviews the effects of these efforts in relation to the stated program outcomes as well as our analysis of student enrollment patterns. This process will enable the researchers to assess the usefulness of institutional financial aid as a means of countering the negative effects on minority enrollments resulting from anti-affirmative policies.

IV. A Tale of Two Institutions: University of Washington and University of Texas

As is the case with any comparison, the University of Washington (UW) and the University of Texas (UT) differ from one another, but also share common characteristics. The purpose of this section is to explore those differences and similarities that informed institutional response to the anti-affirmative action initiative effecting each institution.

A. Experience with the Anti-affirmative Action Initiatives.

As the most selective of Washington’s public universities, “affirmative action was our way of solving a problem” of “minority student under representation” (Dean of Undergraduate Admissions, University of Washington).³ The success of Proposition 209, a public referendum ending affirmative action in California, triggered “some uneasiness” about the viability of their

³ Unless otherwise noted, all quotes from UW administrators are from interviews conducted by the research team in May, 2001.

affirmative action policies for administrators at Washington (Director of Admissions). But they defended their use of affirmative action policies as their own state debated a similar referendum to end affirmative action, Initiative 200 (I-200).

The “University and... President were prohibited from taking a position on a ballot initiative” (President, University of Washington) so opponents of affirmative action had some advantage in promoting their position in public debates over I-200. Opponents of affirmative action successfully passed I-200 by public referendum in 1997. The text of I-200 reads:

This initiative prohibits government from discriminating against or granting preferential treatment to individuals or groups based on race, sex, color, ethnicity, or national origin in public employment, public education, or public contracting. Government includes all public entities, including the state, cities, counties, public schools, public colleges, public universities, and other governmental instrumentalities. (Initiative 200, 1997).

Many criticized the UW administrators believing “if [the University] had wanted to prevent [the passage of I-200], they could have” (Administrator of Office of Minority Affairs, University of Washington).

The University of Texas’ experience with its anti-affirmative initiative differed from its Washington counterpart, but the University of Texas faced similar accusations from constituents about its commitment to affirmative action. The Fifth Circuit decision against UT in Hopwood ended affirmative action at UT. But many activists, students, and community members believed that [the decision of the Fifth Circuit] “was something the University was doing to put an end to affirmative action” (VP of Student Affairs, UT)⁴.

It is true that “coincidentally” with the challenge to affirmative action against the law school, administrators at the UT main campus were “in the process of changing our admissions system” for undergraduates to “redefine the definition of merit” (Director of Freshman Admission, University of Texas); but UT maintained “a very aggressive admissions affirmative action program and financial aid program” that was vulnerable to the Court’s prohibitions (VP of Student Affairs, UT). In fact, the financial aid program awarded between “five and six million dollars a year” (VP of Student Affairs, UT).

The decision of the Attorney General of Texas made clear that “*Hopwood's* restrictions would generally apply to all internal institutional policies” throughout the University of Texas system; and extended its prohibitions to “admissions, financial aid, scholarships, fellowships, recruitment and retention, among others.”⁵

B. Effects of the Anti-Affirmative Action Legislation.

⁴ Unless otherwise noted, all quotes from UT administrators are from interviews conducted by the research team in November 2001.

⁵ Office of the Attorney General of the State of Texas, Letter Opinion 97-001, 1997 Tex. AG LEXIS 38, February 5, 1997.

a. *“Now ...we dropped further”*

The consequences of the anti-affirmative action initiatives concerned the administrators of both institutions. Speaking about the consequences of I-200, the Dean of Undergraduate Admissions at the University of Washington ruefully noted, “. . .even when we had affirmative action . . . we had not achieved, according to our own desires, the diversity we wanted. And now [after I-200] we dropped further.” The number of underrepresented minority students⁶ comprised just below 10 percent of the 1998 incoming freshman class, while in the fall of 1999, the first year impacted by the prohibitions of I-200, the number of underrepresented minority students comprised only 6.2 percent of the total freshman class.

As the initial results demonstrate, the “impact [of Initiative 200] was significant” (University of Washington President) for minority enrollment. Figure 1 graphically represents the impact of I-200 on student enrollment at the University of Washington for each race/ethnic student population.

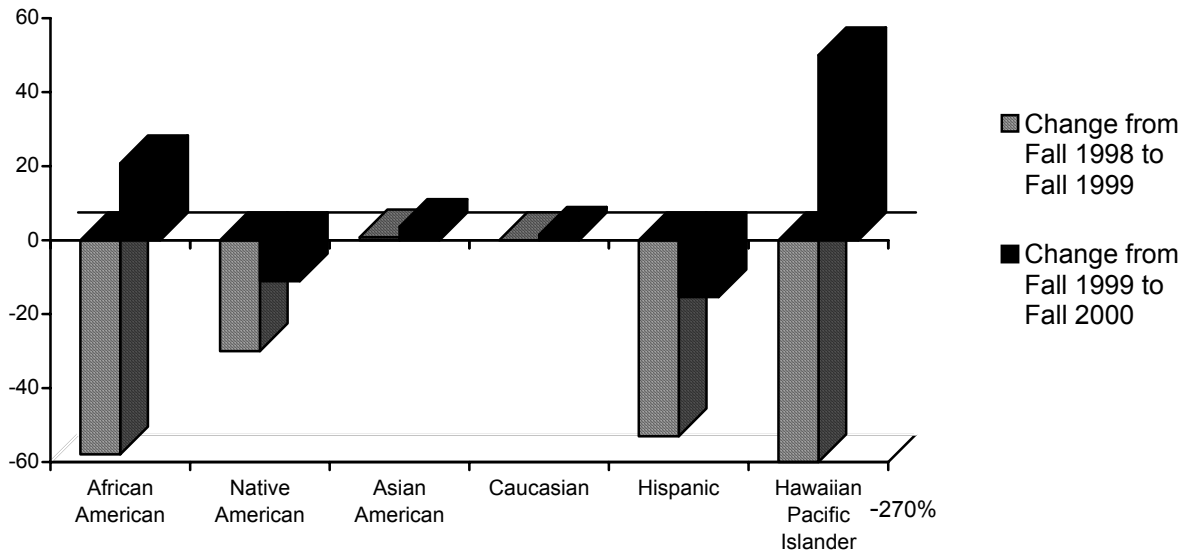
Representing the percent change in enrollment representation from the fall freshman class of 1998 and the fall freshmen class of 1999, the first year directly affected by I-200, Figure 1 makes the “significance” plain. Both African American and Hispanic enrollment representation decreased by nearly 60 percent in the first year I-200 was in place from what it had been in 1997. Native American enrollment also dropped and followed closely with a decline of 26 percent. The enrollment numbers for Hawaiian Pacific Islanders dropped from a low number of 38 students to an even lower 11 students in the entire freshman class, a percent decrease of nearly 270 percent.⁷

The following year showed some minor gains were made to improve the representation of minorities in the fall freshman class of 2000 as demonstrated by the percent change in enrollment representation from the fall of 1999 to the fall of 2000; however, these gains in no way brought the diversity to campus the University of Washington had hoped to achieve, or even the diversity it had achieved in the freshman class of 1998 – a benchmark for its diversity goals.

⁶ These figures include African-Americans, Native American, Hispanics, and Hawaiian Pacific Islanders who are considered underrepresented minority groups at the University of Washington, excluding Asians, a minority group who is overrepresented on campus.

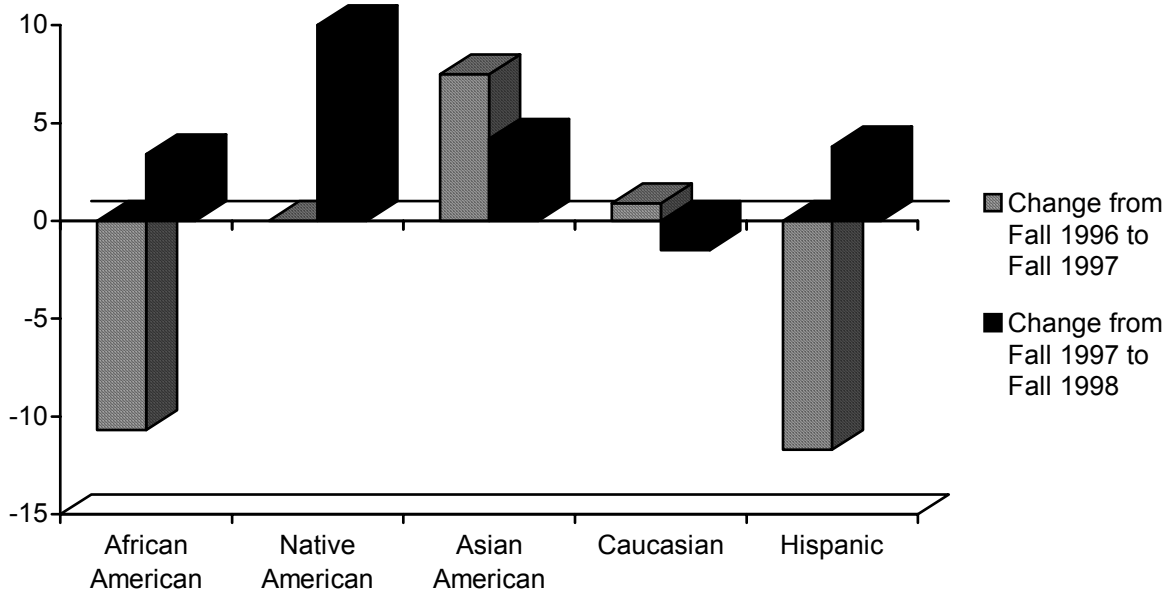
⁷ This percent change is quite dramatic due to the relatively small numbers of the population group, thus skewing the figures.

Figure 1. Impact of I-200 on Enrollment: Percent Change in Student Representation



Texas' decline was not as dramatic as that experienced by the University of Washington. Figure 2 graphically represents the impact of Hopwood at the University of Texas. From the incoming fall class of 1996, the last year for which affirmative action was employed in admissions and financial aid decisions, to the incoming fall class of 1997, the first year directly impacted by Hopwood, only African American and Hispanic student enrollment representation declined at the University of Texas by nearly 11 percent and nearly 12 percent respectively. The percent change from the minority representation of the incoming fall class of 1997 to the fall class of 1998, like the University of Washington, showed moderate gains in representation of minorities, but in no way regained the enrollment ground lost as a result of Hopwood.

Figure 2. Impact of Hopwood on Enrollment: Percent Change in Student Representation



At both institutions, anti-affirmative action initiatives had a profound “discouragement effect” for African American and Hispanic enrollees. While both groups made moderate gains the following year at the University of Texas, and African American enrollments recovered slightly the following year at the University of Washington, Hispanic enrollments continued to lag at UW. Even though some gains were made, in neither case were these gains significant enough to recapture lost ground and return to the levels each institution achieved with the use of affirmative action.

b. “Diminished Educational Benefits”

The decline in minority representation immediately following the anti-affirmative action initiatives challenged the University of Washington’s mission of education quality. Describing the experience of white students, President McCormick represented the loss of affirmative action as a loss of opportunity for white students to interact with students of color. Following I-200, the yield rates for students of color declined and the yield for Caucasian and Asian American students increased.

Numbers of African American, Native American, Hispanic/Latino, and Pacific Islander groups all fell the following fall. . . If you were a white freshman in the class of 1998, 1 out of every 11 classmates would have been an underrepresented minority. If you were a white freshman in the class of 1999, 1 out of every 18 of your classmates would have been an underrepresented minority (President, University of Washington).

Based on espoused philosophy of the institution that students are “better educated and more thoroughly prepared for a global society, a heterogeneous society, a culturally diverse society” when they are educated in a diverse learning environment (President, University of Washington), the loss of minority representation was believed to have diminished the academic benefits and educational quality provided by attending the University (personal communications, President and Dean of Undergraduate Admissions, University of Washington). Researchers have found evidence to support the Presidents’ position (Hurtado, 1999); and to support the position that “a diverse campus is better academically” (President, University of Washington).

c. “The University for All Texans”

Notably, administrators at the University of Texas did not express a concern with academic excellence and quality as a result of declining minority representation. As a more selective institution, it perhaps was not perceived that education outcomes would be threatened by declining racial diversity. Also, as depicted in Figure 2, minority enrollments at University of Texas declined following Hopwood; University of Washington minority enrollment plummeted.

Declines in enrollment among these minority groups brought to vivid remembrance UT’s “history of resistance to their presence” (Faculty, UT). The University of Texas had come a long way in overcoming this legacy of discrimination. Prior to Hopwood, UT had been recognized among the top two institutions nationally in graduating minority graduate students; this performance was reflected in the graduation rates of undergraduates as well. According to the President, the post-*Hopwood* imperative was to maintain “the vision of the University as serving all the populations in Texas;” a vision necessary “for the future health of ... society”.

d. “Perception of ‘Chilly’ Climate”

Both institutions recognized that the personal, affective, negative consequences of the anti-affirmative action initiatives for minority students contributed significantly to the enrollment decline. Research has found affirmative action to be important because it created a perception that minority students were welcome at the University (Wierzbicki & Hirschman, 2001; Hurtado & Wathington, 2001). The passage of I-200 and the Hopwood decision not only chilled admissions at these institutions (Orfield, 1998) but also had created a perception of a “chilly” campus climate (Hurtado, 1992).

At the University of Washington, many African American and Hispanic students and parents went so far as to contact the Office of Minority Affairs (OMA) to ask if the passage of I-200 meant their admissions to the university would be revoked (Vice President for the Office of Minority Affairs, University of Washington). Administrators working with minority students reported an increase in feelings of alienation and isolation among these students following the passage of I-200. Furthermore, a perception of two separate states – one of eastern Washington, home to many of the state’s native minority communities including the Yakima Valley Indian Reservation; and one of western Washington, home to a more liberal, cosmopolitan, and white population – was only exacerbated in the wake of I-200. One admissions counselor noted that many eastern Washington minority families were uneasy about sending their children to school in the western part of the state, all the way to Seattle.

The University of Texas felt even deeper rifts between institutional commitment to increasing minority student representation and community perceptions of UT's position on racial diversity. A perception exists among the minority communities in Texas that "the background noise in Austin is racism" (Faculty, UT). Following Hopwood, University of Texas administrators noted a "loss of faith among minority family members all across the state that this university was interested in them" (President, University of Texas).

As noted previously, the enrollment representation of underrepresented minority students at the university of Washington plummeted following I-200. The external constraints required immediate institutional triage to stop the loss of minority student enrollment. Looking to other similarly situated institutions was the first step of the process to formulate an alternative access strategy. "The President made a tour of a large number of UC [University of California] campuses to see what they were doing right after this happened. We watched Texas" (Dean of Undergraduate Admissions, University of Washington). Several administrators spoke about their continued observation and communication with the University of California at Los Angeles and UT-Austin in an effort to devise the best alternative strategies to affirmative action for enrolling underrepresented minority students that are appropriate for and will work in Washington.

Administrators at the University of Texas, having little governing autonomy, had to look to the legislature. What the legislature did, with the active collaboration of University of Texas faculty, was to institute Texas House Bill 588, under which

... each general academic teaching institution shall admit an applicant for admission to the institution as an undergraduate student if the applicant graduated in one of the two school years preceding the academic year for which the applicant is applying for admission from a public or private high school in this state accredited by a generally recognized accrediting organization with a grade point average in the top 10 percent of the student's high school graduating class (Texas House Bill 588).

President Faulkner of the University of Texas has proclaimed "the Top 10 percent works for Texas". But critics find little to celebrate with Top Percent plans, generally. Success from these plans, opponents argue, results from a "racially segregated primary and secondary public schools environment" (Commission on Civil Rights, 2000, p. 4). Given the struggles before and after Brown v. Board of Education, creating higher education diversity from the legacy of "Jim Crow" raises legitimate skepticism about whether the plans "work" and at what cost

Administrators at UT acknowledge the skepticism about Top 10 percent plans, but reject the arguments about exploiting segregation as "false criticism" (History Professor, UT). The Plan works with the reality of Texas society - "it builds on the reality of the way wealth is distributed in the state of Texas... wealth is color coded in the state of Texas" (Faculty, UT). Certainly administrators at Texas oppose racism and segregation of the state. But pragmatism rules the day. "Texas, even if it becomes integrated, it's not going to become integrated over night. And in

the meantime, we have a lot of kids who the evidence shows can benefit by attendance at the University of Texas.” (Faculty, UT).

Planning their response to I-200, a Top Percent plan had “been discussed” in Washington (Director of Admissions, University of Washington). State demographics and institutional context prevented the effectiveness of such a plan for Washington, however. With some pride, the Director of Admissions explained that “[o]ne of the things that our urban areas have done well is to integrate our schools” and a “state law prohibits putting rank in class on transcripts.” Ironically, the lack of segregation created barriers for adopting alternative strategies similar to Texas to increasing higher education access.

Institutional selectivity further compromised implementation of a Top Percent plan as an access strategy for the University of Washington. Admissions officers recognized they “were not that selective” because students in the Top 10 percent were already automatically accepted under the admissions plan. One access strategy was ruled out, but new plans had not been formulated. As one administrator described the institution’s predicament, “we were all struggling. We are all saying ‘we don’t know what to do’.”

The President of the University of Texas referred to this period as the “hand wringing stage.” Getting through it required the “invention of new tools and new ideas” (President, UT). Both institutions implemented a more holistic admissions review process only to find that changes in admissions policies alone did not significantly alter minority admits; it became clear to both institutions that changes could, and should be made to the recruitment and enrollment phases of the matriculation process through both outreach and financial aid. What follows are the findings about financial aid strategies as they developed at the University of Washington and the University of Texas.

C. Response to Anti-Affirmative Action Initiatives

At both institutions, “invention” occurred in the area of financial aid. Financial aid packages have been proven to be a significant factor influencing minority students' decision to enroll in college (Heller, 1997; Leslie & Brinkman, 1987). Generosity certainly characterized the financial aid strategy of the University of Washington.

a. University of Washington and Diversity Enhancement Scholarships

Notably the Board of Trustees demonstrated significant leadership in supporting the recruiting efforts for minority students. Prior to I-200, the University provided race targeted scholarships as incentives to attract the most exemplary minority students to the institution (President, University of Washington). In the aftermath of I-200 the amounts previously offered proved insignificant to attract the “high market” underrepresented students (Director of Financial Aid). The Trustees rather than the President took the lead to address this recruiting problem by providing privately funded full-ride, four year scholarships, making sure “costs were not an issue when a student decides to go somewhere else” (President, University of Washington). In addition, using race-based scholarships that focused on attracting “high market” students

corresponded with the institutional priority to increase university prestige, a necessary condition for institutions to engage in a competitive higher education market.

Privately donated, race-restricted scholarships circumvent the state action to the extent the university does not become “entwined” with the funding, selection, or award of the scholarships.⁸ The Diversity Enhancement Scholarship Program is intentionally complex. The strategy has proven successful, as this program, obviously targeting minority students, has so far escaped legal challenge. Furthermore, administrators argue it would take a truly “mean-spirited” individual or group to initiate a challenge to deny scholarships for high achieving students.

The university offered 91 Diversity Enhancement scholarships to minority students in 2000, whereby 73 students accepted. The yield of 83 percent for the program’s first year was considered very positive, enabling administrators and trustees to continue to raise money for the program (VP Financial Aid, UW).

The structure of the scholarships has not been without criticism. While senior administrators share a commitment to increasing access, the commitment is expressed at different levels: commitment to the President’s agenda, commitment to the institution’s interest in diversity, commitment to the broader social obligations of increasing access to higher education. Most often administrators expressed sentiments combining the first two levels of commitment: “a diverse campus is a better campus,” so no matter “how we dress it up” the goal is “presenting the University in a positive light . . . to make young people think about us as an institution of choice” (Vice President of Student Affairs, University of Washington).

The social justice commitment emphasizes access to higher education generally for those student groups historically underrepresented by race/ethnicity and socioeconomic status. “. . .ours is not a job. It’s a mission” captures a level of commitment beyond the goals of the institution.

At times, this broader goal creates tensions with advancing the interests of the institution. Nevertheless, the existence of both appears to be advantageous for the strategy implemented at the institution to increase access to the institution and diversity within the student body.

From conversations with the UW’s VP for Financial Aid, the Diversity Enhancement Scholarship Program is not a permanent program. The institution recognizes its limitations for financially sustaining a diversifying aid program once proportionality is perceived by potential funders to have been achieved. The institution does, however, plan to continue to raise money to support the program for several more years. By the time the Diversity Enhancement Scholarship Program runs its course, the next financial aid program will focus on access. Following the next large university fundraising campaign, an endowment will be established for which the proceeds will provide all entering needy freshman a loan- and work-free first year – front loading their aid package. This planning acknowledges the limitations for the institution to sustain and defend the Diversity Enhancement Scholarship Program, as well as the benefits the program is likely to bring to subsequent financial programs, most notably the attention such a generous race-sensitive scholarship brings to “expanding the pipeline” of minority students applying to the institution (VP Financial Aid, UW).

⁸Burton v. Wilmington Parking Authority, 365 U.S. 715 (1961),

b. University of Texas and Longhorn Opportunity Scholarships

Following the decision of the Fifth Circuit through Hopwood (1996), the Texas legislature decided the strategy the University of Texas would use as an alternative to affirmative action. Known as the “Top 10 percent Plan” the legislature prohibited the use of race as a factor in admissions. Under the Plan, “the institution shall consider” socioeconomic status (Texas House Bill 588). Based on the imperative to use socioeconomic status rather than race, the Vice President of Financial Aid developed the Longhorn Opportunity Scholarship (LOS) based on the patterns of which high schools sent students to UT and school socioeconomic status. “Race is not even included in the database” (Vice President of Financial Aid, UT).

The University of Texas quickly learned that a new approach was needed to offset the loss of the minority communities’ confidence in UT. By focusing on non-sender schools, the University could focus on their goal to make UT an institution for “all Texans”. The first step was to identify which schools did not send students to UT; followed by which schools might benefit most from need-based financial aid scholarships. So they targeted low-income minority communities for the financial aid initiative. Once identified, the VP of Financial Aid identified schools in the community that did not send many students to UT and a formula for determining the number of scholarships given to each school. LOS schools are identified as schools that send few students to the University of Texas; so the number of scholarships offered to a LOS high school depends on the number of applications below the average that come from the LOS schools.

The University provided scholarships for students in the Top 10 percent of sixty-four high schools (LOS schools), primarily in low-income, urban areas, that had a history of not sending students to UT. The Vice President of Financial Aid explained the motivation for the program: “ Well, the way to open the door is you bring money. Sometimes people that don’t like you will open the door if you bring enough money” (Vice President of Financial Aid, UT).

Individual award decisions are based on “all math” (President, UT). Using a formula that calculates adversity and academic performance, the Vice President of Financial Aid calculates the amount of the individual award. The key to the scholarship, according to the UT administrators is stressing to the students that the “competition is in this room,” i.e., the other students in their high school. According to the Vice President of Financial Affairs, it “empowers” the students when they know they are not competing against kids from other schools for the LOS scholarships. Empowerment to some, but the incentive to only need to compete against students within the school may imply to the students that they are not able to compete with students from other schools – students who will be their classmates at UT.

Special visits to the LOS high schools by UT’s President and other senior administrators are used as a way to demonstrate the institution’s commitment to and interest in minority communities as well as an attempt to counter perceptions that UT is an unwelcoming and hostile environment. These visits serve as a form of outreach with teeth – the attraction of financial assistance for those students in the top 10% of their class in designated schools. “In the most

successful manifestations of this, we've started to build a flow of students from these schools" (President, UT).

The LOS program expands the concept of "need" beyond just getting into the University of Texas. Taking a comprehensive approach to access, students with the LOS matriculate into the Longhorn Scholars Program. Smaller class sizes, faculty noted for teaching excellence, and tutoring provide academic support for students' success. The Financial Aid department collaborates with the Housing department to improve opportunities for Longhorn Opportunity Scholars to receive on-campus housing. By attending to the social and academic needs of students, this program pushes for access and student success.

The Longhorn Opportunity Scholarship is a "brilliant" idea, according to President Faulkner, because it comprehensively addresses the multiple negative consequences of Hopwood. By providing need-based scholarships to low-income schools and students attending these schools, the LOS addresses the institutional concerns of increasing enrollment among African American and Hispanic students with a method consistent with law.

V. Findings.

Key institutional factors contributed to the decision to use financial aid as the alternative access strategy and the implementation of the strategy for increasing access and student diversity.

A. Leadership.

Not only did individual leaders emerge as an important conduit to successfully implementing effective scholarship programs to further diversity efforts, but also collaboration between various constituencies within the institutions contributed to a collective effort to achieve the institution's goals. An institutional culture appears to have influenced the comprehensive efforts to respond to the anti-affirmative action initiatives in Texas and Washington and the aggressiveness with which the institutions pursued and implemented their financial aid strategies.

Administrators and the Presidents of the Universities of Washington and Texas expressed the core assumptions that institutional excellence requires racial/ethnic diversity. In times of crisis, the deep assumptions of an organization, or its culture, are revealed and shaped by its members, particularly its leaders. In this instance, the leaders recognized that while some members of the University of Texas community were apathetic or antagonistic to efforts to increase racial diversity, the prevailing values supported diversity.

The nature of the Presidents' leadership, in large part, promoted the success of the response. Within a university context, effective leadership must recognize limited influence at the lower levels of the institution and that valuable ideas and support come from participants at these levels (Birnbau, 1988). Furthermore, leaders' deep assumptions of human nature and more particularly, the individual people they lead are revealed in times of crisis (Schein, 1992).

The Presidents' of these institutions invested in the talents of the people they lead and the potential for them to invent "new tools and new approaches"

The perception that the senior administration is on the "same page" reflects the leadership of both institutions. At the Universities of Washington and Texas, the leadership commitment to increasing racial diversity is unequivocal. A senior administrator of the University of Washington explained,

It is uncharacteristic for this University to respond as quickly to anything as it did to this issue. It is uncharacteristic for the Board of Regents and senior administration to be on the same page and pulling so vigorously in the same direction (Vice President of Student Affairs, University of Washington).

While opposition to these initiatives does exist within the campus community, President McCormick acknowledged, "we are not a very politically correct campus on the whole, but that's probably one area where those views would not be welcomed".

At the University of Texas, critics regularly voiced opposition to the University's efforts to increase racial diversity. Despite voices of opposition, senior administrators maintained commitment to "President Faulkner's desire for us to be the university for all the people of Texas" (Vice President Student Affairs, University of Texas). As evidence of this commitment, the President made it possible for the LOS program to "roll out" in weeks rather than years (Vice President of Financial Aid, UT).

B. Institutional Context.

Context sets the parameters within which the institutions could pursue alternative financial aid strategies. Legislative autonomy and state demographics permitted the University of Washington to develop and implement a privately funded scholarship program that remained targeted to minorities.

So we don't have these pockets of areas where we have underrepresented students in schools... they're integrated (Vice President of Admissions, University of Washington).

... with the exception of a few areas here, we're talking about integrated neighborhoods and cities here. The issue of the 20 percent, 10 percent will not work in Washington because we have done a good job of integrating our schools. . . .which is why it makes it much more difficult and why we think that holistic review is probably the way to go (Administrator of Office of Minority Affairs, University of Washington).

Texas, on the other hand, experienced de jure segregation, where UT is in the position of "building on the segregation that racism built."

"... there is a complaint that you're just building on a system that's inequitable.

You're building on the segregation that racism built. And that we should be opposing that racism and that segregation and not constructing an edifice upon it. And you know that I'm sympathetic to that argument (Faculty, UT)."

The administrators acknowledged that the success of the LOS program is constructed on the "edifice" of segregation. But this reflects "the color of wealth in Texas" (Faculty, University of Texas). The University attends to the larger structural inequity that disadvantages low-income, minorities, but these efforts are not compromised by a financial aid program that has demonstrated success in moving these students through the college pipeline (Faculty, UT).

C. Financial Aid Philosophy.

The institutional context, both the demographics of the state and its political climate, influenced the philosophy and structure of the financial aid policies. The University of Washington directed its financial aid strategy to increase minority enrollment among "high market" African American students. Administrators were frank in their desire to keep their brightest minority students from attending prestigious historically Black colleges and universities such as "Howard, Spelman, and [Morehouse]" or being lured to Stanford (President, University of Washington).

Through their Diversity Enhancement Scholarship, the University of Washington advances a merit based financial aid philosophy for pursuing their diversity goal. Simultaneously pursuing institutional diversity and institutional selectivity, the Diversity Enhancement Scholarship appears to support the "essential connection between diversity and academic excellence" (President, University of Washington)⁹.

Though high quality education from the institution concerns all University of Washington administrators, the greater concern for some is the social obligation of a university.

When we try to justify our own existence as an institution in this society, it's not based on the welfare of the institution. It's based on the contribution to higher education and all the good things higher education does; and I believe the most fundamental and critical is providing an open opportunity structure in a democratic society (Dean of Undergraduate Admissions, University of Washington).

Based on these larger concerns for social justice, some administrators internally criticized the Diversity Enhancement Scholarships as elitist. And "we're just not that" (Vice President of Office of Minority Affairs, University of Washington).

The administrators at the University of Texas did not debate a merit vs. need-based philosophy. This decision was partly because the legislative edict that institutions "shall consider" socioeconomic status and partly because the Vice President of Financial Aid considers himself to be "a need-based guy" (Vice President of Financial Aid, UT).

⁹ 1997 Address to the University Community, "Change at the Core".

The challenge to administrators was to identify those students, albeit those students ranked within the Top 10% of their class that could most benefit from need-based scholarships. By using existing data about high schools and student application behavior, university administrators targeted “non-feeder” schools with the goal to eventually increase the number of [non-feeder] high schools in the scholarship program ”...So that we increase the number of schools that send kids here” (Faculty, UT). The financial aid strategy appears promising, and the scholarship program has resulted in a “halo effect” changing not only individual students’ behavior but also school wide behavior; where students from “non-sender” schools appear to be applying.

The university’s financial aid philosophy appears to be embedded in the belief that “making students eligible to attend is not enough. We had to enable them to come [to the university]” (Associate Vice President, Director of Admissions, UT).

And we believed if we were going to change our future, we were going to have to take a close look at the present and the past to see where the pathways to Texas were. Which schools were sending us students, which school were not sending us students, it’s more important which schools were not sending us [students]. Because we know that college bound behavior is socially embedded [and] that there’s a certain lore that exist in each high school about which college you put on your list...so our attempt was to set out to change that lore when the University of Texas was not present on that list of colleges (Associate Vice President, Director of Admissions, UT).

D. Conclusion

In times of great change or crisis, members of an institution often look to their leader to make meaning of recent events and to provide direction for the institution. Leadership proved to be the most critical institutional factor in the University’s ability to respond with flexibility and creativity to the challenges of anti-affirmative action initiatives.

Universities tend to change slowly which is why the swift response of the Universities of Washington and Texas to the anti-affirmative initiatives present interesting examples to other institutions facing similar external pressures, both formal and informal, to eliminating or reducing their use of race-based admissions and financial aid. The findings are especially instructive because of the differences in institutional contexts and the financial aid philosophies the context influenced. The presidents dictated the rapid pace of the response.

It remains to be seen whether or not the Universities of Washington and Texas diversity scholarship programs will achieve the goal of minority representation in proportion to the minority representation in the state. In speaking of the initial phases of the LOS program, the Vice President of Student Affairs at the University of Texas acknowledges, that the financial aid program “has given us a rich mix.” Administrators at the University of Washington make similar boasts. The commitment and support of leadership, the innovation and dedication of emergent leaders, and the collaborative efforts of many on campus provide a striking blueprint for other organizations to review and adapt to their diversity efforts and planning.

VI. Implications of This Study

Although race sensitive financial aid policies remain legal for the majority of higher education institutions, developing and utilizing effective financial aid policies that increase minority enrollment without attracting anti-affirmative action lawsuits has gained increasing importance to all institutions in recent years. The findings from these institutions offer alternatives to traditional affirmative action policies that demonstrate the ability to reformulate affirmative action policies based on the institution's context and the demographics of the community without abandoning goals of reducing barriers to access and increasing institutional diversity.

The alternatives also raise larger questions about race and class inequities in society. For Texas, increasing diversity means mining the racialized class inequities built by segregation – as one faculty member put it “the color of money in Texas”. Therefore, targeting schools works because minority students are segregated to poorly resourced schools. The students are exhorted with the promise that they will only have to compete with similarly situated students – poor who may also be academically underprepared. While this may be an encouragement to apply, to what extent does this exhortation reinforce (even give institutional endorsement) the students' perception of academic inferiority? How does this prepare students to “compete” in the larger UT student community?

Washington's policy raises the other side of the coin. By setting the high market yield criteria, students who would be lured by any school in the nation get all the resources the school has to offer. Academically prepared students below this threshold are not eligible, but still “encouraged” to attend the university. Since need is not accounted for, the institution diverts its diversity money to students who may not need money to attend college. Minority numbers increase, but as Washington administrators point out, not by the amount they could attract if they spread the money around.

Consideration of alternative student financing philosophies for higher education becomes salient in an environment of growing enrollments, shrinking national budgets, and greater governmental accountability. Our societies' demographics are changing, applying greater pressure to colleges and universities to better serve its constituents, many of whom have historically been denied access to higher education. Furthermore, the meaning of diversity is changing depending on the variations of the characteristics (e.g., race, ethnicity, social class, disability) of each society and institution. The tension between merit and need-based aid in the financial aid debate puts pressure on governments and institutions to act judiciously in determining the philosophy of financial awards while also considering which philosophy is more successful in increasing access and institutional diversity. This analysis may be instructive to other institutions that are facing similar tensions in financial aid.

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