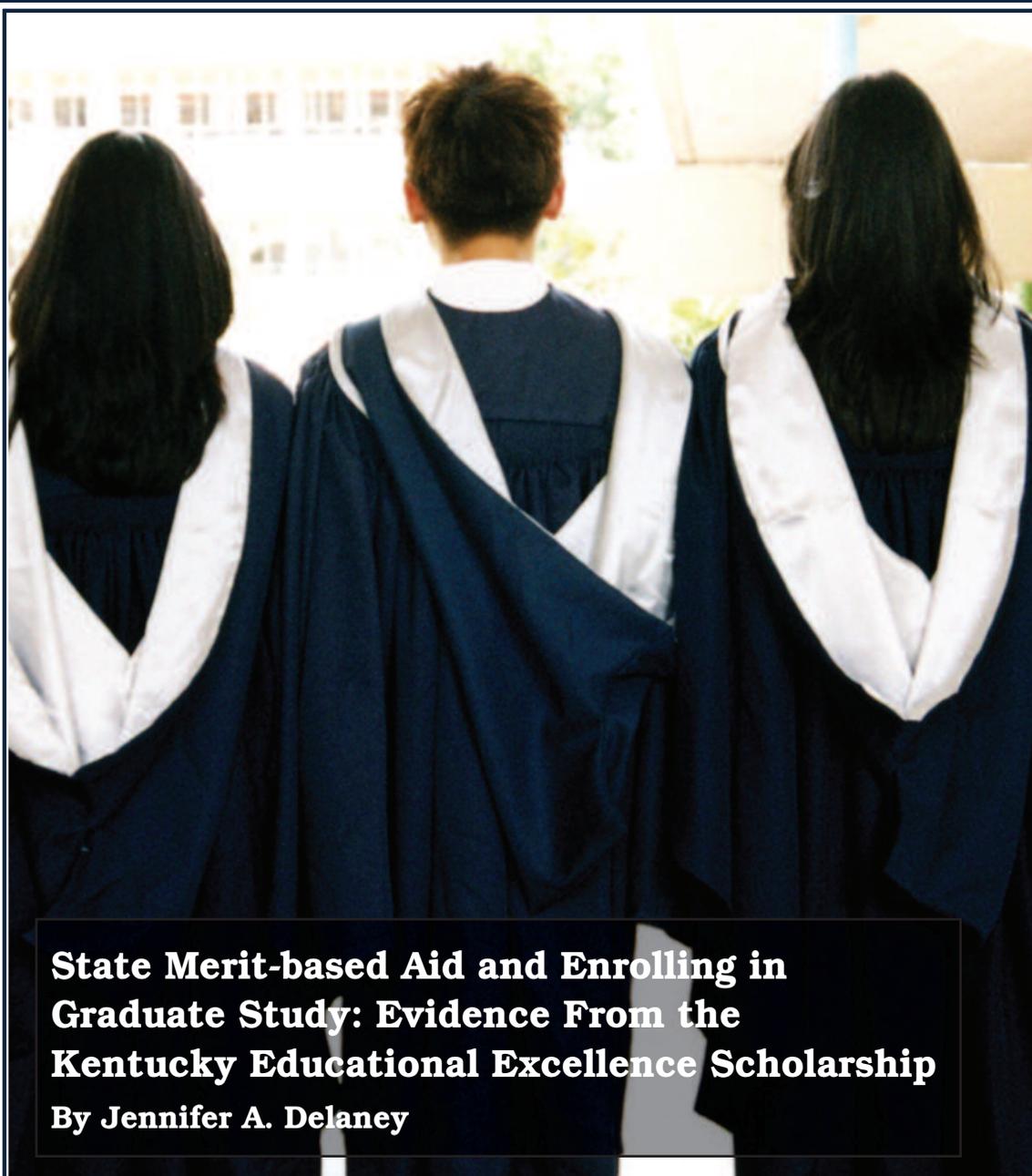


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State Merit-based Aid and Enrolling in Graduate Study: Evidence From the Kentucky Educational Excellence Scholarship

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Branding Access Through the Carolina Covenant: Fostering Institutional Image and Brand

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This study analyzes the potential of major financial aid initiatives to serve as key elements of an institutional branding strategy. Concepts of branding and marketing serve as guiding frameworks for the analysis and interpretation of the findings. Using a case study approach, data were collected through interviews and document analysis at the University of North Carolina at Chapel Hill. The findings demonstrate the ability of financial aid to serve as a key component of institutional image and improve a university's competitive position while also ensuring the access benefits inherent in supporting low-income students. The implications of this work provide an additional rationale for increasing financial aid budgets and substantiate proof of the market's ability to improve access.

The higher education literature in recent years describes the influence of increased competition and market forces as manifested by the pursuit of rankings, prestige, and resources (Brewer, Gates, & Goldman, 2002; Newman, Couturier, & Scurry, 2004; Slaughter & Rhoades, 2004; Zemsky, Wegner, & Massy, 2005). The discussion of financial aid within this context focuses on the role of merit aid and the use of financial aid in attracting the most desirable students whether they are desirable academically or because of their ability to pay (e.g., McPherson & Schapiro, 1998). Public colleges and universities in particular rely on their advantage of lower tuition and accessibility to attract students from a broad spectrum. The current environment of higher education demands that colleges and universities value and employ marketing strategies including the business concept of branding (Kittle, 2000; Toma, Dubrow, & Hartley, 2005). In this research, we explore how financial aid and financial accessibility play a role in the creation of an institutional image. We consider how a prominent financial aid program, The Carolina Covenant, at the University of North Carolina at Chapel Hill (UNC-Chapel Hill) can be incorporated into efforts to market the institution in the minds of students and the broader community.

Review of the Literature

Due to the unique role of state universities in an environment of limited resources, an inevitable tension exists between educational quality and access as evidenced during tuition and funding debates (Hauptman, 1990; Hearn & Anderson, 1995; Seneca & Taussig, 1987; Serban & Burke, 1998).

If a state university requires additional revenue to maintain the quality of its undergraduate programs, the attractiveness of a tuition increase

depends, among other considerations, on the extent to which the higher tuition will discourage applications from low-income and minority families in the state (Seneca & Taussig, 1987, p. 25-26).

The effect of tuition increases on access represents a significant concern for institutions, particularly public colleges and universities that historically enroll a higher percentage of low-income students. “While microeconomic theory demonstrates a downward-sloping demand curve” as tuition rises “the impact of tuition charges may vary depending. . . [on] other factors” (Heller, 1996, p. 8). If increasing public tuition and the outside factors Heller describes decrease the college participation of underserved low-income and minority populations, these students may not have other options available for attaining a college degree. Baird (2006) agrees that if institutions want to create greater access, they should identify policies that “best promote college attendance for those currently underrepresented” (p. 34). Furthermore, tuition and federal financial aid policies are only part of the solution and institutions ought to reevaluate the use of state need-based financial aid programs. She finds that expanding need-based financial aid programs represents one of the most effective strategies for promoting college access. According to Spaulding and Olswang (2005), institutional changes in financial aid packaging and marketing strategy have resulted in improvement in admission yield.

The Carolina Covenant

UNC-Chapel became the first public university to offer a financial aid program replacing loans with grants. The program emerged in 2003 as an institutional response to mitigate concerns regarding student debt and access for low-income populations. Combining scholarships, grants, and work-study, UNC-Chapel Hill could guarantee the promise to admitted, full-time low-income students to graduate with a bachelor’s degree without accumulating loan debt. Non-resident students are also eligible for the Carolina Covenant program. No additional application is required beyond submission of the Free Application for Federal Student Aid (FAFSA) and the College Board’s PROFILE application. Lastly, there is no limit to the number of Covenant Scholars awarded each year.

The program’s financial success rests on leveraging an array of federal, state, and institutional aid to meet the full financial need and combat the concerns of reduced access due to inability to pay. Various prominent universities followed suit with similar programs with all of them designed to reduce the economic disparities by removing price and debt as barriers.

Conceptual Framework

As noted in the business literature, firms use branding to differentiate their product from others in the marketplace (Aaker, 1991, 1996). Branding can be applied to higher education, although it has seen limited application in the literature to date (Toma, Dubrow, & Hartley, 2005; Sevier, 2001). Little research exists on how the marketing approach of student financial aid programs influences students’ enrollment behavior (Perna, 2005). The literature on higher education branding largely addresses broad generalities with few empirical studies on the current activities of universities to

market themselves as a brand (Fickes, 2003; Moore, 2004). Aaker (1991) defines a brand as a “distinguishing name and/or symbol” used to identify and distinguish between competitors (p. 7). Branding is a multidimensional concept that can often serve as a key means of differentiation for consumer decision making (Aaker, 1996; Keller 2003). Brand image, which is a collective set of perceptions consumers associate with a given brand, serves as a key notion for this study (Keller, 1993). The perceptions of external audiences about the university can impact any number of university initiatives from student recruitment to state appropriations. For this study, we use the concepts of image and branding to understand how a university can use a signature financial aid initiative to create and foster an institutional image of providing access as part of the brand.

Colleges and universities use a number of marketing and business strategies to attempt to differentiate themselves within the crowded postsecondary marketplace. These efforts often center on the admissions and student recruitment processes through the use of targeted marketing campaigns substantiated by brochures, view books, and other printed materials. In addition to these traditional avenues, marketing efforts are increasingly using technology with a strong web presence or use of DVDs. Whether using print or technology based materials, colleges employ a variety of aspects of their brand and image to attract and influence student opinions. Logos, mascots, and school colors are among the most commonly used aspects of image that are leveraged. There are less tangible or obvious aspects of the institution that can be tapped to improve market position and brand image. The scholarly literature has not sufficiently explored the ways that culture can be used or “branded” to improve the competitive position of an institution (Toma, Dubrow, & Hartley, 2005). More specifically, how might an institution and financial aid office that has a strong organizational culture supporting access and affordability leverage that culture to create a brand by selling the idea of accessibility to low-income students.

Methodology

This study utilized an interpretive perspective where we focused on the key decision makers at the institution and explored the university’s image. Two factors influenced site selection. First, although many schools have subsequently initiated such programs, the Carolina Covenant was the first at a public university (Pallais & Turner, 2007). UNC-Chapel Hill also has a long history of low tuition and affordability. This comprises part of their larger national image and brand as evidenced by the school’s consistent top rating in Kiplinger’s “Best Value” rankings and the touting of this by the institution. The following research question guided our study of the Carolina Covenant program and its ability to play a role in the university’s image: How do campus leaders view the Carolina Covenant within the context of the institution’s strategy to improve its prestige and ability to recruit high quality students?

We used a qualitative design in order to focus on the views and decision-making of participants, which are answered through qualitative methods (Merriam, 1998). We conducted interviews with 24 senior administrators, faculty, and student leaders at UNC-Chapel Hill. Additionally, we examined

institutional documents including internal memoranda; meeting agendas and minutes; mainstream and student media accounts; and public statements.

All interviews were conducted in-person in North Carolina during three site visits. Each interview was guided by a series of questions, which we asked using an open-ended interviewing approach. The interview protocol (see Table 1) was designed to elicit responses from participants. We also used the snowball technique to find additional people who could provide pertinent information for this study. As described by Bogdan and Biklen (1992), near the conclusion of each interview we asked the interviewee if there was anyone else we should speak with to gain additional insight.

The data analysis occurred simultaneously with data collection, interpretation, and writing of the study (Merriam, 1998). The two primary modes of data analysis were (1) searching for patterns by comparing results with patterns predicted from the literature; and (2) explanation building by identifying the causal links and/or plausible or rival explanations in order to build an explanation about the case (Yin, 1994). Coding into categories assisted in identifying the important categories and themes that our research uncovered. By examining multiple sources and types of data, we used triangulation to ensure the dependability of our data. In order for a case study to be considered transferable, it must contain enough detail for an external reviewer to understand the situational details and their rel-

Table 1: Interview Protocol

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1. What factors pushed UNC to implement the Carolina Covenant?
 2. What changes were necessary both within financial aid and throughout campus to implement the program?
 3. How successful were aid packages before the Carolina Covenant?
 4. What is the primary benefit of the program?
 5. What role did allocating part of tuition increases to financial aid play?
 6. How has the Covenant been marketed?
 7. How have internal and external stakeholders responded?
 8. How has the program changed perceptions of potential students if at all?
 9. How does the Covenant fit within the institution's larger culture, mission, and image?
 10. What future challenges do you anticipate?
-

evance to other situations. Lincoln and Guba (1985) suggest that the only way to establish transferability is to create a detailed description of the case study's context so that others in a different situation can assess the similarities and differences to their own situation.

Results

The findings of this research suggest that the initiation and implementation of the Carolina Covenant program focused on larger questions of messaging and image. A central theme of the data focuses on the value placed on the program to send a signal about the institution to low-income students and the broader community. The Carolina Covenant is a financial aid initiative started by UNC-Chapel Hill to provide an undergraduate education to low-income students without the use of loans. Through a combination of federal, state, and institutional grants packaged with a 12-14 hour federal work study position, the program meets 100 percent of need without the use of loans. The university communicates the message to students that if you meet the academic requirements for admission, finances will not be a barrier to attendance. The Covenant is similar to a program first instituted by Princeton University to eliminate loans for needy students. Princeton's move created a ripple effect through the ranks of prestigious private universities to decrease the loans taken by low-income students. Following the program's announcement and over the last few years, public and private institutions across the country created similar initiatives including the University of Virginia, University of Pennsylvania, and Indiana University. This wave of creating major no-loan programs for low-income students represents one of the first and perhaps most prominent examples of the role of competition improving need based financial aid and access to higher education.

Building an Initiative to Publicize

The challenges of developing major loan programs are rarely limited to policy fundamentals alone. Bridging critical areas of institutional image with public perception strengthens an initiative's impact. The case of the Carolina Covenant provides an insightful example into the creation of one of these programs and also how it can be used to influence institutional image. Beneficiaries of major financial aid programs symbolize institutional outreach and the embodiment of the public good of higher education. An academic administrator explained the initial thought process behind the program:

We got so frustrated by all of the data. We have a very strong commitment to need-based aid and to a very high percentage of grants for needy students. But we got very frustrated that market studies that we would do continued to show that individuals who needed aid vastly overestimated the cost of a Carolina education.

Furthermore, the competition for students between public and private institutions only serves to complicate the process. "Very often, students thought it was the same as Duke. I guess it's a basketball thing. No, they see two, high-quality institutions; they assume we cost the same."

A financial aid administrator complained about how “the media has a way of creating a perception that was detouring kids from applying who were from low socioeconomic groups.” The institution through a combination of state and federal grants largely met the needs of low income students but lacked a marquee to publicize these efforts. “We were already committed to meeting need. We were meeting 100 percent of the need of the students before this program was announced,” a financial aid counselor explained. “What the Covenant formalized was a public commitment to this.”

Financial support for the Covenant hinges largely on revenue streams from both federal and state sources. Indeed, a major grant program expanded by the state provided a key source of revenue for the university to leverage in support of the initiative. The creative use of institutional revenue proved vital in securing sufficient funds in protecting low income students despite several rounds of tuition increases. As a senior student affairs administrator shared this perspective.

Tuition increases are marked so that a percentage of the increases go to need based aid. So, initially it wasn't driven by the tuition. It was initially driven by the fact that the University had been placed in a very advantageous position with regard to need based aid. Now, knowing that need based aid is a combination of Federal/State as well as institutional resources. It's not all Carolina's resources. It's that combination and tuition is a part of that.

By setting aside a percentage of tuition increases, the university provides not only financial resources for low income students, but also symbolizes a strong institutional commitment to preserving access in an environment of escalating tuition.

UNC officials believed that the financial aid office did a “tremendous” job in packaging the various aid sources including restricted and unrestricted funds to eligible students to maximize the amount of funding available. However, the individual successes were not able to be leveraged sufficiently to assist in the broader recruitment and enrollment management goals. Branding the university's commitment to low-income students in the form of a named program distinguished Chapel Hill's access endeavors. An enrollment management administrator described the financial aid situation prior to the announcement of the Carolina Covenant.

We said—you're doing all this little work over here, and great work over there, and all these little pockets of success, but you're not getting recognition for it. If you could package it under one banner, put a big brass plaque over the door and say, “This is what we're doing.”

Branding the university's commitment to low-income students in the form of a named program distinguished Carolina's access initiative from prior efforts.

Commit and Communicate to Low Income Students and Stakeholders

The decision to make such a public commitment to low income students required an understanding of the role of Carolina's brand which is tied directly to the "best buy" distinction the institution routinely receives in popular media outlets such as *U.S. News and World Report* and *Kiplinger's*. "Carolina has a philosophy of accessibility and that means we need to be sure that these low-income students know they can come here. Yeah, a lot of universities succumb to the temptation of *US News and World Report*," reported an enrollment management administrator.

Several administrators echoed the sentiments of an admissions representative who claimed the Covenant was an initiative that is "consistent with the university's emphasis on equity, not just excellence, but on equity." The primary benefit of the program touted by almost all of the interviewees with whom we spoke was its use as a vehicle to communicate to potential students and the broader community. A financial aid administrator described this thought:

Actually, what the Covenant did was to formalize and say to the state and nation that economically disadvantaged will not be a reason why you cannot enjoy the educational experience of Carolina. That's basically what that is and they formalized the structure so that there is a public commitment to low income populations. We want people to know that you can come here and very much cognizant of the perception of this place as an elitist university. It may be elitist in terms of rankings and all, but it's not an economic elitist institution. We wanted to address that.

Campus leaders viewed the Covenant as both a "substantive" in terms of guaranteeing the financial aid for the student, but also critically its symbolic role. Admissions and recruiting professionals saw some immediate influences after the publication and marketing of the program.

The beauty of this is that it's rolling right over all those old perceptions. So, I think our low-income population's actually going to increase, but it's not related, necessarily to the high tuition. In fact, we found a way to combat, at least for low-income students, the constant barrage of newspaper articles about college not being affordable, and that is to simply create a program. Where we shout to the world that if you can get in and you're in a low-income family, you can come without taking a loan.

The decision to make such a substantial commitment to low income students required an understanding of the role of UNC's image.

Implications

The findings of this study provide an interesting approach for financial aid within the new competitive higher education marketplace. Financial aid has traditionally been considered an aspect of fulfilling the public good function of access regardless of economic status. With the rising importance placed on the private benefits of higher education including career

placement and future income, the public good function has been deemphasized in favor of rising tuition and student loans. UNC Chapel Hill provides a case study for the power of financial aid to influence the institution beyond this traditional role. Much of the UNC brand is based on its low tuition and first in the nation public university status. This is fostered by the magazine rankings that consistently refer to the institution as a “good buy” for its combination of academics and costs.

The creation of the Carolina Covenant as a signature financial aid program for the university fostered the UNC image of affordable high quality education. Even for those students who will never be eligible for the program, the concept furthers the affordability notion associated with the university. This is also aided through the university’s use of its institutional television spot aired during broadcasts of its football and basketball games. During the commercial, the head basketball coach Roy Williams, a revered figure within the university and the state that is obsessed with basketball, described the Carolina Covenant program and how central it is to the idea of the University of North Carolina. The marketing of the program nicely complements the established UNC brand reinforcing the idea for students and the public. Furthermore, the program demonstrates the possibility of using signature financial aid and other access-focused initiatives to support low-income student participation. The strategic use of financial aid increases prestige, but typically decreases access for this population (Avery, Fairbanks, & Zeckhauser, 2003). However, these programs hold the potential for changing this dynamic and deserve additional consideration.

Conclusion

Obviously, not every university will have the financial resources to implement a program as far reaching as the Carolina Covenant. There are still lessons to be learned from the UNC case for financial aid administrators. First, in those institutions where access is a central element of image and an area influential in the recruiting of students, financial aid should be included as part of the institution’s marketing and promotional strategies. This should not simply include broad promises of affordability and access. Indeed, additional research should examine the effectiveness of these programs in attracting and retraining low-income students as currently only limited data exists (Tebbs & Turner, 2006). Successful branding and image requires both the style and symbolism of marketing but also tangible outcomes that further supports the university’s image. The creation of a signature program such as the Covenant is beneficial in marketing because of the simplicity of the message as well as the powerful influence such a commitment has on potential students.

Placing financial aid as a central aspect of a branding and marketing campaign, financial aid administrators create an additional incentive for increasing the institutional resources allocated for scholarships and grants. Aid in this context becomes more than support for an individual, but an aspect of improving the institution’s image, which in turn increases success in future recruitment and other endeavors. The case of UNC-Chapel Hill also shows the value and necessity of an organizational culture supportive of financial aid and the ability to communicate with future students. With

the established notion of affordability associated with UNC prior to the Carolina Covenant, the program had fertile ground to improve the association between the institution's image and its brand.

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