

7-27-2015

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Recommended Citation

Xue, Mo and Chao, Xia (2015) "Non-Borrowing Students' Perceptions of Student Loans and Strategies of Paying for College," *Journal of Student Financial Aid*: Vol. 45: Iss. 2, Article 3.

Available at: <http://publications.nasfaa.org/jsfa/vol45/iss2/3>

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Non-Borrowing Students' Perceptions of Student Loans and Strategies of Paying for College

By Mo Xue and Xia Chao

With the notable shift from grants to loans over the past several decades, many researchers have argued the positive impact of financial aid on student college choice, enrollment, and persistence. However, literature indicates that students from economically disadvantaged backgrounds are less likely to take loans to finance postsecondary education than those from affluent conditions. Qualitative research on the reasons for non-borrowers' aversion to loans and strategies for college payment is rather scant. This study explores 30 lower- or lower-middle-class non-borrowing students' lived experiences surrounding student loans from a qualitative phenomenological research lens. Data are collected from semi-structured interviews. Data analysis shows four main reasons that the participants generally avoid borrowing as they decide where to attend and how to pay for college: parental influence, fear of economic burden, underestimation of the value of college education, and lack of information about the loan system. The strategies they employ for college payment include scholarships and grants, family support, part-time jobs, and prepaid college tuition programs. This study uses peer debriefing to ensure its trustworthiness. Limitations of this study and implications for future research and practice are discussed.

Keywords: *student loans, non-borrowing students, college-payment strategies*

Since the early 1980s, with the rapidly increasing cost of college attendance and lower rates of growth in grant aid, federal financial aid to students has shifted dramatically from a system mainly relying on need-based grants to one dominated by loans (Price, 2004). This has required students who need financial support to rely primarily on loans to pay for college. In 1991-92, loans occupied 47% of the total amount of student aid while grant aid occupied 50%. By 2000-01, grants had declined to only 41%, and loans had increased to constitute 58% of the total aid awarded (College Board, 2001). The amount of loans increased from \$19,565,000 in 1991 to \$43,138,000 in 1999 (College Board, 2002). During the last decade, student loans had more than doubled from \$49,833,000 in 2000 to \$109,929,000 in 2009. In 2010-11, the federal loans constituted 39% of the financial aid received by undergraduates and 69% of the graduate student aid. Federal grants took up 27% of undergraduate student aid and only 2% of the aid provided to graduate students in 2010-11 (College Board, 2011). All these data indicate that loans have become a central pillar in the financial aid system for postsecondary education.

Although loans provide a large number of students with opportunities for college choice and access, many studies have reported the hardships and burdens caused by loans to borrowing students, particularly to those from lower-class backgrounds (Baum and O'Malley, 2003; Baum and Saunders, 1998; Burdman, 2005; Price, 2004). A review of literature shows that many students from disadvantaged backgrounds are eligible to take loans to support their postsecondary education, but are generally less likely than others to borrow. As a result, the increasing reliance on loans, growing college cost, and these students' tendency to avoid debt may limit their choices and reproduce their current disadvantaged economic, cultural, and social situations (Kane, 1999; Orfield and Ashkinaze, 1991; Schwartz, 1985).

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Despite growing research on student loans, most of the studies are quantitative in nature; qualitative research on this issue is scant. This qualitative phenomenological study intends to fill this gap by investigating non-borrowing students' perceptions of loans and strategies for college payment. Two research questions guide this study:

1. How do non-borrowing students perceive borrowing and what are the reasons for their attitudes?
2. How do non-borrowing students pay for college?

Theoretical Framework: Economic Capital, Cultural Capital, and Reproduction

We grounded our analysis for this study in the theory of capital and reproduction (Bourdieu, 1977; Bourdieu and Passeron, 1990). Bourdieu proposed that capital forms the foundation of an individual's social life and status. The more capital one has, the more resources and opportunities one can access, and the more powerful the position one can obtain in a given social context. Bourdieu and (1977) defined three types of capital: economic, cultural, and social. Economic capital refers to one's ownership of economic resources such as materials, cash, assets, etc. Cultural capital refers to the collection of symbolic elements such as knowledge, skills, education, mannerisms, and credentials. And, as described by Bordieu and Waquant (1992), "Social capital is the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (p. 119). Bourdieu (1977) argued that cultural capital, acquired for equipping oneself and promoting one's social mobility, is produced by economic capital. Economic capital and cultural capital are major sources of social inequality.

The concept of capital and reproduction has been widely applied to the education system. McDonough (1997) stated that college choice, as a symbol of cultural capital, is a socially constructed and complex process influenced by many factors such as high school academic performance, parents, family socioeconomic status (SES), college cost, financial aid, knowledge about college, and perceived cost-benefit analysis of attending college. Among all these factors, family SES, college cost, and financial aid directly influence students' decisions about paying for postsecondary education. Essentially, economic capital, to a great extent, determines one's access to cultural capital and opportunities for social mobility. Students from upper-SES families can find ways to enhance the inheritance of their existing advantageous cultural capital and to promote their SES. In contrast, some socioeconomically disadvantaged students would be deprived of certain rights, limiting their higher education options and ultimately reducing their ability to compete for jobs, putting them in a worse economic situation. McDonough (1994) explained class inequalities in educational attainment:

Although college admissions environments influence some applicant behavior, the low-SES students....do not participate in the described college choice behaviors and instead are influenced more by their limited financial resources and by local university admissions' opportunities. Both of the high-SES schools....are shaped by a national, volatile, competitive college admissions environment that is exacerbated by a local, community culture focused on prestige (p. 443).

Hence, the educational system reproduces cultural capital based on SES, and educational attainment is facilitated by the possession of economic capital and higher-class habitus. This study uses Bourdieu's theory to explore how perceptions of borrowing for higher education may lead to unequal distribution of cultural capital between classes.

Literature Review

With the notable shift from grants to loans, many researchers have investigated the impact of the financial aid system on college choice, enrollment, and persistence (e.g., Creamer, 1985; Dynarski, 2000; Heller, 1999; Kim, 2004; Perna 1998; Somers, 1994). Generally speaking, loans have helped a large number of students attend college, and students are borrowing more than ever (Baum and O'Malley, 2003). In 1999-2000, 64% of students graduated with student loan debt, compared to 42% in 1992-93, and the average debt had doubled to \$16,928 over the period. In addition, the number of seniors who graduated with more than \$20,000 in debt increased from 5% in 1992-93 to 33% in 1999-2000 (King and Bannon, 2002). In 2000-01, 22% of undergraduate students took out Federal Stafford Loans. This percentage increased to 28% in 2005-06, and to 34% in 2010-11. The average Stafford Loan amount borrowed by undergraduate students (in 2010 dollars) was \$5,628 in 2000-01, \$5,538 in 2005-06, and \$6,744 in 2010-11 (College Board, 2011). Native American, African American, and Hispanic students borrowed more than Caucasian and Asian American students to finance their undergraduate education. Dependent students from lower- and lower-middle-income families borrowed less than those from middle- and upper-middle-income families (Heller, 2001).

Studies addressing students' attitudes toward borrowing for financing postsecondary education indicate that students from socioeconomically disadvantaged backgrounds generally hold negative attitudes. Mortenson (1988) stated that most students show favorable attitudes towards taking student loans, but some groups of students, such as women, those with less education, older persons, and those from low-income families are less inclined to take loans. Using a survey of 1,953 prospective higher education students, Callender and Jackson (2005) found that students from lower social classes are more debt averse than those from other social classes, and fear of debt is far more likely to deter them from college attendance. King and Bannon (2002) proposed that low-income students may often face more difficulty in repaying their loans after graduation due to familial financial conditions. Price (2004) argued that student loans, operating like a regressive tax on low-income students, place an additional burden on those students who successfully pursue postsecondary education. Baum and O'Malley (2003) also found that as the percentage of gross monthly income spent on education loan payments increases, negative feelings about student debt increase.

Research shows that loans may burden borrowing students and affect their subsequent study and life (Baum and Saunders, 1998; Choy, Li, and Carroll, 2005; Cofer and Somers, 1999). Using the data from the *Baccalaureate and Beyond Longitudinal Study*, Price (2004) discovered strong relationships between educational debt burden and students' characteristics such as race, ethnicity, gender, and income. Price's study indicates that students from lower-income families or Black or Hispanic students are more likely to have excessive debt burden than White students or students from higher-income families. Baum and O'Malley (2003) stated that 42% of the students who did not go on to graduate school attributed this to their loan burdens. In contrast, Rothstein and Rouse's (2011) quantitative study suggested that borrowing is an ideal mechanism for financing college education because it can help students to internalize the full costs of their human capital investment. They stated that the negative effects of loans should be quite small because student debt constitutes only a small portion of the average lifetime earnings of a college graduate. Thus, "there is no reason to think that high levels of student debt represent a market failure that warrants intervention" (Rothstein and Rouse, 2011, p. 162).

Although the purpose of the financial aid system is to promote equality in college choice and access, loans have different effects on students from different backgrounds. The shift from grants to loans may limit college choices for some groups of students (e.g., Davis and Johns, 1989; Mortenson, 1991). According to Baum and O'Malley (2003), 40% of the respondents who took the *National Student Loan Survey* reported that loans delayed their return to school or made them alter their school choices by selecting a less expensive college. Fifty-one percent of Hispanics, 46% of Asian Americans, and 44% of African Americans said that debt limits their choice of educational institutions, compared to 35% of Whites. Baum (2003)

stated that “the necessity of relying on loans may discourage some qualified high school graduates, particularly those from low-income and underrepresented backgrounds, from participating in postsecondary education” (p. 1). Burdman (2005) further pointed out the student debt dilemma: “[W]hile for some students, the availability of low-interest loans widens opportunities, for others, the increasing prominence of loans could actually narrow their options and decrease their chances of attending and completing college” (p. 2).

A review of the literature surrounding this issue shows that students from lower- or lower-middle-income families usually hold negative attitudes toward borrowing. However, the reasons for non-borrowers' debt aversion and their strategies of paying for college have been less investigated so far. This article intends to contribute to the literature by using a phenomenological research lens to explore reasons for non-borrowing students' perceptions of loans.

Methodology

We used a qualitative phenomenological inquiry approach to explore non-borrowing students' experiences with loans and payment of college costs, as well as the meanings they construct about their experiences. Phenomenology “aims to get to the things themselves through creating written descriptions of personal experience as the source of all claims to knowledge” (Conklin, 2007, p. 276). The major concern of phenomenological analysis is to describe “what people experience and how it is that they experience what they experience” (Patton, 1990, p. 71) from their own perspectives. It requires the researcher to suspend his or her taken-for-granted presuppositions, look at the phenomena openly, and seek meanings and structures by allowing the researcher's consciousness to interact with the phenomena (Moustakas, 1994; Rossman and Raliis, 1998). The researcher describes the commonalities or the underlying structures of the shared human experiences based on reflective analysis and interpretation of research participants' stories (Giorgi, 1985; Moustakas, 1994).

Data Collection

Due to its interest in the meaning of a phenomenon as it is lived by the participants, phenomenology primarily relies on interviews for data collection (Seidman, 2006). In this study, we collected data mainly through semi-structured, face-to-face interviews. The purpose of an interview is to find out “what is in and on someone else's mind” (Patton, 1990, p. 278) and to enter into that individual's inner perspectives.

Since the target population of this study was non-borrowing students from lower- or lower-middle-class families, all the participants in this study were recruited through purposeful sampling based on certain criteria. Purposeful sampling, as the dominant sample selection strategy in qualitative research, seeks information-rich individuals from the target population who can best inform the researcher about the phenomenon under investigation (Creswell, 2009; Patton, 1990). According to Thompson and Hickey's (2005) classification, common annual household incomes are less than \$2,000 for lower-class families, \$16,000 to \$30,000 for working-class families, and \$35,000 to \$75,000 for lower-middle-class families. The participants of this study consisted of undergraduate or graduate students who came from lower- or lower-middle-class backgrounds and were not taking or did not take loans for their undergraduate education.

A semi-structured interview protocol was drafted in advance so that the interviewers could not only maintain the research focus and conduct systematic and comprehensive interviews, but also freely further explore participants' experiences and constructed meanings. The interviewers mainly asked participants the following questions: How did you decide where you would attend for college education? How influential was cost and how you would pay for college in your decision about where you would attend? How

influential was your family's income in your decisions about how to pay for college? Did your parents generally avoid borrowing?

Each interview lasted from approximately 30-60 minutes. The interviewers audio recorded all interviews and then transcribed them verbatim to protect the confidentiality of the participants. A total of 83 interview transcripts were combined in a data set. Thirty transcripts randomly selected from the data set served as the data for this qualitative study.

Participants

Nineteen females and 11 males composed the selected group of 30 participants. Twenty-five participants were White and five were Black. Their ages ranged from 20 to 41, with a mean age of 27 years old. Nine public universities, two private universities, and two community colleges composed the 13 institutions where the participants were taking or had taken their undergraduate studies. Twelve were enrolled as undergraduate students, and 18 had finished their undergraduate study. We removed all identifying information from the results and used pseudonyms for the data report in order to ensure the participants' anonymity and privacy.

Data Analysis

Data analysis relied on Creswell's (2009) six generic steps to qualitative data analysis, Strauss and Corbin's (1998) open coding and axial coding, and Moustakas' (1994) inductive analysis technique. The first step involved organizing and preparing raw data for analysis. The researchers carefully read through the data multiple times in order to obtain a general sense of it and reflect on its overall ideas. The second step involved reviewing the transcripts and highlighting participants' experiences that appeared particularly important. Step three involved performing a detailed analysis through coding. Coding is the process of organizing the materials into chunks or segments of text before bringing meaning to information (Creswell, 2009; Rossman and Rallis, 1998). We started with open coding (Strauss and Corbin, 1998) by breaking the data into segments using keywords or phrases that could best describe that data segment for analysis and categorization. After completing open coding, we performed axial coding (Strauss & Corbin, 1998) by grouping topics that related to each other into higher-level patterns, categories, or themes. This reduced the initial list of categories identified through open coding. The coding used an inductive analysis process to build emerging patterns and themes from the bottom up and organize the data into more abstract units of information. The fourth step summarized the participants' demographic characteristics. Step five advanced the description and presentation of the themes through review and comparison of participant statements and selection of the most representative ones to support each theme. Finally, we developed a descriptive analysis and offered a unified description of the phenomenon based on the theoretical framework, literature review, synthesis of textual elements, and the interpretation of the interview content.

Trustworthiness

This study used peer debriefing to challenge the researchers' subjective bias and enhance the trustworthiness of this research (e.g., Creswell, 2006; Maxwell, 1996). Peer debriefing is "a process of exposing oneself to a disinterested peer in a manner paralleling an analytical session and for the purpose of exploring aspects of the inquiry that might otherwise remain only implicit within the inquirer's mind" (Lincoln and Guba, 1985, p. 308). We invited a researcher who is skilled in qualitative methodology to review the transcripts as well as the emerging categories and themes coded by the researchers. Intercoder agreement initially reached approximately 85 percent. All disagreements were resolved through discussion. Finally, the invited researcher accessed the final report to identify any subjective bias in data interpretation, over-emphasis on any points, or the omission of pertinent information. The peer debriefing process enhanced the credibility

of this qualitative study (e.g., Creswell, 2006; Lincoln and Guba, 1985; Maxwell, 1996). Additionally, the invited researcher's expertise in qualitative methodology and philosophy deepened the analysis and interpretation of patterns and themes.

Results

Reasons for Debt Aversion

Data analysis shows that a majority of the participants avoided borrowing as they decided where to attend and how to pay for college. Thirteen participants clearly stated that they would be unwilling to take loans, 14 participants reported that they might consider loans when necessary, and only three participants said they would be willing to take loans. Based on their interview responses, the four main reasons for their debt aversion are parental influence, fear of economic burden, underestimation of the benefits of college education, and a lack of information about the student loan system.

Parental Influence

The results indicate that parents play an important role in advising students to make decisions on college application and payment methods. Twenty-two participants reported that their parents helped them make the final decision on whether to take loans because these participants thought they were not economically independent or mature enough to make such important financial decisions during the college application process. They also acknowledged that their parents have a direct influence on shaping their negative attitudes toward incurring debt.

Many participants mentioned that their parents generally avoid borrowing money if there is another way to pay, or prefer to take loans only for large purchases, such as buying a vehicle or a house. Some participants reported that their parents have no problem with borrowing, but may feel "uncomfortable with the concept of debt," so they try to "stay away from credit cards and things like that." For instance, Dustin talked about his mother's hesitancy about borrowing:

She would much rather have gone to the bank and said, 'I need a second mortgage on my home to pay for my child's education,' rather than getting a student loan....She thought it was a bad deal with maybe the interest rate.

When asked about the reasons for her parents' dislike of indebtedness, Marissa explained,

My dad would probably think that when people borrow money, they're kind of digging themselves a hole and it's harder to get out and it kind of seems like a setback a little bit.

Marissa's comments reveal her father's fear of debt. Not wanting their children to be burdened with debt after graduation, many of the interviewees' parents had imparted their ideas of money management to their children. Bethenny talked about how her parents had taught her financial budgeting and management skills since childhood.

When we started spending money, they were very cautious about teaching us about the right and wrong ways to build credit, and things we can do at a young age like make sure when you get your first apartment that you pay your bills on time and what can happen when you don't....They did teach us along the way just by modeling good behavior.

Jennifer's aversion to borrowing originates from her parents' financial management and consumption patterns. She said,

They never have credit card debt. They always taught me to pay it off in full. Do not spend money you do not have....They don't like doing any sort of loan or deferring payment if they can help it.

Jennifer further stressed that her parents tried to avoid loans. Learning from her parents' behaviors and concept of money, Jennifer is strongly opposed to taking loans for undergraduate education.

The interview results also indicate that parents have affected some participants' future financial plans for the next generation's college education. When asked whether they would like their current children or future children to take education loans, 20 participants emphasized that borrowing would be the last resort. For example, Beth said,

I kind of inherited my dad's desire to not have debt....I would like my child to not have to, but if that is the last resort, then yes, I would be okay with him borrowing money to pay for college.

Bethenny expressed a similar idea:

I would do everything I could to avoid them having to take on loans....I think I am going to try to be much more proactive in paying for their education, opening some kind of fund when they are born and putting money into it each year until they are 18.

Christine believed that there is an obvious conflict between experiencing college and making an effort in paying off debt. She said that she will be very upset if her children have to take on loans, stating,

I was able to have the experience that I needed at college because I didn't have to worry about money. I worried about money nonetheless because I am an anxious person, but loans definitely restrict a person's experience, and what is the point of going to college if you can't experience it all.

She said that she would do whatever she can do to help her children to complete college without debt.

Fear of Economic Burden

Regardless of their attitudes toward loans, 28 of the 30 participants reported that if they had taken loans, it would have changed their experiences during and after college. Their comments include phrases such as "work more hours," "not involved in campus activities," "worry about money and the future," "always hanging over my head," "influence my academic study," "influence my life after graduation, and "affect my decisions on graduate school." These remarks clearly reflect their fear of borrowing and the accompanying economic burden.

For example, Hannah suggests that taking out loans would have definitely changed her overall college experience. She said,

If I would have had student loans...I probably would have tried to work off campus so that I could work more hours and have more money. I probably wouldn't have lived in the dorms

because the dorms cost so much more than living off campus....I would have worried so much about money all the time and not be thinking about maybe enjoying my time at school.

Betty noted,

I might have been more tempered in the types of activities I did while in college. I may have felt that I needed to get a job or multiple jobs to try to pay for that....I may not have been involved in as many activities as I was.

Chris reported that if he had taken out loans, he would have always had it in the back of his mind while going through college. Similarly, Elizabeth, who was in her mid-20s, believed that immersion in debts for the next 15 to 20 years of her life would be a big drawback, and the idea made her very uncomfortable.

Three participants reported that they would rather go to a community college first and then transfer to an institution that is closer to home or costs less in order to avoid incurring a significant amount of debt. For example, Jacob, a current undergraduate student, said,

If I had to choose between taking on debt while staying at a university and moving back home without debt, I would move back home. I would feel like there would be too much pressure on myself to pay back the loans and find a job and everything else I needed to do.

Some participants said that their parents have already been in difficult debt situations and now fear being deep in debt. Hannah explained,

My parents have a mortgage and they have car loans. I guess we would avoid borrowing money if there was another way for paying for something certainly....We don't have a lot of money and so we avoid being in debt more than is absolutely necessary.

Clearly, fear of heavy debt burden prevented these participants and their parents from taking out more loans to invest in higher education.

Estimation of the Benefits of College Education

The participants' estimations of the value of college education also affect their decisions about investing in their own education. A few participants reported that they did not have a clear understanding of the positive impact of college education on their future lives until they entered college. They initially thought that going to college may be "a glorious thing," something they should do "to fulfill their parents' expectations," or "just to do what others do." However, after experiencing college life, they began to realize that they had underestimated the benefits and changes that college education would bring to their future life and career trajectories, and recognized it as a worthwhile investment.

However, several participants still did not believe it was worth taking out loans to pursue undergraduate study. For instance, Douglas who attended a public four-year university, believed that college is definitely necessary, but he opposed the concept of paying for it through loans. He said,

The degree of your education in undergrad is not going to be different from institutions....I wouldn't have taken out a loan to go to a private undergrad institution. Again, like I said, I don't think undergrad is worth taking out a loan to go for.

Douglas clearly put priority on the cost of attending the institution instead of the institutional reputation. However, he expressed that he would be willing to take loans for graduate study because of his strong belief that the prestige, history, and faculty of the graduate school play a bigger role in one's career opportunities and development.

Two other participants pointed out that deciding whether taking loans for college is a worthwhile investment depends, to a great extent, on the student's major and its potential job market. Daniel, 27 years old, attended an in-state university to reduce the cost of his education. He explained,

It is dependent on what your degree is in. There is a feeling that as more and more people obtain college degrees, they are becoming equivalent to what a high school diploma was years ago. If you get a degree in general studies, it is not going to be as beneficial as one in the science, business, or engineering.

His words indicate that the college cost and the foreseeable benefits of a specific major should be taken into account when students make loan decisions. Tonita expressed a similar opinion. Using a major in painting to describe her point of view, she said,

It's just not practical for them to take out thousands and thousands and thousands of dollars when they're never going to make that much money to pay it back. That's just insane.

These participants' comments suggest that as college costs and debt burden increase, students' uncertainty about their potential job prospects would keep them away from loans.

Lack of Information about the Student Loan System

The interviews show that several participants' reluctance to borrow also comes from their lack of understanding about the student loan system and its potential benefits. They reported that they knew little about the fact that loans occupied a large proportion in the federal and state financial aid system. For example, Cole paid for college by enlisting the help of both scholarships and his parents. He said that he just recently learned a little about the financial aid system and started to believe that borrowing would become common. He became inclined to take loans after being startled by the rapidly increasing cost of college in the state. He said,

I was shocked. Just a few days ago I was looking at how much Alabama cost, even since when I went to college, tuition has shot up, even New Mexico is more expensive. I think the percentage of people who are going to have my situation is going to be very slim in the future. Even the people who get the Presidential Scholarship, which pays all of their out of state tuition, they go 'Ok, what else you got for me?' because it's not enough anymore because they still need another \$13,000 for housing, fees and books and stuff. I think it's going to be really hard for kids in the future to not have to take out loans.

Kellie, an educational administrator at a community college, paid college costs through her parents' support, part-time jobs, and credit cards. She only learned about student loans from her college friends. She said,

Honestly, coming out of my senior year, I had no clue what a student loan was. I didn't know how to even go and find out about it....pretty much through a couple of friends who were having to borrow. I didn't find it out from my professor or any advisor here....If I would have

had somebody to sit down and tell me what the details of the student loan are, I probably would have looked into it.

Her statement indicates that she and her parents had not been well informed about financial aid matters before she entered the college. Both Kellie and Cole's comments reveal the emergent need for collaboration between high school counselors and student financial aid administrators to facilitate students' understanding of college financing options.

Strategies for College Payment

Data analysis shows that among the 30 participants in this study, college cost, financial aid in the form of scholarships or grants, and family income were the factors that most influenced students' decisions about where to attend and how to pay for college. The strategies that these non-borrowing students employed to pay for college include scholarships, family support, part-time jobs, and the Prepaid Affordable College Tuition (PACT) program.

Scholarships and Grants

The majority of the non-borrowing participants in this study identified scholarships and grants as the most desirable types of funding to receive to pay for college. They applied for various kinds of scholarships and grants based on academic achievement, program of study, or financial need, such as institutional scholarships, private scholarships, National Merit Scholarships, and federal and state grants. The amount of these scholarships and grants ranged from covering part of the tuition to covering all the costs, such as tuition, books, dormitory housing, and other living expenses. For example, Hannah obtained her bachelor's degree from a large public research university. Highlighting the importance of scholarship to her college decisions, she noted,

I didn't have a college savings account or anything. My parents don't have a lot of money, and I didn't want to have a lot of debt forever that I was paying for my entire life, and so it was very much based on how much money I got....So it was a pretty determinative factor.

She further explained that if she had not received any kind of scholarship, she would have gone to a community college near her home so that she could have paid less or taken out fewer loans. She felt borrowing would be a last resort.

Similarly, cost of education and how to pay for that cost influenced Michael's college choice:

I was lucky enough to get a scholarship. I didn't have to worry about paying for it. But if cost was a factor...I probably would have ended up somewhere else. When I was first thinking of going out of state, I had to have received a scholarship.

Debbie held the same view. She said, "I went to an in-state public university. I decided to go there because I had a scholarship to attend any in-state college."

Michael and Debbie's comments suggest that students from lower- or lower-middle-income families try to avoid incurring debt and tend to make decisions about college choice and payment based on the extent to which they can receive scholarships or grants. Increasing college costs, *family income*, and aversion to loans seem to limit their college choices.

Family Financial Support

Many participants believed that the economic situation of their family influenced their decisions on how to finance college. About half of the participants did not have any scholarships or their scholarships did not cover all the expenses related to complete a college education. They received varying degrees of financial support from their families, ranging from a small portion to all of the costs, depending on their family's resources. These participants reported that their parents provided financial support for their college education in order to reduce or eliminate their potential loan burden.

For example, Anna transferred to a public university after completing two-years of study at a community college. She noted,

If I would have been looking at private schools, it would have been different. If I had been looking at \$20,000 or \$25,000 a year in tuition, I probably wouldn't be doing this because I would have student loans....It definitely kept me from looking at private schools.

Anna explained that her parents supported her attendance at a public university because they wanted both her and her brother to graduate without debt.

When asked about their attitudes towards borrowing for their current or future children's college education, most participants emphasized that borrowing would be the last resort. They said that before borrowing, they would prefer to help pay for their children's education and would encourage their children to get scholarships. For example, Bethenny clearly stated her determination to provide financial support for her future children.

I would do everything I could to avoid them having to take on loans....I am going to try to be much more proactive in paying for their education....opening some kind of fund when they are born and putting money into it each year until they are 18. Really anything I can do to reduce the need for them to really depend on anyone other than me to go to school.

For Marissa, taking loans would also be the last option when trying to find ways to help her children pay for college. She said,

I am going to help them find other ways, like get your ACT prep courses, and really invest in stuff like that to get scholarships...after doing all of that, and they just couldn't make the ACT or couldn't be successful in some kind of scholarship program....If I couldn't help them pay for it, then I would be open to loans.

Many other participants indicated a desire to financially contribute to their children's education while avoiding loans.

Full- or Part-time Work

Twenty-seven participants worked full or part time to pay their college costs. They worked in roles such as restaurant server, secretary, salesperson, tutor, typist, assistant, or babysitter, or had summer internships. Their work time ranged from about 6 to 45 hours a week, depending on their abilities and financial situation.

When asked whether working had hurt their academic studies, most participants said no. They felt that working definitely helped their academic studies and gave them valuable experience. Working taught them how to make efficient use of their time, apply their knowledge to practice, and develop their sense of responsibility. Working also enhanced their communication skills and confidence, built up their profile, and prepared them for post-college life and employment.

Laura, who worked about 20 hours a week during college, said,

It helped my education. It helped me stay focused, grounded, and taught me time management. It also taught me the responsibility that I needed to learn upon entering the workforce.

Chris, a current senior undergraduate student, noted the positive impact of campus work on his study. He said,

I've actually had a higher GPA after I started working. It has provided me with discipline and makes you do your school work before you go to work.

The participants' experiences indicate that appropriate work can facilitate multiple aspects of their growth rather than interfere with their academic progress. However, five students who worked more than 25 hours per week reported that working jeopardized their academic success and precluded them from involvement in extracurricular activities. Jacob, a 23-year-old current undergraduate student, stressed,

Working definitely hurt my academics because I worked odd hours. I would work overnight shifts at the front desk at the dorms. I thought for some reason I would be able to study during these times, but I was always too tired to do anything productive.

Elizabeth, who worked 40 to 45 hours a week while taking 15 credit hours, also admitted that it was very hard for her to juggle both. The remarks of Jacob, Elizabeth, and others suggested that students should keep a balance between study and work.

PACT Program

A few participants participated in the PACT program to fund their undergraduate education. Through PACT, parents or other family members pay toward their children's college tuition starting in early childhood, freezing the tuition at the rate established when the payments begin. PACT eliminated the issue of college tuition for participants attending in-state public institutions. The program assists parents in planning for their children's future education, secures their children's ability to afford college, and reduces the families' future economic pressure. For instance, Jacob said that his uncle had fully contributed to his PACT program, so college costs and family income did not restrict Jacob when he decided where he would attend within the state. He said,

Since I had the PACT, there were not many other expenses....I really had the freedom to go wherever I wanted.

On the other hand, this program actually restrained some participants' institutional choices. Sharon complained,

The prepaid tuition was only for public institutions. It didn't apply to private colleges....My parents would lose the money had I come to private institutions....So that was not even an option for me.

Tonita especially emphasized the constraint of the PACT program on her ability to choose a college. She asserted that if she had another chance to choose her undergraduate institution, she would have applied to her dream university.

Discussion

Findings

This study finds that non-borrowing students from lower- or lower-middle-income families are generally averse to paying for college through loans. The results are consistent with previous literature that lower-income students are more likely to be debt averse than those from privileged backgrounds (Burdman, 2005; Callender and Jackson, 2005; Mortenson, 1988).

The strategies that these students employ to finance their postsecondary education include scholarship or grant applications, family support, full- or part-time jobs, or the PACT program, all of which have prevented them from getting into debt. For these students, who are from economically disadvantaged families, access to scholarships and grants, how much they can receive from these sources, college costs, and family income are determining factors when they consider where to go to college and how to pay for it. Heller (2006) stated that need-based scholarships and grants have enhanced college access and persistence of students from lower-income families. Other scholars have argued that grants play a critical role for lower-income students in making college enrollment decisions (Heller, 1997; Jackson and Weathersby, 1975; Leslie and Brinkman, 1988; Moore, Studenmund, and Slobko, 1991).

Beyond scholarships and grants, financial assistance from families helps students stay out of debt and reduces their anxiety about college costs. Even though some parents have already been in debt, they try to contribute as much as they can to their children's education because they do not want their children to bear a significant debt burden after graduation.

Full- or part-time jobs also appear to be a means by which non-borrowing students meet their financial needs throughout college. Cunningham and Santiago (2008) stated that more than 30% of non-borrowers work full time while enrolled. Additionally, prepaid tuition programs, such as PACT, decrease families' economic burden when it comes time to pay for college.

These strategies can help non-borrowing students to successfully complete college without incurring a heavy debt load that will burden them in the future. However, their loan avoidance could limit their college enrollment choices and access to educational resources and career opportunities, which may constrain the degree of their acquisition of cultural, social, and economic capitals described by Bourdieu (1977).

This study also sheds light on the reasons for non-borrowing students' aversion to loans, including parental influence, fear of economic burden, underestimation of the value of college education, and lack of information about the student loan programs.

The data collected in this study indicate that parents are actively engaged in their children's decision making on college education. Existing literature has consistently shown that students commonly consult their parents when they consider college access and undergo the college application process (Brooks, 2004; Perna and Titus, 2005; Rowan-Kenyon, Bell, and Perna, 2008). This study suggests that parents' approaches to household financial management and their negative attitudes toward borrowing for college directly lead to some students' aversion to loans. These results are in line with previous studies (Ivan and Dickson, 2008, Shim, Barber, Card, Xiao, and Serido, 2009). In a quantitative study, Grinstein-Weiss, Spader, Yeo, Taylor,

and Freeze (2011) found that high credit scores and low credit card debt in adults are associated with high levels of money management ability learned from their parents.

As the rising cost of college tuition outpaces salary increases, most families are finding college less and less affordable. The average family income in the United States rose less than 9% between 1980 and 1997, whereas in the same period, the average tuition at both private and public colleges increased by about 105% (Baum, 2001). Between 2000 and 2010, college tuition and fees rose 92% compared to the 18% increase in median family income (Silvia, Seydl, and Watt, 2012). Families with higher incomes may find student loans less daunting because these parents expect to be able to help their children in debt repayment. However, this study suggests that lower-income families view student loans as an additional economic burden that is compounded if they are already in debt for other necessities. Hence, the income and debt repayment capacity of these parents keeps them from investing in their children's education through loans.

The participants' fear of future economic burden also explains their reluctance to take loans. Many of them believe that their fear of debt burden relates to their families' disadvantageous economic capital. In this study, nearly all the participants acknowledged that their college experiences would have been completely different if they had taken student loans. Borrowing would pose hardships on their college life, as keeping debt levels manageable would require students to increase their work hours, devote little or no time to campus activities, and finish their academic programs as soon as possible. After college, this debt burden would certainly influence their future life decisions, such as pursuing a post-baccalaureate degree, purchasing a house, getting married, raising children, or choosing a career. Therefore, this group of students tends to avoid loans and the consequent debt burden through scholarships, parents' support, attending lower-cost institutions, and other methods.

According to Bourdieu (1977), disadvantageous economic capital would make students relatively conservative in seeking academic opportunities and negatively impact their academic progress as well as access to cultural capital. However, for students from affluent families, loans may not count as a barrier even if when they are in poor financial straits because they can extricate themselves from a plight through the help of their parents. Their advantageous economic capital can facilitate their acquisitions of cultural capital that, in turn, would bring them power, status, and capital. Therefore, the current educational loan system does not serve lower- or lower-middle-class students very well, but would reproduce their disadvantageous economic, social, and cultural capital and reinforce education inequality.

Another factor in some participants' reluctance to take loans is their underestimation of the value of college education. Through experiencing the college, most participants in this study recognize that college is worth the investment, and, when necessary, it is even worth taking loans to pay for college. They believe that a college degree will produce both economic and social benefits. Their belief is supported by data from the *Current Population Survey*, which shows that college graduates on average earn more than high school graduates (Day and Newburger, 2002). Day and Newburger (2002) argued that beyond giving increased earning power, higher education can make students more open-minded, improve their communication skills and social status, and enhance their knowledge of world affairs. However, three participants still stick to their initial belief that it is not worthwhile to finance undergraduate study through loans. One participant holds that there is no difference in undergraduate education among institutions. However, research indicates that different institutions may bring different benefits to students' academic and career trajectories. Thomas (2003) proposed that graduates from mid-selectivity private institutions have earnings about nine percent higher than those from low- and mid-selective public institutions. Students who are reluctant to take loans to go to a higher-quality college may lose some opportunities. Burdman (2005) stated that "students who fear borrowing may not seriously consider the benefits of higher education, relegating themselves to lower-paying jobs and fewer opportunities" (p. 2). A student's underestimation of the benefits of college education closely associates with his or her parents' cultural capital. We suggest that students and their parents,

especially in the case of academically outstanding students, consider the long-term economic and social benefits of completing a college degree from a prestigious university, rather than only comparing the short-term earning potential upon graduation with the college cost.

Despite the importance of college education, in the face of growing college tuition, increasing reliance on loans, and the depression of employment market, identifying ways to ensure loan repayment without negatively affecting college experience or future daily life needs close attention. The fact that students, particularly those from economically disadvantaged backgrounds, think that whether a student takes loans should depend on the market value of the student's major raises a real issue. Choy (2004) proposed that students' ability to repay loans usually relies on their ability to obtain well-paying jobs after graduation. Drawing data from the *Bureau of Labor Statistics*, Hecker (1992) noted that "there are more jobseekers with college degrees than there are openings in jobs requiring a degree" (p. 3). In 2012, more than half of college graduates under 25 could not find full-time work, and wages for recent graduates were lower than they were in 2000 (*The Nation*, 2012). For students whose families may lack financial resources to support them if they encounter difficulties in loan repayment, uncertainties about their future job prospects and their ability to meet repayment obligations make them hesitant about taking student loans (Choy, 2004). Thus, policymakers should identify ways to solve the debt dilemma of economically disadvantaged students.

Some students' unfamiliarity with their student loan options and college costs also give rise to their avoidance of borrowing. Several studies suggest that low-income high school students and their parents are more likely than others to lack information about college costs, financial aid opportunities, and the admission process (Avery and Kane, 2004; The Institute for College Access & Success, 2008). In light of the information divide, financial aid administrators and high school counselors have an obligation to inform their students about these issues. In addition, high school counselors in particular should assist students in weighing the benefits of college education against the costs of borrowing, finding ways to reduce college costs, and assessing various education and financing options in order to make appropriate postsecondary education decisions.

Mortenson (1988) argued that students from socioeconomically advantaged families are more willing to take loans and consequently have more opportunities than those from lower- or lower-middle-class families. He stated,

The differences in attitudes about student loans among different portions of the population suggest that loans may not be equally effective in meeting educational equity aims of financial aid for all aid applicants (Mortenson, 1988, p. ii).

Debt aversion may threaten the ability of the financial aid system to accomplish its original purpose. Burdman (2005) stressed,

Given the increasingly important role of student loans in financial aid packages, perceptions about debt influence the ability of loan programs to achieve their goal of equalizing opportunity for students at all income levels (p. 1).

The current financial aid system still puts college out of reach for students from disadvantaged backgrounds. Absolute equality in educational opportunity has not yet been realized. According to Bourdieu (1977), economic capital mediated by the education system, to a certain extent, determines the possession of cultural capital that functions to reproduce social inequalities and maintain the status quo. With advantageous economic capital, upper-class individuals can preserve their powerful positions in the social structure. Therefore, the debt dilemma and its interference in the equality of education opportunity pose serious issues for governmental officials and higher education policymakers.

Limitations

There are three limitations to this study. First, we did not conduct the interviews ourselves and only had access to the transcripts. Therefore, the researchers could not control for the interviewer's interviewing skills, the quality of the transcripts, or their researcher roles to the participants. We tried to enhance the trustworthiness of this study by employing peer debriefing.

Second, because we used interviews for data collection, this study does not employ methodological triangulation. Methodological triangulation involves using more than one method, such as interviews, observations, questionnaires, and documents to collect data and can increase the validity of the results (Denzin, 2006). Again, we used peer debriefing to enhance the trustworthiness of this study.

The third limitation relates to transferability that refers to the degree to which the results of a qualitative study can be generalized or transferred to other contexts (Merriam, 1998). The sample that consists of only Caucasian and African American participants cannot represent all of the non-borrowing students in America. Most of the participants in the study were pursuing or had obtained their bachelor degrees at public institutions. In addition, all institutions attended by the participants are located in the Southeast region of the United States. Therefore, researchers should be cautious about generalizing the results of this study to other ethnic groups, institutions, and regions.

Conclusions

The original purpose of student loans is to broaden college choice and access, and loans have helped a growing number of students to enroll in college (e.g., Baum and O'Malley, 2003; Burdman, 2005; Price, 2004). However, students' perceptions of loans do not always conform to policymaker's intentions (Burdman, 2005), and based on our findings, some students from lower-class backgrounds may not recognize loans as "financial aid" at all. Debt aversion reduces students' access to and choice in selecting an institution of higher education, and it may impact their choice of major as well as their college experience. The results of this study indicate that students from lower- or lower-middle-class families generally avoid taking loans to support their postsecondary education. This study further identifies the deep reasons for these non-borrowing students' aversion to loans and reveals the limitations of loans in achieving education equality. Grant, college cost, and family income are the most important factors to consider when students make decisions on where to go and how to pay for college.

Our findings have implications for education policymakers, high school counselors, and college financial aid coordinators about how to change non-borrowing students' negative attitudes towards loans or make changes in the financial aid system to reduce the burden of student loans on those from disadvantaged social classes. Drawing on the results of this study, high school counselors, and college financial aid administrators should implement outreach programs to help loan-averse students and their parents become familiar with the financial aid programs and to encourage them to consider all sources for financial assistance for postsecondary education, including student loans. One way to accomplish this would be assigning specialists to high schools to introduce students, parents, and guidance counselors to the current state and federal financial aid programs. High school counselors should help students and their parents conduct a cost-benefit analysis relating to college costs and student loans to help them make well-informed decisions.

Additionally, higher education policymakers should make reforms to the current loan system to overcome its constraints on students from economically disadvantaged backgrounds and broaden these students' education opportunities. Such reforms could include increasing need-based aid, decreasing student

loan interest rates, and developing alternative loan programs targeted specifically to students from economically disadvantaged families. Policymakers can also implement income-contingent repayment policies to reduce the economic burden of loans on lower-income students.

The main purpose of financial aid is to provide students with more opportunities for college access and choice. However, this study offers insights into the difficulties inherent in the college choice process of economically disadvantaged students. The results of this study suggest that non-borrowing students' debt aversion may limit their college choices, which may hinder their acquisition of education credentials and social mobility. As a consequence, these students' cultural capital will be reproduced and the current financial aid system will not create education equality.

Our study contributes to the literature on student loans by using a qualitative perspective to explore the deep reasons for non-borrowing students' aversion to loans and their strategies for college payment. Future research should address the experiences of students from different ethnic groups or a broader range of socioeconomic backgrounds. Further research might also investigate students' experiences with a specific financial aid program or within a specific institutional culture.

Nexus: Connecting Research to Practice

- High school counselors and college financial aid administrators should implement outreach programs to help loan-averse students and their parents become familiar with the financial aid programs and to encourage them to consider all sources for financial assistance for postsecondary education, including student loans.
- Higher education policymakers should make reforms to the current loan system to overcome its constraints on students from economically disadvantaged backgrounds and broaden these students' education opportunities.
- Policymakers should implement income-contingent repayment policies to reduce the economic burden of loans on lower-income students.

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