The Role of Financial Aid Counseling in Students' Understanding of Student Loan Management.

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THE ROLE OF FINANCIAL AID COUNSELING IN STUDENTS’ UNDERSTANDING OF STUDENT LOAN MANAGEMENT

A Dissertation

Submitted to the Graduate Faculty of the Louisiana State University and Agricultural and Mechanical College in partial fulfillment of the requirements for the degree of Doctor of Philosophy in The Department of Educational Leadership, Research, and Counseling

by

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B.S., Mississippi State University, 1976
M.Ed., Southeastern Louisiana University, 1992
May 1999
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They that wait upon the Lord shall renew their strength, they shall mount up with wings like eagles, they shall run and not grow weary, they shall walk and not grow tired. Isaiah 40:31.

God has blessed me during the course of this study by the wisdom, kindnesses, and prayers of many individuals.

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ABSTRACT

This exploratory research study examined public university students' perceptions about their own loan debt management knowledge and about the counseling practices used to prepare them for their loan responsibilities.

From the target population of all students enrolled at Louisiana State University during the Spring 1999 Semester, a systematic random sample was selected. Of the 1,204 students who participated in the study, 433 had loans.

The 34-question survey instrument included 11 demographic characteristic questions and 1 open-ended question asked of all respondents. Two additional demographic questions and 20 perception statements about the loan process were asked of loan recipients.

This study found that many students do not understand their loan obligations, that they received inadequate counseling about financial aid at both the high school and college levels, and that some students are accumulating additional college debt through the use of credit cards.

Three factors were identified through factor analyses as underlying constructs in the 20 perception items: Students' perceived knowledge of the loan process, Students' decision to use loans, and Students' source of loan knowledge. Multiple regression analysis showed that each of the factor models was significant. Factor 1, Students' perceived knowledge of the loan process, explained 22.2% of the variance in students' understanding of their loan responsibilities. Three variables contributed significantly to this model: the student not knowing what type of loan they had, the
total number of semesters enrolled in college, and whether or not the student was white.

A loan recipient model was identified through discriminant analyses that correctly classified 74% of the cases analyzed. Significant variables identified in this model were: 1) whether or not student received a financial aid grant, 2) 1998 family income, 3) whether or not student received financial aid work study, 4) amount of scholarship(s) received, 5) parent's highest level of education, 6) status in college, 7) whether or not black, 8) number of semesters enrolled in school, 9) whether or not white, 10) whether or not student received a scholarship, 11) whether or not student used a credit card to help pay college expenses.
CHAPTER 1: INTRODUCTION

In 1944 the U.S. government created the GI Bill program to reward World War II veterans for serving their country. Through the GI Bill, veterans’ college tuition was paid (Hearn, 1998). From this simple beginning, the U.S. Student Financial Aid system has grown into a major financial resource for students attending higher education institutions. The financial aid system’s major source of funding for financing a college education has become loans (Breneman et al., 1998; Fossey, 1998c; Gladieux, 1995; Hearn, 1998; Kramer, 1993).

The Higher Education Act of 1965 established the first government guaranteed student loan program which loaned less than a quarter of a billion dollars its first year (Gladieux, 1995). In fiscal year 1998, the financial aid system awarded $38 billion in federal loans to 5.9 million undergraduate and graduate students at postsecondary institutions (U.S. Department of Education, 1998).

Background of the Problem

Since 1980, the rapid growth of loans as the major source of financial aid awards combined with high student loan default rates has focused national attention on the college loan program as a high risk area (Longanecker, 1997). The national student loan default rate peaked in fiscal year 1990 at 22.4 percent (U.S. Department of Education, 1998) with approximately 1 out of 1
4 students defaulting (White House Education Press Release, 1998). In response to this high default rate, Congress gave the U.S. Department of Education (DOE) power in the 1992 Reauthorization of the Higher Education Act to limit or exclude institution participation in financial aid programs based on the institution cohort loan default rate. Institutions with a 40 percent or higher rate for one year or with a 25 percent or higher rate for three consecutive years are subject to penalties (U.S. Department of Education, 1998). From 1992 through 1998, 1,065 institutions were eliminated from the student loan program (White House Education Press Release, 1998). Many of these institutions were proprietary schools created to take advantage of liberal financial aid programs.

The 1992 Reauthorization of HEA also gave the DOE the power to garnish wages from student loan defaulters and it reemphasized the 1978 legislation (11 U.S.C. § 523[a][8][B]) that severely limited the disbursement of student loans in bankruptcy courts (Fossey, 1998c). These tougher sanctions have helped to reduce the default rate to its current low of 9.6 percent for fiscal year 1996 [latest available data] (U.S. Department of Education, 1998).

While the cohort default rate has decreased since 1991, the student loan volume has more than doubled from $13 billion in 1991 to $30 billion in 1997 (Fossey, 1998c). As a result of this increase, the dollar amount going into default in 1997 was still very large. If loan volume continues to increase
as predicted, the dollar amount going into default will be larger than when default rates peaked in 1991.

**Statement of the Problem**

One reason that student loan volume is continuing to increase is because the cost of a college education is still rising faster than inflation (U.S. Department of Education, 1998). A financial crisis in higher education caused by rising student enrollment, rising postsecondary costs, and flat government support for higher education has acted as a catalyst for increasing loan availability and for raising loan limits (Dionne & Kean, 1996; Fossey, 1998c; Frase, 1995; Gladieux, 1995; Johnstone, 1996; Longanecker, 1997; Dionne & Kean, 1996). As Fossey points out, "policy makers have no clear idea of the short- or long-term impact on students, individual institutions, or higher education as a whole" that has resulted from the ever-growing dependence on student loans (1998a, p. 2).

The goal of the financial aid system has always been access to higher education (Campaigne & Hossler, 1998; Fossey, 1998a; Geske & Cohn, 1998; Hauptman, 1995; Mortenson, 1998). While the goal has remained clear, financial aid policy has been inconsistent and often ill-conceived because this mammoth system has grown through a series of politically driven legislative decisions (Hearn, 1998). Originally the system focused on grants which did not have to be repaid.
Since the late 1970’s a shift has occurred in financial aid awards from need-based grants which are free to easily available loans which must be repaid after graduation or after leaving the institution (Mortenson, 1998).

The average cost of college tuition rose by 5% in 1996 and again by 5% in 1997 (Gose, 1997; Mortenson, 1998). According to Gose (1997), average tuition and fees for full-time students at four-year public colleges was $3,111 in 1997, and the average total cost for a full-time resident student was $10,069 (tuition and fees, books and supplies, room and board, transportation, other). In contrast, higher education funding has grown very slowly since 1970. If the cost of a postsecondary education continues to rise faster than the rate of inflation, the gap between allocated resources and needed resources will widen during the next twenty years (Dionne & Kean, 1996; Frase, 1995).

In the past, institutions have closed the gap between cost and funding of higher education by increasing tuition and fees. As tuition and fees increase, a certain part of the population are shut out of the higher education market (Campaigne & Hossler, 1998; Hauptman, 1995a; Mingle, 1995). Federal student financial aid programs were designed to provide financial support for students who would not be able to get a postsecondary education without financial assistance. The shift in federal financial aid system policy to awarding loans rather than grants and work study has allowed more students...
to receive financial aid, but it has also increased the financial burden of students after graduation (Baum, 1996; Fossey, 1998a; Hauptman, 1995; Volkwein and Cabera, 1998).

The September 1998 Reauthorization of the Higher Education Amendments provided some relief for loan borrowers by lowering the interest rate on loans from 8.23 percent to 7.46 percent for five years and by allowing borrowers to consolidate their past loans at 7.46 percent until January 31, 1999 (U.S. Department of Education, 1998). While these measures provide some immediate relief for loan borrowers, they also allow students to assume loan debts that will affect their economic status for years to come.

**Significance of the Study**

Financial aid regulations recognize the importance of providing debt management information to loan recipients. Higher education institutions are required to educate students enrolled at their institution about the types of financial aid available and to provide debt management counseling sessions for financial aid recipients (Common Manual, 1997). Student loan recipients must attend an entrance counseling session before receiving their first loan check and an exit counseling session before graduation or upon leaving the institution (Common Manual, 1997; Somers & Bateman, 1997).

Although counseling session practices are not standardized, entrance counseling sessions are usually a group session attended by a varying
number of student loan recipients. Session activities usually include the viewing of a short film about the loan process and loan recipient responsibilities, a question and answer time, and the signing of official paperwork. Some of the problems that plague student financial aid offices are an inadequate number of counselors for the students who need counseling, lack of formal training for counselors, a high counselor turnover rate, and the complexity of federal college loan regulations which make it difficult for counselors to provide accurate advice.

Federal regulations hold institutions accountable for students’ repayment of loans by assigning each institution a Cohort Default Loan Rate that acts as a financial aid report card. Institutions with cohort loan default rates of 40% or higher or with rates higher than 25% for more than three years may be banned from participating in specified programs or from all of the U.S. financial aid system programs. This policy assumes that institutions can influence or control student behavior after graduation or after leaving the institution (Volkwein & Cabrera, 1998).

A review of literature found no refereed research articles on entrance counseling and only one refereed research article on the role of exit counseling (Butler, 1993). Research on student financial aid issues has been limited because: 1) student financial aid is always in the process of change in response to legislation which is politically driven (Breneman, et al, 1993;
Fossey, 1998a); 2) student financial aid is a very complex program with over 7,000 regulations (Huff, 1995; Merisotis, 1998); 3) student financial aid has traditionally been placed in student services areas at higher education institutions and has not received the research funding priority of academic areas (LOSFA, 1998); and 4) access to student financial aid data is restricted by state and federal privacy laws.

The student loans research that is available can be divided into two categories: 1) the effect that loans have on borrowers while they are enrolled in school, such as choice of institution, retention, and persistence; and 2) the factors associated with loan defaults, especially characteristics of defaulters (Fossey, 1998b; Mortenson, 1993; Paulsen, 1990; St. John, 1991; Volkwein et al., 1998). This research will extend current knowledge of financial aid debt management counseling policy by examining students' perceptions of their understanding of debt management in relationship to student loans.

Procedures

Since 80% of postsecondary students are in public institutions (Mingle, 1995, 1998; Merisotis & Parker, 1996; Volkwein & Cabrera, 1998), public postsecondary institutions were selected as the focus for this study. Louisiana public colleges and universities were selected as the target population because some of these institutions' students' characteristics have been identified as contributing to loan defaults. These characteristics include
high numbers of minority students, first generation students, low socio-economic status, long enrollment periods for degree completion, and high percentage of financial aid awarded as loans ((Fossey, 1998b; Mortenson, 1993; Paulsen, 1991; St. John, 1990; Volkwein et al., 1998).

Louisiana, like many other states, is faced with decreasing state revenues, rising costs in public health care and crime prevention, K-12 reform, and growing demands for increased access to postsecondary educational opportunities (Accountability, I, 1997; Layzell, 1996). In 1995, the Louisiana Higher Education appropriation was 13.2% of the state general revenue appropriations and was one of the few state revenues not protected from budget cuts. Of the students who attend college in Louisiana, 70% will not complete a degree. However, 67% of students who enter college in Louisiana will borrow money (Accountability, 1997). Although they will not all graduate, these students will be responsible for repaying loan debts.

Research Questions

A quantitative survey methodology research design was used to examine Louisiana postsecondary students’ understandings and perceptions of loan debt management. The following questions were addressed:

1) What are students’ perceptions about their own loan debt management knowledge?
2) What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?

3) What percentage of students are accumulating additional educational debt through the use of credit cards?
CHAPTER 2: REVIEW OF LITERATURE

Despite high student loan defaults from the early 1980s through the early 1990s, in 1999 student loans have become a major component of the U.S. financial aid system. Over half of the students enrolled at post-secondary institutions use loans to help pay for their educational expenses (Mingle, 1995).

In its infancy, the U.S. financial aid system embraced the theory that by investing money in the education of college students (human capital), the individual and society would reap financial benefits through the higher lifetime earnings of educated citizens who would pay higher taxes (Brenneman et al., 1993; Cohn & Geske, 1990; Dionne & Kean, 1996; Geske & Cohn, 1998; King & Redd, 1997; Mortenson, 1998; Nichols, 1996). Thus, federal and state governments invested money in higher education believing that individuals borrowing to pay for college is a good investment (Hauptman, 1995a).

Since college costs are continuing to rise faster than funding, higher education experts are predicting that the U.S. higher education system will become increasingly dependent on loans for funding higher education costs. While research data confirms that for every year of college attainment, yearly income increases (Becker, 1992; Brenneman et al., 1993; Murphy & Welch, 1989), research studies have not examined whether students who are accumulating loan debt understand their loan responsibilities, the debt they
are accumulating, and the long-term implications of that debt (Somers & Bateman, 1997).

This chapter examines the evolution of student loans in the U.S. financial aid system and the role of debt management in preparing students for their loan responsibilities. The first section, Historical Overview, gives a synopsis of the important historical events that have shaped current financial aid loan policies. Current Financial Aid Loan Programs, the second section, describes the two major loan programs currently in use and explains the federal legislation that requires institutions to provide debt management information to students. Student Loan Accountability, the last section of this chapter, explains the public demand for accountability in the student financial aid loan program and reviews current literature on this topic.

Historical Overview

The Morrill Land-Grant College Act of 1862 (Pub.L.97-98) gave public land, or its equivalent, for the support of at least one college in every state (Dionne & Kean, 1996). This establishment of state universities in the 19th Century initiated democratization of college opportunities in the United States (Gladieux, 1995).

Eighty-two years later, the Servicemen’s Readjustment Act (GI Bill) of 1944 (38 U.S.C.§§3451-4393, 38 C.P.R.21.1020) expanded college enrollment to new groups in society and started an explosion of
postsecondary enrollment (Gladieux, 1995). The purpose of the GI Bill was to reward veterans who had served their country during World War II and to help veterans catch up with their peers whose lives had not been interrupted by military service (Geske & Cohn, 1998; Gladieux, 1995). The GI Bill offered educational opportunity regardless of race, gender, or financial need. At that point, financial aid policy was focused and easily manageable. Subsequent financial aid legislation and the regulations that were passed to implement this legislation have been created, amended, and changed so rapidly that financial aid policies have been developed without a coherent philosophical base (Cofer, 1997).

**National Defense Education Act of 1958**

U. S. public fears about the Soviet launch of Sputnik in 1957 resulted in the National Defense Education Act of 1958 (20 U.S.C.§401) (Huff, 1995). This legislation created the first federal student loan program, the National Defense Student Loan Program (now Perkins Loans) (20 U.S.C.§§ 1987aa-1087hh, 34 C.F.R. Part 674) (Heam, 1998; Mumper, 1996). With an emphasis on science, this program provided low-interest loans for college students and included debt cancellation for those who became teachers after graduation (Gladieux, 1995). This program addressed public concern that without financial assistance some of the best and brightest minds would go untrained, and it opened the door for future loan programs (Geske & Cohn,
The NDSL program was the first to require testing of students’ financial need and to use a contract between the federal government and institutions (Hearn, 1998; Moore, 1994).

**Higher Education Act of 1965**

One of the accomplishments of the civil rights movement was the Higher Education Act (HEA) of 1965 (20 U.S.C. §1001 et seq.) which provided financial aid to higher education institutions through Title III and financial aid to students through Title IV. Title IV of the HEA was the first explicit federal commitment to equalizing college opportunities for needy students (Fenske, 1983; Gladieux & Hauptman, 1995; Mortenson, 1998). This financial assistance was to be provided through grants, loans, and work-study.

The Guaranteed Student Loan Program (GSLP) was implemented to help the cash-flow problems of middle-income college students and their families. Some legislators had proposed a tax credit for parents with students in college, but the U.S. Treasury Department opposed the tuition tax credit because of revenue losses (Brenneman et al., 1998; Hearn, 1998; Kramer, 1993). The GSLP was a compromise solution considered to be less costly than a tax credit (Brenneman et al., 1993; Gladieux, 1995; Mumper, 1996).

From the beginning, loan requests exceeded loan availability, and the GSLP was more popular than anyone anticipated (Hearn, 1998; Kramer, 1993; Hauptman & Roose, 1993). This poorly planned, quickly implemented
program has become the centerpiece of federal student aid and the method for financing higher education in the United States (Gladieux, 1995).

HEA must be reauthorized periodically, and the reauthorization process is very complicated (Merisotis, 1998). Legislative amendments to HEA and HEA Amendments can be passed at any time. The reauthorizations and amendments passed since 1965 have resulted in over 7000 regulations for implementing federal financial aid programs (Merisotis, 1998).

1972 Reauthorization of HEA

Before the 1972 Reauthorization of HEA, the higher education community urged Congress to enact formula-based, enrollment-driven federal aid to institutions. However, the legislators decided that funding aid to students was the more efficient and effective way to remove financial barriers for needy students and to thus equalize opportunities for higher education (Gladieux, 1995; Hauptman, 1995a; Hearn, 1998). The idea was that "students, voting with their feet, would take their federal aid to institutions that met their needs; less satisfactory institutions would wither" (Gladieux, 1995).

A major change in the 1972 reauthorization was the term "postsecondary education" instead of "higher education" (Hansen, 1994; Hearn, 1998). This change in terms opened the door for proprietary schools to be eligible to participate in programs under Title IV of the HEA. Types of assistance available to students was also expanded. Basic Educational
Opportunity Grants (now Pell Grants) were authorized at a maximum of $1,400 and were awarded through applications made directly to the federal government. State Student Incentive Grants (SSIG) were established to match federal dollars for state dollars as a method for encouraging states to enact or expand their own need-based student grant programs. This legislation also established the Student Loan Marketing Association (Sallie Mae) as a publicly chartered private corporation to increase liquidity and capital availability in the GSL program (Gladieux, 1995).

In 1976 federal incentives were established to encourage states to establish loan guarantee agencies. Also in 1976, students without high schools degrees became eligible for federal assistance as long as they had the “ability to benefit” from postsecondary training.

**Middle Income Student Assistance Act of 1978**

The Middle Income Student Assistance Act of 1978 (MISSA), passed as the Higher Education Amendments of 1978, widened eligibility for Pell Grants and opened subsidized guaranteed loans to any student regardless of income or financial need. MISSA changed the definition of need for federal support to include any student facing college expenses. Families could borrow money through GSL at low interest rates that were subsidized and earn money on the loan by depositing the money into interest bearing accounts with higher rates than the loan charge. The advantageous terms of

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MISSA stimulated a shift to loans in the overall balance of program allocations under Title IV (Campagne & Hossler, 1998). As a result, the loan volume rose from $1.7 billion in 1977 to nearly $7.2 billion in 1981 (Breneman et al., 1993). Although Congress passed legislation in 1981 to end this unintended use of financial aid loan funds, the loss of focus in the purpose of the financial aid system created by MISSA and the shift in financial aid policy from grants to loans continued (Mortenson, 1998).

An amendment was passed in 1979 to assure banks a favorable rate of return on guaranteed student loans by tying their subsidies directly and fully to changes in Treasury bill rates (Gladieux, 1995). The amendment’s goal was to guarantee a profit margin for lending agencies to be sure that they would continue to participate in the student loan program.

**HEA Reauthorization of 1980**

The 1980 Reauthorization focused on redesigning the student aid programs and managing their growth (Heam, 1998). Loan interest rates were raised and regulations for loan agencies were implemented to correct misuse of loan funds that had resulted through the liberal loan policies enacted under MISSA legislation. Public pressure in 1980 prompted Congress to provide more financial aid for the middle class through the new Parental Loans for Student program (PLUS). PLUS provided borrowing opportunities for parents.
of dependent undergraduate students and for students who were financially independent of their parents regardless of need (Gladieux, 1995).

The election of Ronald Reagan as President in 1980 and his election promises to cut government spending created an even greater shift in financial aid policy from grants to loans. Because of Regan's budget reconciliation in 1981, many provisions of the 1980 Reauthorization of HEA were repealed. Need was reinstated as a condition of eligibility for guaranteed loans, and an origination fee of 5 percent was imposed on borrowers as a cost-cutting measure (Gladieux, 1995).

Under the Reagan administration, Pell grants and other forms of federal aid were limited by budget appropriations. With college tuition costs rising, loans were the only aid program available to all students and were not dependent upon U.S. budget appropriations (Breneman et al., 1993).

**HEA Reauthorization of 1986**

In 1986, legislators voiced concern about the increasing reliance of students on loans. However, in spite of this concern, federal student loan borrowing ceilings were increased because tuition was increasing at both public and private institutions faster than inflation (Gladieux, 1995). The National Student Defense Loan program was renamed Perkins Loans and student borrowers were allowed to consolidate their loans from different loan programs into a single loan with the same interest rate. This reauthorization
also initiated the Supplemental Loans to Students (SLS) program to help independent students finance their college costs through unsubsidized loans (Hearn, 1998).

The increasing complexity of loan programs and the continuing oversight problems in administering loans characterized financial aid in the 1980s. By 1987, mounting student loan defaults and proprietary trade school abuse motivated Congress to make budget changes to reduce defaults and to implement other cost savings (Coomes, 1998; Gladieux, 1995).

**HEA Reauthorization of 1992**

To achieve a better balance between grant and loan support for students, the goal of the Reauthorization of 1992 was to increase grant aid and reduce reliance on loans. However, Congress raised the dollar ceilings for loan programs, uncapped the Parent Loan (PLUS) program, and created a new, unsubsidized loan that was not restricted by financial need. Guaranteed Student Loans were renamed Stafford Loans and PLUS and SLS loans became part of the Federal Family Education Loan Program (FFELP) (Hearn, 1998). A new methodology for determining student and family ability to pay was established for all Title IV programs. Because of these changes, more middle class families qualified for financial aid, particularly loans (Gladieux, 1995; Nettles, 1995).
The legislative expansion of loan eligibility and loan limits resulted in a doubling of loan volume from 1993 to 1997 (Longanecker, 1997). Some educational experts became concerned that the increase of aid to students from middle income families was at the expense of more disadvantaged students (Gladieux, 1995).

The 1992 HEA Reauthorization created State Postsecondary Review Entities (SPREs) to help determine institutional eligibility under Title IV (Gladieux, 1995; Nettles, 1995). Due to a lack of funding, SPREs were not implemented.

Other parts of this reauthorization erased federal statues that before 1992 had prevented the DOE from regulating institutional policy and performance (Merisotis, 1998).

The Student Loan Reform Act of 1993 expanded the Direct Loan demonstration program authorized in 1992. The goal was to have 60 percent of the federal student loan volume in direct lending over a five year period. This act also provided for flexible repayment schedules (Gladieux, 1995).

In 1994 the Department of Education generated more than 70 rule-making packages to implement the legislative initiatives passed in 1992 and 1993 (Gladieux, 1995).
HEA Reauthorization of 1998

In September 1998, the Reauthorization of HEA reduced the student loan rate from 8.25 percent to 7.46 percent for five years (USDOE, 1998). It also gave student loan borrowers the option to refinance and consolidate their student loans at the 7.46 percent interest rate through January 31, 1999 (USDOE, 1998).

Current Financial Aid Loan Programs

During the last forty years several loan programs have been implemented and discontinued and other programs have undergone significant changes in regulations. Students in repayment may be under an extinct loan program or under different regulations than the current loan programs.

In 1999, student financial aid loans are currently available through: 1) Federal Perkins Loan Program, 2) Federal Family Education Loan Program (FFELP), and 3) Ford Direct Loan Program (FDLP) (LOSFA, 1998). While institutions may choose to participate in both FFELP and FDLP, students may only borrow from one program (LOSFA, 1998).

Perkins Loan Program

This loan program originated in 1958 as National Defense Student Loans (Hearn, 1998). The name was changed to National Direct Student Loans and then to Perkins Loans. Before 1965, this loan program was the
only form of financial aid available to all college students. Perkins Loans are awarded based on need and are supplied by the federal government with repayment to the institution or to the U.S. Department of Education. The student's calculated expected family contribution is used by the school's financial aid administrator to determine the student's eligibility (LOSFA, 1998). Undergraduate and graduate students must be enrolled at least half-time to qualify. The current interest rate is 5%. Undergraduate students may borrow a maximum of $3,000 per year, and graduate students may borrow a maximum of $5,000 per year. These loans have a nine month grace period and a minimum monthly payment of $40 per month (LOSFA, 1998).

**Federal Family Education Loan Program (FFELP)**

**Stafford Student Loan Program**

In 1965 the Guaranteed Student Loan Program was established to provide students with a source of funds to help finance their education (Frazier, 1990). The name was changed to Stafford Student Loan Program and it is the largest of the Title IV programs (GAO/IMTEC-91-7, 1991). These low interest loans are made by commercial lenders who are insured against default by guaranty agencies, who are in turn reinsured by the Department of Education (Frazier, 1990, 1; GAO/HRD-90-183FS, 1990). Undergraduate students are required to apply for a Federal Pell Grant before they can apply for a Federal Stafford Loan (LOSFA, 1998).
Two types of Federal Stafford loans are currently available: subsidized and unsubsidized. The federal government pays the interest on subsidized loans during the time a student is enrolled in school at least half-time, during the grace period, and during any authorized deferment periods. Subsidized loans are awarded on the basis of financial need (LOSFA, 1998) and do not require a student to be credit worthy. Students pay the interest on unsubsidized loans from the origination date of the loan until it is fully repaid. Unsubsidized loans are not based on financial need. In 1994-95, one third of all federal student loans were unsubsidized (Hearn, 1998).

Since July 1, 1994, all subsidized and unsubsidized Stafford Loans have a variable interest rate that is set every July 1. The maximum rate was 8.25% before 1999 and will be 7.46% for the next five years (LOSFA, 1998). Students may make periodic interest payments on unsubsidized loans or the interest can be capitalized, which means the interest is added to the principal amount of the loan. A 3% Loan Origination Fee is paid to the lender and a 1% Guarantee Fee is paid to the Office of Student Financial Assistance from the loan amount before the money is disbursed to the student. The remaining loan funds are disbursed in at least two equal amounts. Some schools and lenders will process loan disbursements through Electronic Funds Transfer or Master Check to more quickly facilitate the transfer of funds.
Eligibility requirements: 1) United States Citizen (a student who has a visa and intends to become a permanent resident may still qualify); 2) Enrolled on at least a half-time basis at an eligible institution and maintaining satisfactory progress as determined by the institution; 3) Not in default on a Federal Stafford Loan, PLUS, or SLS; 4) Do not owe a refund on a Title IV Grant, or are not in default on a Perkins Loan received for attendance at the same school, unless satisfactory arrangements to repay or adjust the grant or loan have been made; and 5) For subsidized loans, financial need as certified by the educational institution (LOSFA, 1998).

The grace period automatically begins when a student's enrollment drops below half-time. Loans with a 7% interest rate have a nine month grace period and all other interest rates have a six month grace period (LOSFA, 1998). Maximum time limit for repayment is 25 years.

The Federal Stafford Loan Aggregate Maximums are: Dependent Undergraduate $23,000; Independent Undergraduate $46,000, and Independent Graduate Student $138,500 (includes undergraduate borrowing) (LOSFA, 1998).

In 1992 the GAO report *High Risk Report: Guaranteed Student Loans* identified the FFELP as one of 17 federal programs considered to be at "high risk" of fostering waste, fraud, abuse, and mismanagement. This report said the structure of FFELP "is overly complex, and many participants have little or
no incentive to prevent loan defaults. Lenders and state agencies [that guarantee the loans] benefit from making loans, but generally do not bear any financial risk....Nearly all the risk falls to the federal government...." (Longanecker, 1997). Most of the smallest banks that participate in FFELP sell their loans after origination to secondary markets and large banks which necessitates additional paperwork for student borrowers, financial aid offices, and the banks (Longanecker, 1998).

The U.S. Department of Education did not prepare auditable financial statements for 1995 or 1996 (GA/OCG-98-1R, 1998). According to the auditors, "insufficient evidence to document nearly $15 billion in estimated FFELP loan guarantee liabilities, $16 billion in allowances for uncollectible defaulted guaranteed loans, $1.2 billion in allowances for direct loans, and about $4 billion for related subsidy expenses for FFELP and FDLP loans made it impossible for the auditors to determine whether the financial statements were accurate". One way that the GAO suggested for improving accountability was through the creation of a direct loan program.

Federal PLUS Loan Program

Federal PLUS (Parent Loans for Undergraduate Students) Program makes loans available to parents of dependent students. The loan must be used to pay for educational costs (LOSFA, 1998).
Federal Consolidation Loans

A Federal Consolidation loan is a practical, student debt management tool that enables students to combine all the federal loans they received into a single loan. The advantages are that record keeping is simplified to one payment, that the repayment period can be stretched from the 10 year limit to 30 years, and that the monthly payment is smaller so the student has more disposable income for other expenses (LOSFA, 1998). The disadvantage is that the student will be paying more interest because of the smaller payments over a longer period of time. The loan interest rate for the Federal Consolidation Loan is fixed based on the rates of the individual loans (LOSFA, 1998).

William D. Ford Federal Direct Student Loans

The newest type of loan, the William D. Ford Federal Direct Student Loan, is funded directly from the federal government (Longanecker, 1998; LOSFA, 1998). The Direct Loan program was enacted in 1993 as a result of the 1992 Higher Education Amendments, and it began disbursing funds in 1994-95 (Hearn, 1998). In this program, an institution lends federal money directly to students without the involvement of private financial institutions (Hearn, 1998). Student loan volume, delinquencies, and defaults are electronically available for all direct loans which gives the DOE and the institution better control of the loan programs.
After its first three years of operation, Direct Loans account for over 35% of current loan volume (Longanecker, 1997). Higher education institutions' participation in the Direct Loan program is voluntary. In 1997, approximately 1,295 institutions participated in the Direct Loan program with an estimated $18 billion disbursed to 2.3 million borrowers. In May of 1997 approximately 550,000 borrowers had begun repayment of $5.2 billion. The U.S. Department of Education is using the power of the market to make potential contractors for originating and servicing loans compete to provide the best possible service at the lowest cost to the taxpayer (Longanecker, 1997).

According to the U.S. Department of Education, direct lending provides exceptional value to students, schools, and the federal government. The Department of Education has indicated that Direct Loans will become the centerpiece of a reinvented, integrated student aid system to provide the finest service available anywhere while protecting taxpayers's financial interest (Longanecker, 1997).

**Rules and Regulations**

The *Common Manual: Unified Student Loan Policy* (1997) contains policy changes on the Federal Family Education Loan Program (FFELP) and Title IV General Provision regulations effective since July 1, 1997. Although this manual serves as a guide for financial aid administrators, financial aid policy is in a state of constant flux in response to legislative decisions. Policy
updates are sent to financial aid administrators to be added to the manual between publication dates of the manual. While this manual serves as a guide, the regulations and statutes contained in the Higher Education Act of 1965 and all amendments to it take precedence over any explanation in the manual.

The Common Manual (1997) (not including the Overview and Appendices) contains 246 pages specifically explaining rules and regulations governing the awarding and monitoring of the FFELP. In the first eleven months after publication of the manual, 51 additions and revisions were added to this program.

**Entrance and Exit Counseling**

According to The Common Manual, Section 4.2.A. Financial Aid Administrator (FAA) Responsibilities (1997), FAA responsibilities include “Ensuring that each borrower receives adequate financial aid and debt management counseling” (p. 8). This section further states that the financial aid administrator must be supported by an adequate number of qualified staff members who can counsel students, evaluate and process applications, administer funds, and adequately implement the financial aid delivery system chosen by the institution. Guidelines also state that “Adequate staffing at one school may be considered inadequate at another” (Common Manual, 1997, 4.2.A., p. 8). Guarantors, authorized financial aid offices in each state,
evaluate the adequacy of a school's staffing. These guarantors may be public or private entities depending on the way a state chooses to implement the financial aid program for its residents. Lack of more specific guidelines and different definitions of guarantors are problems that plague the student financial aid system.

The *Common Manual* further specifies that "A school must provide debt management counseling to each of its Stafford loan borrowers–individually or in groups–before the student's completion of study or at the time the student leaves the school. If the student withdraws without the school's knowledge, the school must attempt to provide information to the student in writing by sending it to the student's last known address" (4.9, p. 19). FFELP and FDSLSP loans and student loans funded by private nonprofit organizations can only be discharged through bankruptcy if the student can show undue hardship or if the loan was in repayment for at least seven years.

The researcher developed a conceptual framework for financial aid counseling policy *4.9 Providing Information to Students (Common Manual, 1997)* which forms the basis of this research study. The conceptual framework is divided into four categories: external factors, linker, internal factors, and implementation effectiveness. External factors are federal and state statutes and regulations created through legislation including *Section 4.9 Providing Information to Students (The Common Manual, 1997)*. Financial aid
administrators’ interpretations of these statutes and regulations serve as the link between federal policy and institution implementation of policy. Internal factors at individual postsecondary institutions which affect financial aid include demographics, admissions criteria, financial aid staff, counseling practices, and institution purposes and assumptions about loans (Figure 2.1).

**Student Loan Accountability**

From 1985 to 1988 federal postsecondary education policy focused on the cost of the various federal programs and the rising number of student loan defaults. A major effort was made to link the number of student loan defaults with institutional quality. Institutions argued that they did not default, students defaulted; therefore, the institution should not be held accountable. Institution officials also argued that the sluggish economy, underprivileged backgrounds of students, etc., were responsible for defaults (Kolb, 1995). In spite of these arguments, higher education institutions are held accountable for student loan defaults through the institution loan cohort default rate released by the federal government each November.

The cohort loan default rate for each postsecondary institution who receives financial aid loan funds is the percentage of an institution’s borrowers who entered repayment in a particular fiscal year (October 1 through September 30) and defaulted on their FFELP or Direct Loan Program loans before the end of the following fiscal year (USDOE, NCES, 1995b). If the
4.9 PROVIDING INFORMATION TO STUDENTS:

A school must provide debt management counseling to each of its Stafford loan borrowers—individually or in groups—before the student's completion of study or at the time the student leaves the school.

**STUDENT LOAN BORROWERS**

- Loan Cohort Default Rate
- Loan Repayment
  - Money Management Knowledge

1) What are students' perceptions about their own loan debt management knowledge?
2) What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?
3) What percentage of students are accumulating additional

Figure 2.1: Conceptual Framework of Financial Aid Policy 4.9 Providing Information to Students (Common Manual, 1997).
Often student consumers of postsecondary education and their parents do not understand the complex issues involved in federal student financial aid policy, but they do understand that the cost of a postsecondary education is rising faster than the rate of inflation. Parents want to be sure that their children will be employable and have a solid educational foundation as a result of the expense of going to college (Astin, 1993).

Research

Since federal student financial aid policy is relatively young and was not implemented as a long-term policy, little research has been conducted in this field. In the 1980s when the dollar value of default claims grew by approximately 1200%, public concern over rising loan default rates created an interest in and a demand for financial aid research. Most of the research that is available on financial aid issues examines the cause of rising default rates and the characteristics of loan defaulters.

While the purpose of financial aid has remained focused on removing economic barriers to encourage students to attend and to persist in college (Hearn, 1993; Volkwein et al, 1998), the student loan program has been plagued by the competing values and goals of public subsidy, educational opportunity, cost effective investment, and institutional accountability (Hansen & Stampen, 1981; Volkwein & Szelest, 1995; Volkwein et al, 1998). Most researchers agree that financial aid policy is a complex issue that needs to be
examined in more detail (Hearn, 1993; Volkwein & Szelest, 1995; Volkwein et al, 1998).

A research study by Volkwein et al (1998) about the extent to which default behavior varied by racial and ethnic groups represented in the National Postsecondary Student Aid Study (NPSAS-87) touched on financial aid counseling issues. In preparation for the study, Volkwein et al (1998) found less than 12 refereed journal articles on the characteristics of loan defaulters. The NPSAS-87 data base contains records of over 11,000 U.S. borrowers who participated in the student loan program and who attended over 1,400 post-secondary institutions from 1973 to 1985. Six thousand three hundred thirty-eight (6,338) cases were selected for the Volkwein et al study. Of the study sample, 1,219 had defaulted on their loans and 5,119 either paid in full or were in repayment with their loans in good standing.

In examining the reasons for default as self-reported in NPSAS-87, Volkwein et al (1998) found that being unemployed (58.9%), working for low wages (49.1%), and personal problems (32.7%) were the top three reasons cited for default. These reasons were the same across minority and majority populations.

When asked about the loan process, 7.2% of defaulters in the study said they did not realize their loan(s) had to be repaid and 24.1% said they were confused by the repayment process (Volkwein et al, 1998). Only 26.4%
were aware of deferment options and 66% had begun making payments since defaulting.

Since a strong family support system gives students an advantage in educational and occupational attainment, Volkwein et al (1998) suggested that institutions that serve minority students should consider providing additional career counseling and placement services to fill gaps in these students's social and occupational networks as well as to lower their default rates. They also recommended that policy studies be conducted to investigate the root causes of loan default behavior so that financial aid policies can be designed to address these variable causes.

**Summary**

In 1944, financial aid started out very focused as a specific program to meet a specific, limited need. Returning World War II veterans were to be rewarded for their sacrifice and dedication to country with a free college education. Policy was simple and direct. Growth and changes in the student financial aid system during the last 44 years have turned it into one of the biggest, most complex businesses in the U.S. Loans now comprise approximately 75% of federal student aid and predictions indicate this growth trend will continue (Fossey, 1998b).

Although the purpose of financial aid has remained focused on removing economic barriers to attend and to persist in college, there is a lack
of empirical evidence to validate the policies and claims advanced by the various financial aid stakeholders involved in designing financial aid policies (Fossey, 1998b; Hearn, 1993; Volkwein et al, 1998).

This quantitative exploratory research study will examine students' understandings of loan debt management and students' perceptions of the effectiveness of financial aid counseling practices in preparing them for loan debt management. The three research questions that will be addressed are:

1) What are students' perceptions about their own loan debt management knowledge?

2) What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?

3) What percentage of students are accumulating additional educational debt through the use of credit cards?
CHAPTER 3: METHODOLOGY AND PROCEDURES

As discussed in Chapters 1 and 2, the purpose of this exploratory research study was to examine public university students’ perceptions about loan debt management and financial aid counseling practices designed to prepare them for loan debt management. Previous financial aid research has focused on loan defaults and on the characteristics of defaulters (Fossey, 1998a; Gladieux, 1995; Mortenson, 1993; St. John, 1990; Somers & Bateman, 1997; Volkwein & Cabrera, 1998). Some student loan defaulters have cited lack of understanding of loan policies and lack of knowledge of financial aid policies as factors in defaulting on their loans (Somers & Bateman, 1997; Volkwein et al, 1998). While federal financial aid regulations require institutions to provide debt management information to students who receive loans (The Common Manual, 1997, Section 4.9), little is known about what effect this debt management counseling has on students’ understanding of loan repayment (Campagne & Hossler, 1998; Fossey, 1998a; Hearn, 1993, 1998; Merisotis, 1998; Mortenson, 1998; Volkwein & Cabrera, 1998; Volkwein et al, 1998).

A quantitative methodology design (Cochran, 1977; Dillman, 1978; Hittleman & Simon, 1992; Patton, 1990; Snedecor & Cochran, 1971; Suskie, 1992) was selected to answer the major research questions:
1) What are students' perceptions about their own loan debt management knowledge?

2) What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?

3) What percentage of students are accumulating additional educational debt through the use of credit cards?

Specific objectives formulated to guide the researcher in answering these questions included the following:

1. A. To describe students enrolled in college on the following selected demographic characteristics: 1) Enrollment status, 2) Number of semesters enrolled in college, 3) Race, 4) Gender, 5) Marital status, 6) Number of dependents, 7) 1998 total family income, 8) Parent's highest level of education completed, 9) Types of financial aid received, 10) Credit card debt incurred to help pay for college expenses, and 11) Amount of scholarships received to attend college.

B. To describe students enrolled in college who have student loans on the following selected demographic characteristics: 1) Enrollment status, 2) Number of
semesters enrolled in college, 3) Race, 4) Gender, 5) Marital status, 6) Number of dependents, 7) 1998 Total family income, 8) Parent's highest level of education completed, 9) Types of other financial aid received, 10) Credit card debt incurred to help pay for college expenses, and 11) Amount of scholarships received to attend college, 12) Total student loan debt incurred during college enrollment, 13) Type(s) of student loans received, and 14) Whether or not they are paying the interest on loans while enrolled in college.

2. To determine the perceptions of currently enrolled college students who have student loans regarding the student loan system and procedures.

3. To determine if a model exists that explains a significant portion of the variance in perceptions of currently enrolled college students who have student loans regarding the student loan system and procedures from the following selected demographic characteristics: a) Enrollment status, b) Number of semesters enrolled in college, c) Race, d) Gender, e) Marital status, f) Number of dependents, g) 1998 total family income, h) Parent's highest level of education completed, i) Types of other financial aid received, j) Parent's highest level of education completed, and k) Whether or not they are paying the interest on loans while enrolled in college.
aid received, j) Credit card debt incurred to help pay for college expenses, k) Amount of scholarships received to attend college, l) Total student loan debt incurred during college enrollment, m) Type(s) of student loans received, and n) Whether or not they are paying the interest on loans while enrolled in college.

4. To determine if a model exists that significantly increases the researcher's ability to accurately predict whether or not a student has a student loan from the following selected demographic measures: a) Enrollment status, b) Number of semesters enrolled in college, c) Race, d) Gender, e) Marital status, f) Number of dependents, g) 1998 total family income, h) Parent's highest level of education completed, i) Types of other financial aid received, j) Credit card debt incurred to help pay for college expenses, and k) Amount of scholarships received to attend college.

Sample Selection

Loan Program

As discussed in Chapter 2, the two federal financial aid loan programs currently in use are the Federal Family Education Loan Program (FFELP) and the Federal Direct Loan Program (FDSP). Because of the complexity and size of each of these loan programs, it is beyond the resources of this

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research to examine all of the components of either of these loan programs. All of the loans covered by the relatively new FDSLP were eliminated from this research study since data is just now becoming available on FDSLP borrowers entering repayment and because higher education institutions have the option of deciding whether or not to participate in FDSLP.

The FLEP Stafford Loan program is the largest financial aid loan program. Two types of loans are awarded through it: 1) Subsidized Stafford Loans for students who show financial need and 2) Unsubsidized Stafford Loans for students without financial need. Longitudinal quantitative data is available from the U.S. Department of Education for the Stafford Loan program, and educational experts predict that this loan program, especially Unsubsidized Loans, will continue to grow (Longanecker, 1997).

The federal government pays the interest on Subsidized Stafford Loans while a student is enrolled as a full-time student. Interest on Unsubsidized Stafford Loans starts accruing at the time a loan is awarded and continues to accrue until the loan goes into repayment. Students have the option of paying the interest while they are enrolled in school or of adding the interest to the loan principal. Allowing the interest to accumulate can result in loan debts higher than the maximum loan amount set by federal regulations.

The Stafford Loan component of FFLEP was selected as the focus for this study because of student accessibility to and use of these loans and
because of the potential for high student debt accumulation through the use of Unsubsidized Stafford Loans.

**Target Population**

In 1995-96, Louisiana distributed 58.4% of student aid as student loans which was higher than the U.S. average of 53.9% and the Southeastern Regional Education Board (SREB) average of 56.6% (*Accountability*, 1998) (NOTE: Totals for individual loan programs such as the Unsubsidized Stafford Loan were not reported)). Because of their dependence on loans for financing higher education, the 21 public higher education institutions governed by the Louisiana Board of Regents were selected as the target population for this study (Table 3.1).

**Research Sample**

Associate institutions were eliminated as research sites since research literature indicates that these institutions have higher default rates than Bachelor or Master/Doctoral institutions. Research shows that these higher default rates are the result of student characteristics at associate institutions and the result of the level of student satisfaction with certificate programs and associate degree programs which is lower than with bachelor and graduate degree programs. Historically black colleges were also eliminated from research consideration because federal legislation exempted these institutions from the regulations governing acceptable cohort loan default rates.
Table 3.1: Louisiana Board of Regents Institutions (Data released by U. S. Department of Education, November 1998).

<table>
<thead>
<tr>
<th>INSTITUTION NAME AND Location</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bossier Parish Community College at Bossier City</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>Delgado Community College at New Orleans</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>Elaine P. Nunez Community College at Chalmette</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>Grambling State University at Grambling</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Louisiana State University at Alexandria</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>Louisiana State University at Eunice</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>Louisiana State University at Shreveport</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Louisiana State University &amp; Agricultural &amp; Mechanical College at Baton Rouge</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Louisiana State University Medical Center at New Orleans</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Louisiana State University Medical Center at Shreveport</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Louisiana Technical University at Ruston</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>McNeese State University at Lake Charles</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Nicholls State University at Thibodaux</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Northeast Louisiana University at Monroe</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Northwestern State University at Natchitoches</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Southeastern Louisiana University at Hammond</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Southern University and A &amp; M College at Baton Rouge</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Southern University at New Orleans</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>Southern University at Shreveport-Bossier City</td>
<td>Associate; Pub</td>
</tr>
<tr>
<td>University of New Orleans at New Orleans</td>
<td>Master/Dr; Pub</td>
</tr>
<tr>
<td>University of Southwestern Louisiana at Lafayette</td>
<td>Master/Dr; Pub</td>
</tr>
</tbody>
</table>

* Institutions may be Public, Pub; Private, Priv; or Proprietary, Prop. Before 1998, the type of institution was further identified by the number of years traditionally associated with receiving the degree: 2 yr (Associate), 4 yr (Bachelor), or 5 yr (Master/Doctorate). The 1996 Loan Cohort Default Rate statistics began listing type of institution according to highest degree awarded (data released November 1998). **NOTE:** Institutions listed as Master/Dr award master's degrees and may or may not award the doctorate degree.
Final selection of the research site was based on institution participation in the Stafford Loan Program. Louisiana State University (LSU) was selected as the research site because it ranked first in public institutions in Louisiana in 1997 in distribution of Stafford Loans with 8,563 undergraduate students receiving $43,441,628 (Louisiana State University Office of Budget and Planning, 1998). All of these loans are through FFELP since LSU decided not to participate in the Ford Direct Loan Program. Estimates for the 1998-99 school year indicate almost 8,000 LSU students will accept over $36 million in loans (Table 3.2) (Heil, 1998).

Table 3.2. Louisiana State University Student Loans.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Undergraduate Student Borrowers</th>
<th>Loan Amounts</th>
<th>Average Debt Per Student Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>8,563</td>
<td>$43,441,628</td>
<td>$5,073</td>
</tr>
<tr>
<td>Estimates</td>
<td></td>
<td>$36,000,000</td>
<td>$4,500</td>
</tr>
<tr>
<td>1998-99</td>
<td>8,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Louisiana State University's cohort loan default rate was 6.3% for FY1996 (October 1, 1995, through September 30, 1996; latest available data) with 222 of the 3,511 loan borrowers who entered repayment defaulting on their loans (USDOE, 1998). This is a small decrease from 1995 when the cohort default rate was 6.7%, but the 1996 rate is larger than the 1994 rate of 5.1% (Table 3.3) (USDOE, 1998).
### Table 3.3. Louisiana State University Loan Cohort Default Rates for 1994-1996 (USDOE, 1998).

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Student Borrowers</th>
<th>Number of Student Borrowers in Default</th>
<th>Loan Cohort Default Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3,511</td>
<td>222</td>
<td>6.3%</td>
</tr>
<tr>
<td>1995</td>
<td>3,246</td>
<td>217</td>
<td>6.7%</td>
</tr>
<tr>
<td>1994</td>
<td>3,764</td>
<td>193</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

### Student Sample

A systematic random sample was drawn from students enrolled in courses offered at LSU in the 1999 Spring Semester. Using the LSU Spring Schedule of Classes, the researcher approximated 6,000 classes were offered. Class sizes ranged from 5 to 375 and the researcher estimated the average class size was 30. These numbers were approximate because student enrollment caused cancellation of some classes and overloads of other classes.

A 95% confidence level was selected to help ensure that significant research findings were true results and not sampling errors. A sample of 400 or higher Stafford Loan recipients was needed to ensure the 95% confidence level (Cochran, 1977). The 8,563 students receiving loans in 1997 are approximately one-third of the student body; therefore, 1,204 students were
surveyed to increase the probability that the sample would meet or exceed the number of loan recipients needed (Cochran, 1977; Fraenkel and Wallen, 1993; Gay, 1992; Snedecor & Cochran, 1971; Suskie, 1992). Demographic and educational funding data were collected from all 1,204 students in the sample.

Because of the large population size, systematic random sampling was used to distribute the sample more evenly over the available population to ensure more accurate results (Fowler, 1993). A random number between 1 and 150 was computer generated using Corel Quattropro 8. Students enrolled in the course that corresponded to the random number selected, 76, were included as part of the sample, and students enrolled in every 150th class after the first one selected were included in the sample until the desired sample size of 1200 was reached (Snedecor & Cochran, 1971; Suskie, 1992). Independent study and clinical procedure classes such as dissertation research which are offered to individual students and are often canceled after registration closes were excluded from the sample selection process. The sample included 32 classes. The number of respondents who participated in each class ranged from 2 to 178.

E-mail information packets were sent to each of the sample course instructors explaining the research and asking for permission to administer the survey to students in the sample classes. Packets included a cover letter, a
synopsis of the research, and a copy of the student debt management survey (Appendix A, Appendix B, and Appendix C). The first e-mail packets were sent to instructors on February 2. Follow-up phone calls were made approximately one week after the information packets were sent to request a date for survey administration. Instructors that could not be reached by phone (a minimum of two phone calls with no response) were sent E-mail requests for an administration date for the research survey. Based on instructor response and on changes in class availability and size, additional classes were drawn for the sample. The same procedures were followed with e-mail packets, phone calls, and e-mail requests for administration dates. Passes were made through the Spring 1999 Class Schedule Bulletin until the sample was completed.

**Instrumentation**

A survey instrument (Appendix C) was developed to gather data about students' perceptions of the student loan process and students' perceptions of the effectiveness of financial aid policies for preparing them for their student loan responsibilities. The federal regulations discussed in Chapter 2 that govern entrance and exit counseling (*Common Manual*, 1997; LOSFA, 1998d) were used as a guide to develop the survey questions.

*Demographic Data*, the first section of the questionnaire, collected independent (explanatory) variable data through nine questions about student
characteristics. Student characteristics examined included: 1) Current college enrollment status, 2) Number of semesters enrolled in college, 3) Race, 4) Gender, 5) Marital status, 6) Number of children/dependents, 7) Annual income, 8) Highest education level of parents and 9) Types of financial aid awards. These independent variables were identified through previous research as characteristics that are correlated with loan defaulters.

In the second section of the questionnaire, *Student Loan Process*, twenty statements collected data about students' perceptions of the student loan process. These statements covered different aspects of the student loan process from how the student decided to use student loans to pay for their education to how well the student understands his student loan repayment responsibilities. A five-point Likert-type scale was used to measure students' responses to the accuracy of twenty perception statements that cover the six specific areas of debt management information included in financial aid student loan counseling and to measure students' perceptions of the effectiveness of financial aid student loan counseling. Ratings ranged from "Strongly Agree" (1) to "Strongly Disagree" (5).

The last two questions in this section collected information about amount of student loan debt and type of loan. Students were asked to estimate their current total loan debt. They were also asked to identify
whether they were participating in the Unsubsidized Stafford Loan Program, the Subsidized Stafford Loan Program, or both.

_Funding Sources_, Section 3, contains two questions about funding sources other than loans that gathers information from all survey respondents. The first question asked about the use of credit cards to help pay college expenses, and the second question asked about the use of scholarships.

The fourth section, _Suggestions_, contains one qualitative question that allowed student respondents to describe additions or changes in financial aid counseling practices that would help other students make better financial decisions about paying for their college education. This question provided additional insights into data gathered in earlier sections of the questionnaire and provided possible topics for future research.

**Data Collection**

The survey was administered by the researcher (28 classes) or by the course instructor (4 classes). Students identified as part of the sample were asked to voluntarily participate in the survey. Completing and returning the survey gave permission for student responses to be used for this study. This process provided total anonymity for participants (Appendix E).

Surveys were coded with a student identification number and class number for record keeping purposes. Each question response was numerically coded and entered into a data file for analysis with _SPSS_.

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Data Collection Time Line

Survey responses were collected for a three week period during the Spring Semester 1999.

Statistical Procedures

Descriptive Statistics

The first objective of this study was to construct demographic profiles for all survey respondents and for loan recipient respondents using summary statistics gathered from questionnaire responses. Frequencies and percentages were compiled and reported for the total sample and for the loan recipient subgroup for each questionnaire item (freshman, etc.) based on survey responses. Means and standard deviations were reported for all interval data.

Factor Analyses

The survey instrument for this study was developed to measure students' perceptions and understandings of loan management policies. The second objective of this study was to conduct an empirical examination and verification of the dimensions of this instrument with principal components factor analysis procedures. Subgroups identified through these factor analyses were used as the dependent variables in multiple regression analyses procedures.
Multiple Regression Analyses

The third objective of this study was to find the "best fit" between the independent (explanatory) variables and the dependent (outcome) variables (Cofer & Sommers, 1997; Suskie, 1992). The independent variables in this study were identified in previous loan default research as characteristics of loan defaulters. They included 1) ethnicity 2) years in school 3) parent's education level and 4) socio-economic status (Somers & Bateman, 1997). Dependent variables included student loan borrower perceptions of the usefulness of financial aid debt management counseling about student loans as well as their perceptions of 1) loan rates 2) loan repayment and 3) personal finances (Somers & Bateman, 1997). Dependent (outcome) variable data collected from the second section of the questionnaire was compared with independent (explanatory) variable data collected in the first section.

To examine the relationship between information provided through financial aid counseling practices and student understanding of loan debt management, multiple regression analysis techniques were selected to analyze perception item survey responses of loan recipients.

Discriminant Analyses

The fourth objective of this study was to determine the relative importance of certain variables in assessing group membership (Klecka, 1980). Discriminant analyses was used to study the differences between
survey respondents who received loans and those who did not receive loans to identify group membership predictors.

Reliability

Since the instrument was developed for this study, internal consistency reliability tests were conducted. They resulted in a reliability coefficient of $\alpha=0.77$.

Validity

As discussed earlier in this chapter, survey questions were developed from Section 4.9 of *The Common Mannual* (1997) which regulates the providing of information to FFELP loan borrowers including Subsidized and Unsubsidized Stafford Loans. A validation panel composed of university students and financial aid personnel from institutions other than the research study site reviewed the survey for clarity. Revisions were made in survey questions based on these reviews.

Limitations

Due to the complexity of this research project and the limited availability of research personnel and funding, data collection and analysis will be conducted at one institution by one researcher. While research results will not be generalizable, they should provide useful information for administrators and policy makers, and the research design can be replicated by other researchers.
Another limitation of this study is that survey responses are voluntary. Students who complete and return the survey might be viewed as more knowledgeable about loans than students who did not complete the survey.

Assumptions

Self-reported data will be collected from students. This study assumes that participants will be honest and accurate in their responses.

Summary

A 34-question survey was developed to collect data from students selected as part of a systematic, random sample. The total sample size was set at 1200 and the loan recipient subgroup size was set at 400 (Cochran, 1977).

Survey items included 11 demographic questions for all respondents, 2 demographic questions for loan recipient respondents, a 20 item 5-point Likert-type perception scale for loan recipient respondents, and a request for suggestions from all respondents. Response data were coded for statistical analyses including central tendencies, variability, factor analyses, multiple regression, and discriminant analyses.
CHAPTER 4: FINDINGS

This chapter is divided into two sections based on the objectives of this research study: 1) Demographic Characteristics and 2) Student Perceptions of the Loan Process. The first section reports demographic information on all survey respondents and for those who indicated that they had received loans. This section includes information about scholarship, loan, and credit card funding for college expenses. Section two focuses on results from the 20 scaled perception items on the questionnaire. Statistical analyses techniques were used on the twenty perception items to identify underlying constructs in the scale which were subsequently used as dependent variables in the study and to develop a model that explains the role of debt management information in the loan process.

Demographic Characteristics

The first objective of the study was to construct demographic profiles for all survey respondents and for loan recipient respondents. Respondents were asked to provide personal background information in the following nine areas: 1) current college enrollment status, 2) number of semesters enrolled in college counting the current semester, 3) race, 4) gender, 5) marital status, 6) number of children/dependents, 7) 1998 family income, 8) parent's highest level of education, and 9) types of financial aid received.
While the largest current college enrollment for all survey respondents was Freshman (27%), the largest group of loan recipients were Seniors (27%). For all survey respondents and for loan recipients, the two categories with the smallest representation were Graduate (Master's program) (4% and 5%, respectively) and Graduate (Doctor's program) (4% and 6%, respectively) (Table 4.1).

Table 4.1: Current College Enrollment Status of All Survey Respondents and of Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>EDUCATION LEVEL</th>
<th>ALL RESPONDENTS</th>
<th></th>
<th>LOAN RECIPIENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Freshman</td>
<td>323</td>
<td>27</td>
<td>85</td>
<td>20</td>
</tr>
<tr>
<td>Sophomore</td>
<td>308</td>
<td>26</td>
<td>93</td>
<td>22</td>
</tr>
<tr>
<td>Junior</td>
<td>236</td>
<td>20</td>
<td>90</td>
<td>21</td>
</tr>
<tr>
<td>Senior</td>
<td>230</td>
<td>19</td>
<td>117</td>
<td>27</td>
</tr>
<tr>
<td>Graduate (Master's program)</td>
<td>54</td>
<td>4</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>Graduate (Doctor's program)</td>
<td>49</td>
<td>4</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1200</strong></td>
<td><strong>100%</strong></td>
<td><strong>431</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*aFour students did not respond to this question.
*bTwo students did not respond to this question.

The number of semesters enrolled in college for all respondents ranged from 1 to 33 (Mean = 5.71, Standard Deviation = 4.11). Loan recipient
respondents were enrolled from 1 to 30 semesters (Mean = 6.97, Standard Deviation = 4.71) (Table 4.2).

For all respondents and for loan recipients, White was the predominant race with 81% of all respondents in this category and 77% of loan recipients. The two races with the least representation were Hispanic (2% and 1%, respectively) and American Indian (1% and <1%, respectively) (Table 4.3).

Table 4.2: Number of Semesters All Survey Respondents and Loan Recipient Respondents Have Been Enrolled in College.

<table>
<thead>
<tr>
<th>NUMBER OF SEMESTERS</th>
<th>ALL RESPONDENTS a</th>
<th>LOAN RECIPIENTS b</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>1-5</td>
<td>674</td>
<td>57</td>
</tr>
<tr>
<td>6-10</td>
<td>387</td>
<td>33</td>
</tr>
<tr>
<td>11-15</td>
<td>75</td>
<td>6</td>
</tr>
<tr>
<td>16-20</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>21-25</td>
<td>6</td>
<td>&lt;1</td>
</tr>
<tr>
<td>&gt;25</td>
<td>4</td>
<td>&lt;1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1178 c</td>
<td>100%</td>
</tr>
</tbody>
</table>

a ALL RESPONDENTS: MEAN 5.71; STANDARD DEVIATION 4.11
b LOAN RECIPIENTS: MEAN 6.97; STANDARD DEVIATION 4.71
c Twenty-six students did not respond to this question.
d Eleven students did not respond to this question.

Table 4.3: Race of All Survey Respondents and of Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>RACE</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>White</td>
<td>972</td>
<td>81</td>
</tr>
<tr>
<td>African American</td>
<td>88</td>
<td>7</td>
</tr>
</tbody>
</table>

54 (table continued)
Asian 79 7 28 7
Other 32 3 8 2
Hispanic 20 2 4 1
American Indian 6 <1 2 <1

TOTAL 1197 a 100% 430 b 100%

a Seven students did not respond to this question.
b Three students did not respond to this question.

The majority of all respondents were females (55%). Likewise, the majority of loan recipient respondents were females (60%) (Table 4.4).

Table 4.4: Gender of All Survey Respondents and of Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>GENDER</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Female</td>
<td>658</td>
<td>55</td>
</tr>
<tr>
<td>Male</td>
<td>542</td>
<td>45</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1200 a</td>
<td>100%</td>
</tr>
</tbody>
</table>

a Four students did not respond to this question.
b Two students did not respond to this question.

Most of the students in both categories being examined, all respondents and loan recipients, indicated they were single (91% and 89%, respectively). Those married accounted for 8% in each of the categories. The categories of Separated and Widowed each made up less than 1% of the respondents for both groups (Table 4.5).

Table 4.5: Marital Status of All Survey Respondents and of Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Single</td>
<td>1086</td>
<td>91</td>
</tr>
</tbody>
</table>

(table continued)
Married 90 8 36 8
Divorced 15 1 9 2
Separated 5 <1 1 <1
Widowed 2 <1 1 <1

TOTAL 1198 a 100% 430 b 100%

a Six students did not respond to this question.
b Three students did not respond to this question.

Survey respondents were asked to indicate their total number of dependents including children in one combined response. Responses ranged from 0 to 13 for all respondents (Mean = .18, Standard Deviation = .91). Loan recipient responses ranged from 0 to 12 (Mean = .19, Standard Deviation = .88). The majority of both groups reported zero dependents (92% and 91%, respectively) (Table 4.6).

Table 4.6: Number of Dependents of All Survey Respondents and of Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>DEPENDENTS</th>
<th>ALL RESPONDENTS a</th>
<th>LOAN RECIPIENTS b</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>0</td>
<td>1071</td>
<td>92</td>
</tr>
<tr>
<td>1</td>
<td>40</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>31</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>5 or more</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1162 c</td>
<td>100%</td>
</tr>
</tbody>
</table>

a ALL RESPONDENTS: MEAN .18; STANDARD DEVIATION .91
b LOAN RECIPIENTS: MEAN .19; STANDARD DEVIATION .88
c Forty-two students did not respond to this question.
d Fourteen students did not respond to this question.
Student respondents were asked to indicate their 1998 family income. The first category included incomes of $15,000 or below. Incomes in this range are considered poverty level according to U.S. government guidelines. The next six categories are increments of ten thousand dollars. The last category is higher than $75,000 which indicates upper middle class or higher financial resources. The largest group of all respondents fell in the greater than $75,000 range (36%) followed by the less than $15,000 range (19%). The six middle income categories which ranged from $15,000 to $75,000 accounted for 45% of respondents' income levels. The largest group of loan recipient respondents fell in the less than $15,000 income range (28%) followed by the greater than $75,000 range (20%). The six middle income categories accounted for 52% of loan recipients' income levels (Table 4.7).

Table 4.7: 1998 Family Income for All Survey Respondents and for Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>1998 INCOME</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY PERCENT</td>
<td>FREQUENCY PERCENT</td>
</tr>
<tr>
<td>&lt; $15,000</td>
<td>224 19</td>
<td>117 28</td>
</tr>
<tr>
<td>$15,000-$25,000</td>
<td>78 7</td>
<td>39 9</td>
</tr>
<tr>
<td>$25,001-$35,000</td>
<td>81 7</td>
<td>39 9</td>
</tr>
<tr>
<td>$35,001-$45,000</td>
<td>81 7</td>
<td>38 9</td>
</tr>
<tr>
<td>$45,001-$55,000</td>
<td>96 8</td>
<td>39 9</td>
</tr>
<tr>
<td>$55,001-$65,000</td>
<td>100 9</td>
<td>38 9</td>
</tr>
<tr>
<td>$65,001-$75,000</td>
<td>82 7</td>
<td>28 7</td>
</tr>
<tr>
<td>&gt;$75,000</td>
<td>410 36</td>
<td>82 20</td>
</tr>
</tbody>
</table>

(table continued)
When asked to indicate their parent's highest level of education, 69% of all respondents indicated their parents had college training at the Associate Degree level or higher. In comparison, loan recipient survey respondents indicated that 60% of their parents had college training at the associate degree level or higher. The category into which the most loan recipient survey respondents' parents fell was a high school diploma (35%) and for all respondents the category was graduate degree (Table 4.8).

Table 4.8: Parent's Highest Level of Education (Either Parent) for All Survey Respondents and for Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>PARENT'S HIGHEST LEVEL OF EDUCATION</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Less than High School</td>
<td>41</td>
<td>3</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>339</td>
<td>28</td>
</tr>
<tr>
<td>Associate Degree/Certificate</td>
<td>90</td>
<td>8</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>356</td>
<td>30</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>374</td>
<td>31</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1200 a</td>
<td>100%</td>
</tr>
</tbody>
</table>

a Four students did not respond to this question.

b One student did not respond to this question.
Respondents were asked to indicate all the types of financial aid they had received. Types of aid included scholarships, loans, grants, work study, and other. Scholarships (59%) were the most frequently reported form of financial assistance for all respondents followed by loans (36%) and grants (23%). Among the group of loan recipients, the most frequently reported form of financial assistance other than the loans which they all received was scholarships (51%) and grants (45%) (Table 4.9).

Table 4.9: Types of Financial Aid Received by All Survey Respondents and by Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>TYPES OF FINANCIAL AID RECEIVED</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY a</td>
<td>PERCENT b</td>
</tr>
<tr>
<td>Scholarships</td>
<td>713</td>
<td>59</td>
</tr>
<tr>
<td>Loans</td>
<td>433</td>
<td>36</td>
</tr>
<tr>
<td>Grants</td>
<td>279</td>
<td>23</td>
</tr>
<tr>
<td>Work Study</td>
<td>141</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>100</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1666</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

a Total frequencies exceed number of survey respondents since respondents were asked to indicate all that apply.

b Percentages do not total 100% since respondents were asked to indicate all that apply.

All survey respondents were asked to estimate the amount of scholarship funds they received each year. Scholarship amounts ranged from $70 to $29,000 for all respondents (Mean = $3,661.04) and from $250 to $18,000 for loan recipients (Mean = $3,015.26). Sixty-three percent (63%) of
all respondents and 53% of loan recipients received scholarship funds in the $2,001-$4,000 range.

Table 4.10: Amount of Scholarships Received by All Survey Respondents and by Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>AMOUNT OF SCHOLARSHIPS</th>
<th>ALL RESPONDENTS a</th>
<th>LOAN RECIPIENTS b</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>$2,000 or Less</td>
<td>105</td>
<td>18</td>
</tr>
<tr>
<td>$2,001-$4,000</td>
<td>373</td>
<td>63</td>
</tr>
<tr>
<td>$4,001-$6,000</td>
<td>56</td>
<td>9</td>
</tr>
<tr>
<td>$6,001-$8,000</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>$8,001-$10,000</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>$&gt;10,000</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>594 c</td>
<td>100%</td>
</tr>
</tbody>
</table>

a ALL RESPONDENTS: MEAN $3,661.04; STANDARD DEVIATION $2,981.36
b LOAN RECIPIENTS: MEAN $3,015.26; STANDARD DEVIATION $2,411.00

Sixty-three students did not respond to this question.
Twenty-two students did not respond to this question.

When asked about their use of credit cards to help pay for college expenses, 26% of all respondents said they were using credit cards while 31% of loan recipients were using credit cards (Table 4.11). Those respondents who were using credit cards were asked to estimate the amount of their current credit card debt. The credit card debt range for all respondents and for loan recipients was $0 to $15,000. However, the mean credit card debt for all respondents was $1,360.30 while the mean for loan recipients was $1,867.90. The largest group of all respondents (28%) had
charges from $0 to $250 while the largest group of loan recipients (23%) had charges of $251 to $500 (Table 4.12).

Table 4.11: Survey Respondents and Loan Recipient Survey Respondents Who Are Using Credit Cards to Pay College Expenses.

<table>
<thead>
<tr>
<th>CREDIT CARD</th>
<th>ALL RESPONDENTS</th>
<th>LOAN RECIPIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Not Using Credit Card</td>
<td>871</td>
<td>74</td>
</tr>
<tr>
<td>Using Credit Card</td>
<td>311</td>
<td>26</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1182 a</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

a Twenty-two students did not respond to this question.
b Six students did not respond to this question.

Table 4.12: Amount of College Expense Debt Being Accumulated through Credit Card Charges by All Survey Respondents and by Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>AMOUNT OF CREDIT CARD DEBT</th>
<th>ALL RESPONDENTS a</th>
<th>LOAN RECIPIENTS b</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FREQUENCY</td>
<td>PERCENT</td>
</tr>
<tr>
<td>$0-$250</td>
<td>80</td>
<td>28</td>
</tr>
<tr>
<td>$251-$500</td>
<td>59</td>
<td>21</td>
</tr>
<tr>
<td>$501-$1000</td>
<td>52</td>
<td>19</td>
</tr>
<tr>
<td>$1001-$2000</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>$2001-$3000</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>$3001-$4000</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>$4001-$5000</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>&gt;$5000</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>281 c</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

a ALL RESPONDENTS: MEAN $1,360.30; STANDARD DEVIATION $2,029.86
b LOAN RECIPIENTS: MEAN $1,867.90; STANDARD DEVIATION $2,403.09
c Fifty-three students did not respond to this question.
d Twenty-one students did not respond to this question.
If respondents were receiving loans, they were asked the type of loans they had. Two hundred forty-two (242, 59%) loan recipients indicated that they had received Subsidized Stafford Loans and 134 (32%) reported receiving unsubsidized loans (Table 4.13). Of those respondents who indicated they had an unsubsidized loan, 55% said they were not paying the interest and 45% said they were paying the interest on their loans while enrolled in school (Table 4.14).

Table 4.13: Types of Loans Received by Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>TYPES OF LOANS</th>
<th>FREQUENCY a</th>
<th>PERCENT b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized</td>
<td>242</td>
<td>59</td>
</tr>
<tr>
<td>Unsubsidized</td>
<td>134</td>
<td>32</td>
</tr>
<tr>
<td>Do Not Know</td>
<td>98</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>474</strong></td>
<td><strong>115%</strong></td>
</tr>
</tbody>
</table>

a Total frequencies exceed number of survey respondents since respondents were asked to indicate all that apply.

b Percentages do not total 100% since respondents were asked to indicate all that apply.

Table 4.14: Student Loan Recipient Survey Respondents’ Interest Payment Choices on Unsubsidized Loans.

<table>
<thead>
<tr>
<th>INTEREST PAYMENT CHOICE</th>
<th>FREQUENCY</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Paying Interest</td>
<td>54</td>
<td>45</td>
</tr>
<tr>
<td>Paying Interest</td>
<td>67</td>
<td>55</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>121 a</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

a Thirteen students did not respond to this question.
Loan survey recipients indicated that the amount of their loan debt ranged from $0 (five students had paid off their loans) to $100,000. Thirty-six percent (36%) of all loans were $5,000 or less (Table 4.15).

Table 4.15: Amount of Student Loan Debt Incurred by Loan Recipient Survey Respondents.

<table>
<thead>
<tr>
<th>LOAN AMOUNT</th>
<th>FREQUENCY</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000 or Less</td>
<td>92</td>
<td>36</td>
</tr>
<tr>
<td>$5,001-$10,000</td>
<td>71</td>
<td>28</td>
</tr>
<tr>
<td>$10,001-$15,000</td>
<td>39</td>
<td>15</td>
</tr>
<tr>
<td>$15,001-$20,000</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>$20,001-$25,000</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>$25,001-$30,000</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>$30,001-$45,000</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>&gt;$45,000</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>244</strong> b</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*a Mean, $11,091.56; Standard Deviation, $11,305.09
*b One hundred and eighty students did not respond to this question.

**Student Perceptions of the Loan Process**

Respondents were asked to rate twenty perception statements about the student loan process. These items covered all aspects of the loan process from the decision to use loans to repayment responsibilities. Respondents rated the perceptions using a five-point Likert-type Scale with choices ranging from Strongly Agree (1) to Strongly Disagree (5). The researcher established a scale to guide the interpretation of the responses to the individual items. The developed scale coincided with the response...
categories on the questionnaire to facilitate reporting of these findings. Scale categories are $<1.50 = \text{Strongly Agree}$, $1.50$ to $2.49 = \text{Somewhat Agree}$, $2.50$ to $3.49 = \text{Uncertain}$, $3.50$ to $4.49 = \text{Somewhat Disagree}$, and $>4.50 = \text{Strongly Disagree}$.

Respondents did not select strongly agree or strongly disagree for any of the twenty items. For eight items (4, 5, 6, 7, 11, 13, 14, 17), respondents selected Somewhat Agree. The two items with which respondents most strongly agreed were "I have a clear idea of how much money I spent last semester on college" (Mean = 2.08) and "I believe the monetary benefits of my education will be worth the cost of my student loans" (Mean = 2.09). Students selected uncertain for eleven items (2, 3, 8, 9, 10, 12, 15, 16, 18, 19, 20). Means for these eleven items ranged from 2.50 to 3.48. The only item for which respondents selected Somewhat Disagree was "My high school counselor helped me find out about financial aid options" (Mean = 3.63) (Table 4.16).

**Factor Analyses**

In addition to describing the participants' perceptions of and knowledge regarding the student loan process, the researcher also had as a study objective to determine if underlying constructs existed in the data derived from the perception scale. To accomplish this objective, the researcher used the factor analysis procedure with the 20 scaled items included in the analysis. Before this procedure was completed, each of the items included in the scale
Table 4.16: Student Loan Recipient Survey Respondents' Perceptions of the Student Loan Process.

<table>
<thead>
<tr>
<th>PERCEPTION</th>
<th>MEAN</th>
<th>STANDARD DEVIAION</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>My high school counselor helped me to find out about financial aid options.</td>
<td>3.63</td>
<td>1.46</td>
<td>Somewhat Disagree</td>
</tr>
<tr>
<td>I would not recommend the student loan route for other students.</td>
<td>3.48</td>
<td>1.18</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I first learned about student loans for financing my college education through the financial aid department at my university.</td>
<td>3.37</td>
<td>1.49</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I understand student loan consolidation options.</td>
<td>3.33</td>
<td>1.33</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I have a clear idea of how much my monthly student loan payments will be after graduation.</td>
<td>3.19</td>
<td>1.37</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I know what interest rates are allowed on student loans.</td>
<td>3.04</td>
<td>1.36</td>
<td>Uncertain</td>
</tr>
<tr>
<td>Although I have student loans, the process involved in acquiring student loans is still a mystery to me.</td>
<td>3.02</td>
<td>1.40</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I can explain the penalties for defaulting on my student loans.</td>
<td>2.99</td>
<td>1.40</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I could explain the student loan process to other students.</td>
<td>2.88</td>
<td>1.35</td>
<td>Uncertain</td>
</tr>
<tr>
<td>Financial aid information at Freshman Orientation did not help me make a decision on how to finance my college education.</td>
<td>2.81</td>
<td>1.49</td>
<td>Uncertain</td>
</tr>
<tr>
<td>I understand the interest payments on my student loans.</td>
<td>2.72</td>
<td>1.38</td>
<td>Uncertain</td>
</tr>
</tbody>
</table>

(table continued)
<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>SD</th>
<th>Agreeance</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do <strong>not</strong> have any idea how long it will take to pay off my student</td>
<td>2.50</td>
<td>1.40</td>
<td>Uncertain</td>
</tr>
<tr>
<td>loans.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can explain the difference between subsidized and unsubsidized loans.</td>
<td>2.45</td>
<td>1.41</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>My family helped me make the decision to use student loans to pay for my</td>
<td>2.35</td>
<td>1.50</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>education.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student loans are my main source for funding my college education.</td>
<td>2.30</td>
<td>1.48</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>I made the decision to get a student loan after carefully considering</td>
<td>2.26</td>
<td>1.32</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>my other financial aid options such as grants and work study.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel that the only way I can afford to attend this university is by</td>
<td>2.24</td>
<td>1.36</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>using student loans.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how much total student loan debt I have incurred so far during</td>
<td>2.09</td>
<td>1.13</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>my college enrollment.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe the monetary benefits of my education will be worth the cost</td>
<td>2.09</td>
<td>1.13</td>
<td>Somewhat Agree</td>
</tr>
<tr>
<td>of my student loans.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a clear idea of how much money I spent last semester on college.</td>
<td>2.08</td>
<td>1.14</td>
<td>Somewhat Agree</td>
</tr>
</tbody>
</table>

*a* Mean values are based on the response scale 1= Strongly Agree, 2= Agree, 3= Uncertain, 4= Somewhat Disagree, and 5=Strongly Disagree.

*b* Response categories are based on the following scale established by the researcher: Strongly Agree = < 1.50, Agree = 1.5 to 2.49, Uncertain = 2.5 to 3.49, Disagree =3.50 to 4.49, and Strongly Disagree = > 4.50.
were examined. Reverse worded items were coded such that in all instances, the concept of "Agreement" received the higher values (5, 4) and the concept of disagreement received the lower values (1, 2).

To accomplish this procedure, the researcher first conducted a diagnostic run of the study data allowing the program to identify all factors which had an eigenvalue of 1.0 or higher. Using this procedure the analysis revealed a total of six potential factors in the scale data. Examination of the resulting eigenvalues showed that the number of meaningful factors was between 3 and 5. This determination was made by plotting the factor eigenvalues and identifying the point of greatest reduction in the progressively declining values. The point of greatest reduction was identified to be four factors. Therefore, each of the analyses for three, four, and five factors was examined to determine the number of factors which yielded the factor groupings which both had substantively significant factor loading for all items and made meaningful sense when the content of grouped items were examined. This number of factors was clearly defined to be the three factor mode. The specific item groupings and corresponding factor loadings are presented in Table 4.17.

The resulting groupings were then subsequently labeled by the researcher as follows: 1) Factor One consisted of eleven items and was named Perceived Knowledge of Loan Process, 2) Factor Two consisted of three items and was named Decision to Use Loans, and 3) Factor Three consisted of six
items and was named Source of Loan Knowledge. These three item groupings were then used to calculate three factor scores which were treated as dependent variables in subsequent analyses.

Table 4.17: Dependent Variables Identified as Constructs through Factor Analysis.

<table>
<thead>
<tr>
<th>PERCEPTION</th>
<th>FACTOR 1</th>
<th>FACTOR 2</th>
<th>FACTOR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FACTOR 1: PERCEIVED KNOWLEDGE OF LOAN PROCESS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I understand the interest payments on my student loans.</td>
<td>.793</td>
<td>.154</td>
<td>.026</td>
</tr>
<tr>
<td>12. I could explain the student loan process to other students.</td>
<td>.756</td>
<td>.126</td>
<td>-.038</td>
</tr>
<tr>
<td>1. I can explain the penalties for defaulting on my student loans.</td>
<td>.742</td>
<td>.058</td>
<td>-.060</td>
</tr>
<tr>
<td>9. I know what interest rates are allowed on student loans.</td>
<td>.734</td>
<td>.132</td>
<td>-.059</td>
</tr>
<tr>
<td>14. I know how much total student loan debt I have incurred so far during my college enrollment.</td>
<td>.728</td>
<td>-.013</td>
<td>-.019</td>
</tr>
<tr>
<td>19. I understand student loan consolidation options.</td>
<td>.698</td>
<td>-.027</td>
<td>-.134</td>
</tr>
<tr>
<td>11. I can explain the difference between subsidized and unsubsidized student loans.</td>
<td>.695</td>
<td>.163</td>
<td>-.139</td>
</tr>
<tr>
<td>16. I have a clear idea of how much my monthly student loan payments will be after graduation.</td>
<td>.669</td>
<td>-.207</td>
<td>.092</td>
</tr>
</tbody>
</table>

(table continued)
8. Although I have student loans, the process involved in acquiring student loans is still a mystery to me.

   .602   -.113   .047

7. I have a clear idea of how much money I spent last semester on college.

   .532   .120   .125

15. I do not have any idea how long it will take to pay off my student loans.

   .468   -.490   .312

Mean 3.23, Standard Deviation .65

FACTOR 2: DECISION TO USE LOANS

4. Student loans are my main source for funding my college education.

   .076   .803   .037

17. I feel that the only way I can afford to attend this university is by using student loans.

   -.062   -.765   .054

6. I made the decision to get a student loan after carefully considering my other financial aid options such as grants and work study.

   .295   .428   .065

Mean 3.23, Standard Deviation .65

FACTOR 3: SOURCE OF LOAN KNOWLEDGE

18. I would not recommend the student loan route for other students.

   .009   -.112   .659

69 (table continued)
5. My family helped me make the decision to use student loans to pay for my education.  
   -.211  .329  .518

3. I first learned about student loans for financing my college education through the financial aid department at my university.  
   .199  -.021  -.447

1. My high school counselor helped me find out about financial aid options.  
   -.045  .011  .401

13. I believe the monetary benefits of my education will be worth the cost of my student loans.  
   .299  .038  .392

2. Financial aid information at Freshman Orientation did not help me make a decision on how to finance my college education.  
   .113  -.064  .385

Mean 3.14, Standard Deviation .59

**Multiple Regression Analyses**

To accomplish the third objective of this study, factors identified through factor analysis procedures were treated as dependent variables and used to determine if a model existed which explained a significant portion of the variance in each of the dependent variables from the selected demographic characteristics of students' use of loans: student perceptions of the loan process, status, semester, gender, children/dependents, level of income, parent's education level, race, marital status, loan amount, type of loan
(subsidized, unsubsidized, do not know), interest payments, use of credit cards, credit card debt amount, scholarships, amount of scholarship, financial aid grants, financial aid work study, other financial aid awards (excluding scholarships, loans and grants).

Student perceptions about their own knowledge of the loan process, about their decision to use loans, and about their sources of loan knowledge were used as the dependent variables in multiple regression analysis. Because of the exploratory nature of this part of the study, the other variables were treated as independent variables and stepwise entry of the variables was used. Variables that were individually significant and/or increased the explained variance of the regression model by one percent or more were added to the model as long as the overall regression model remained significant.

Two variables, race and marital status, were reconstructed from the data collected for analysis. The variable race was dummy coded to construct three yes or no variables for the three races that accounted for 97% of responses: White, African American, and Asian. The variables American Indian, and Other were excluded from the analysis for this variable. The rationale for excluding these variables was that the number of respondents who identified themselves as American Indian was only two and the Other category needed to be eliminated to avoid perfect collinearity among the dummy coded race variables. For each variable, yes was coded as 1 and no was coded as 0.
The variable marital status was also constructed and dummy coded with three variables: Married or Not, Single or Not and Other (Divorced, Widowed, Separated) or Not. Yes was coded as 1 and no was coded as 0 for all other responses. Married and single (97% of responses from loan recipients) were included in the analyses. Again, the divorced, widowed, and separated variable was omitted to avoid perfect collinearity among the independent variables.

Prior to conducting the regression analyses, the researcher tested the data for violation of the assumption underlying the use of regression analysis that no high levels of multicollinearity exists among the independent variables. There are a number of techniques used to test this assumption; however, according to Lewis-Beck (1980) the preferred method of testing for multicollinearity is to "Regress each independent variable on all the other independent variables" (p. 60).

This technique was used for each of the three regression analyses conducted in this study (one for each of the three factors identified from the factor analyses of the responses to the scaled items). No multicollinearity problems were found in the data among the independent variables using this technique. Therefore, the researcher proceeded with the regression analyses.

The first regression analysis conducted was with the factor labeled "Students' perceived knowledge of the loan process." This was the first factor identified from the factor analysis of the perception scale responses, and it was
treated as a dependent variable in the analysis. When this analysis was conducted, the first variable to enter the regression model was the student's response to the item category “Do Not Know” as a possible response to the question “While you are enrolled in school, is the interest on your student loan(s): subsidized, unsubsidized, or do not know”. Students were asked to mark all that applied of these three options. This variable alone explained 20.2% of the variability in the dependent variable. Two additional variables entered the regression model as significant contributors to the explained variance. These variables were the total number of semesters that the students had been enrolled in college ($r^2$ change = 1.3%) and whether or not the student was White ($r^2$ change = 0.7%). These three variables in combination explained a total of 22.2% of the variance in the factor score “Students' perceived knowledge of the loan process” (Table 4.1).

The second regression analysis conducted was with the factor labeled “Students' decision to use loans”. Identified as the second factor from the factor analysis of the perception scale responses, it was treated as a dependent variable in the analysis. In this analysis, the first variable to enter the regression model was the students' response to the item category “Do Not Know”. As in the first model, this was a possible response to the question “While you are enrolled in school, is the interest on your student loan(s): subsidized, unsubsidized, or do not know”. This variable alone explained 1.7% of the variability in the dependent variable. One additional variable entered the
model as a significant contributor to the explained variance. This variable was whether or not the student was White ($r^2 = 1\%$). These two variables in combination explained a total of 2.7% of the variance in the factor score “Students’ decision to use loans” (Table 4.19).

The third regression analysis conducted was with the factor labeled “Students’ source of loan knowledge”. This was the last factor identified in the factor analysis of the perception scale responses, and it was treated as a dependent variable in the analysis. During this analysis, the first variable to enter the regression model was the student’s response to the item Total Family Income. Students were asked to indicate the category for their 1998 family income. This variable alone explained 3.0% of the variability in the dependent variable. Two additional variables entered the regression model as significant contributors to the explained variance. These variables were whether the student was receiving a scholarship ($r^2 = 2.2\%$) and the highest education level of the student’s parents ($r^2 = 1.2\%$). These three variables in combination explained a total of 6.4% of the variance in the factor score “Students’ source of loan knowledge.

**Discriminant Analysis**

The last objective of this study was to determine whether a model existed that significantly increased the researcher’s ability to correctly classify students on whether or not they received loans. Accurately explain the differences between student survey respondents who received loans and
students who did not receive loans. Discriminant analyses was selected as the statistical technique since the dependent variable, whether or not the students received a financial aid loan, is a dichotomous variable (Klecka, 1980). The model included demographic information as defined for the multiple regression model.

As the first step in examining the comprehensive mode, the F-to-enter statistic was used to compare the two groups (No Faloan and Faloan) (Table 4.21). Comparisons were made on 18 variables and the groups were found to be statistically different on 12 of the variables. Variables identified as significant were: 1) Status: status in college (freshman, etc.), 2) Semester: the number of semesters the student has been enrolled in school, 3) Income: the student's 1998 family income, 4) Pareduc: parent's level of education, 5) FAGrant: whether or not the student received a financial aid grant, 6) Fawork: whether or not the student received financial aid work study, 7) Credit: whether or not the student was using a credit card to help pay college expenses, 8) Black: whether or not the student was Black, 9) White: whether or not the student was White, 10) Cardamt: the amount of credit card debt, 11) Scholar: Whether or not the student was receiving a scholarship, and 12) Schamt: the amount of scholarship received (Table 4.21).

After comparison of the discriminating variable means was completed, the researcher's next step in conducting the discriminant analysis was to examine the independent variables to be included in the analysis for the presence of multicollinearity. No problems were identified.
Table 4.18: Multiple Regression Analysis of Students' Perceived Knowledge of the Loan Process.

<table>
<thead>
<tr>
<th>SOURCE OF VARIATION</th>
<th>df</th>
<th>Ms</th>
<th>F-RATIO</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3</td>
<td>25.642</td>
<td>40.702</td>
<td>&lt;.000</td>
</tr>
<tr>
<td>Residual</td>
<td>429</td>
<td>.630</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>433</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Variables in the Equation

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MULTR</th>
<th>R² CUMULATIVE</th>
<th>R² CHANGE</th>
<th>F CHANGE</th>
<th>p CHANGE</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dnk</td>
<td>.449</td>
<td>.202</td>
<td>.202</td>
<td>108.820</td>
<td>&lt;.000</td>
<td>-.430</td>
</tr>
<tr>
<td>Semester</td>
<td>.463</td>
<td>.215</td>
<td>.013</td>
<td>7.053</td>
<td>.008</td>
<td>.119</td>
</tr>
<tr>
<td>White</td>
<td>.471</td>
<td>.222</td>
<td>.007</td>
<td>3.909</td>
<td>.049</td>
<td>-.084</td>
</tr>
</tbody>
</table>

Variables not in the Equation

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>.702</td>
<td>.483</td>
</tr>
<tr>
<td>Gender</td>
<td>1.564</td>
<td>.119</td>
</tr>
<tr>
<td>Children</td>
<td>.797</td>
<td>.426</td>
</tr>
<tr>
<td>Income</td>
<td>-.916</td>
<td>.360</td>
</tr>
<tr>
<td>Pareduc</td>
<td>.916</td>
<td>.360</td>
</tr>
</tbody>
</table>

(table continued)
<table>
<thead>
<tr>
<th>Variable</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fawork</td>
<td>1.439</td>
<td>.151</td>
</tr>
<tr>
<td>Father</td>
<td>.295</td>
<td>.768</td>
</tr>
<tr>
<td>Black</td>
<td>.539</td>
<td>.590</td>
</tr>
<tr>
<td>Asian</td>
<td>-1.164</td>
<td>.245</td>
</tr>
<tr>
<td>Married</td>
<td>.759</td>
<td>.449</td>
</tr>
<tr>
<td>Single</td>
<td>-.556</td>
<td>.579</td>
</tr>
<tr>
<td>Fagrant</td>
<td>1.464</td>
<td>.144</td>
</tr>
<tr>
<td>Amount</td>
<td>.058</td>
<td>.954</td>
</tr>
<tr>
<td>Subloan</td>
<td>-.364</td>
<td>.716</td>
</tr>
<tr>
<td>Unsloan</td>
<td>.834</td>
<td>.405</td>
</tr>
<tr>
<td>Interest</td>
<td>.909</td>
<td>.364</td>
</tr>
<tr>
<td>Credit</td>
<td>1.278</td>
<td>.202</td>
</tr>
<tr>
<td>Cardamt</td>
<td>.200</td>
<td>.842</td>
</tr>
<tr>
<td>Scholar</td>
<td>.141</td>
<td>.888</td>
</tr>
<tr>
<td>Schamt</td>
<td>1.034</td>
<td>.302</td>
</tr>
</tbody>
</table>

Note: Description of variables are provided in Appendix D.
Table 4.19: Multiple Regression Analysis of Students' Perceptions about Their Decision to Use Loans.

<table>
<thead>
<tr>
<th>SOURCE OF VARIATION</th>
<th>df</th>
<th>Ms</th>
<th>F-RATIO</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2</td>
<td>2.329</td>
<td>5.847</td>
<td>.003</td>
</tr>
<tr>
<td>Residual</td>
<td>430</td>
<td>.395</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>432</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Variables in the Equation**

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MULTR</th>
<th>R² CUMULATIVE</th>
<th>R² CHANGE</th>
<th>F CHANGE</th>
<th>p CHANGE</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dnk</td>
<td>.129</td>
<td>.017</td>
<td>.017</td>
<td>7.323</td>
<td>.007</td>
<td>-.112</td>
</tr>
<tr>
<td>White</td>
<td>.163</td>
<td>.027</td>
<td>.010</td>
<td>4.312</td>
<td>.038</td>
<td>-.088</td>
</tr>
</tbody>
</table>

**Variables not in the Equation**

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1.769</td>
<td>.078</td>
</tr>
<tr>
<td>Fagrant</td>
<td>1.445</td>
<td>.149</td>
</tr>
<tr>
<td>Status</td>
<td>-1.045</td>
<td>.297</td>
</tr>
<tr>
<td>Semester</td>
<td>-.503</td>
<td>.615</td>
</tr>
<tr>
<td>Gender</td>
<td>-1.165</td>
<td>.245</td>
</tr>
</tbody>
</table>
| Children  | -.846| .398   | (table continued)
<table>
<thead>
<tr>
<th>Variable</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>.892</td>
</tr>
<tr>
<td>Pareduc</td>
<td>-.268</td>
</tr>
<tr>
<td>Fawork</td>
<td>-.570</td>
</tr>
<tr>
<td>Faother</td>
<td>-1.272</td>
</tr>
<tr>
<td>Black</td>
<td>.060</td>
</tr>
<tr>
<td>Asian</td>
<td>.538</td>
</tr>
<tr>
<td>Married</td>
<td>-.612</td>
</tr>
<tr>
<td>Single</td>
<td>1.048</td>
</tr>
<tr>
<td>Subloan</td>
<td>-.474</td>
</tr>
<tr>
<td>Unsloan</td>
<td>.620</td>
</tr>
<tr>
<td>Interest</td>
<td>-.240</td>
</tr>
<tr>
<td>Credit</td>
<td>.821</td>
</tr>
<tr>
<td>Cardamt</td>
<td>.029</td>
</tr>
<tr>
<td>Scholar</td>
<td>.111</td>
</tr>
<tr>
<td>Schamt</td>
<td>-.107</td>
</tr>
</tbody>
</table>

**NOTE:** Descriptions of variables are provided in Appendix D.
Table 4.20: Multiple Regression Analysis of Students’ Perceptions about Their Source of Loan Knowledge.

<table>
<thead>
<tr>
<th>SOURCE OF VARIATION</th>
<th>df</th>
<th>Ms</th>
<th>F-RATIO</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3</td>
<td>3.049</td>
<td>9.677</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Residual</td>
<td>429</td>
<td>.315</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>432</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Variables in the Equation

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>MULTR</th>
<th>R² CUMULATIVE</th>
<th>R² CHANGE</th>
<th>F CHANGE</th>
<th>p CHANGE</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>.172</td>
<td>.030</td>
<td>.030</td>
<td>13.09</td>
<td>.001</td>
<td>.130</td>
</tr>
<tr>
<td>Scholarship</td>
<td>.228</td>
<td>.052</td>
<td>.022</td>
<td>10.12</td>
<td>.002</td>
<td>-.149</td>
</tr>
<tr>
<td>Pareduc</td>
<td>.252</td>
<td>.063</td>
<td>.012</td>
<td>5.31</td>
<td>.022</td>
<td>.110</td>
</tr>
</tbody>
</table>

Variables not in the Equation

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>-.423</td>
<td>.673</td>
</tr>
<tr>
<td>Semester</td>
<td>-.538</td>
<td>.591</td>
</tr>
<tr>
<td>Gender</td>
<td>-.700</td>
<td>.484</td>
</tr>
<tr>
<td>Children</td>
<td>-.249</td>
<td>.803</td>
</tr>
<tr>
<td>Fawork</td>
<td>1.592</td>
<td>.112</td>
</tr>
<tr>
<td>Variable</td>
<td>Value 1</td>
<td>Value 2</td>
</tr>
<tr>
<td>----------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Faother</td>
<td>.481</td>
<td>.631</td>
</tr>
<tr>
<td>Black</td>
<td>-.322</td>
<td>.747</td>
</tr>
<tr>
<td>White</td>
<td>.325</td>
<td>.746</td>
</tr>
<tr>
<td>Asian</td>
<td>.337</td>
<td>.737</td>
</tr>
<tr>
<td>Married</td>
<td>-1.109</td>
<td>.268</td>
</tr>
<tr>
<td>Single</td>
<td>1.162</td>
<td>.246</td>
</tr>
<tr>
<td>Fagrant</td>
<td>.885</td>
<td>.377</td>
</tr>
<tr>
<td>Amount</td>
<td>-1.493</td>
<td>.136</td>
</tr>
<tr>
<td>Subloan</td>
<td>.183</td>
<td>.855</td>
</tr>
<tr>
<td>Unsloan</td>
<td>-1.188</td>
<td>.236</td>
</tr>
<tr>
<td>Dnk</td>
<td>-.338</td>
<td>.736</td>
</tr>
<tr>
<td>Interest</td>
<td>-.018</td>
<td>.986</td>
</tr>
<tr>
<td>Credit</td>
<td>1.689</td>
<td>.092</td>
</tr>
<tr>
<td>Cardamt</td>
<td>.021</td>
<td>.983</td>
</tr>
<tr>
<td>Schamt</td>
<td>-.527</td>
<td>.598</td>
</tr>
</tbody>
</table>

NOTE: Descriptions of variables are provided in Appendix D.
Table 4.21: Comparison of Discriminating Variable Means in the Comprehensive Explanatory Discriminant Model by Faloan.

<table>
<thead>
<tr>
<th>DISCRIMINATING VARIABLE</th>
<th>GROUP</th>
<th>M/SD</th>
<th>Faloan ratio</th>
<th>E</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Faloan n= 765 M/SD</td>
<td></td>
<td>Faloan ratio n= 427 M/SD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fagrant</td>
<td>0.110</td>
<td></td>
<td>0.447</td>
<td>206.000</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Income</td>
<td>5.820</td>
<td></td>
<td>4.309</td>
<td>84.51</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Fawork</td>
<td>0.064</td>
<td></td>
<td>0.211</td>
<td>60.060</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Schamt</td>
<td>41208.880</td>
<td></td>
<td>58071.171</td>
<td>43.04</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Pareduc</td>
<td>3.761</td>
<td></td>
<td>3.258</td>
<td>42.72</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Status</td>
<td>2.448</td>
<td></td>
<td>2.958</td>
<td>35.620</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Black</td>
<td>0.041</td>
<td></td>
<td>0.126</td>
<td>31.310</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Semester</td>
<td>6.722</td>
<td></td>
<td>9.115</td>
<td>8.378</td>
<td>.004</td>
</tr>
<tr>
<td>White</td>
<td>0.837</td>
<td></td>
<td>0.778</td>
<td>6.380</td>
<td>.012</td>
</tr>
<tr>
<td>Cardamt</td>
<td>70825.421</td>
<td></td>
<td>65533.44</td>
<td>5.512</td>
<td>.019</td>
</tr>
<tr>
<td>Scholar</td>
<td>1.533</td>
<td></td>
<td>1.679</td>
<td>5.146</td>
<td>.024</td>
</tr>
<tr>
<td>Credit</td>
<td>1.897</td>
<td></td>
<td>1.775</td>
<td>3.985</td>
<td>.046</td>
</tr>
<tr>
<td>Gender</td>
<td>1.478</td>
<td></td>
<td>1.419</td>
<td>3.260</td>
<td>.071</td>
</tr>
<tr>
<td>Single</td>
<td>0.915</td>
<td></td>
<td>0.892</td>
<td>1.681</td>
<td>.195</td>
</tr>
<tr>
<td>Married</td>
<td>0.071</td>
<td></td>
<td>0.084</td>
<td>0.738</td>
<td>.390</td>
</tr>
<tr>
<td>Children</td>
<td>3.540</td>
<td></td>
<td>3.155</td>
<td>0.131</td>
<td>.717</td>
</tr>
<tr>
<td>Asian</td>
<td>0.067</td>
<td></td>
<td>0.065</td>
<td>0.528E-02</td>
<td>.942</td>
</tr>
<tr>
<td>Faother</td>
<td>0.099</td>
<td></td>
<td>0.091</td>
<td>0.970E-01</td>
<td>.756</td>
</tr>
</tbody>
</table>

NOTE: Descriptions of variables are provided in Appendix D.

Next the researcher examined the computed standardized canonical discriminant function coefficients. The centroids for the groups were
determined to be -.408 for the group without financial aid loans and .730 for the group with financial aid loans. Eighteen factors were entered into the discriminant model and produced an overall canonical correlation of $R = .479$. This indicates that the combination of the 18 factors in the model explained a total of 22.9% of the variability in whether or not students had acquired student loans.

The factors which were found to have the highest standardized coefficients were whether or not the student had a financial aid grant ($b = .618$) and the amount of scholarship received ($b=.301$). The variable FAGrant also had the highest within-group structure coefficient ($s=.762$). Variables that had a structure coefficient of half or more than half the within-group structure coefficient of the highest variable (FAGrant in this model) were considered to be of substantive significance. Two additional variables that met this criteria were 1998 family income ($s = -.488$) and whether or not the student was receiving financial aid work study ($s = .411$) (Table 4.22).

Table 4.22: Summary Data for Stepwise Discriminant Analysis of the Comprehensive Model (N=1192).

<table>
<thead>
<tr>
<th>DISCRIMINANT FUNCTION VARIABLE</th>
<th>b</th>
<th>s</th>
<th>Group Centroids</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAGrant</td>
<td>.618</td>
<td>.762</td>
<td>No FALoan</td>
</tr>
<tr>
<td>Schamt</td>
<td>.301</td>
<td>.348</td>
<td>FALoan</td>
</tr>
<tr>
<td>Black</td>
<td>.274</td>
<td>.297</td>
<td></td>
</tr>
<tr>
<td>Fawork</td>
<td>.242</td>
<td>.411</td>
<td></td>
</tr>
</tbody>
</table>

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White       .233     -.134
Pareduc    -.219     -.347
Income     -.213     -.488
Status     .205      .317
Credit     -.104     -.106
Gender     -.077     -.096
Semester   .076      .154
Single     .067      -.069
Asian      -.061     -.004
Faother    -.059     -.017
Married    -.047     .046
Cardamt    .028      -.125
Scholar    .004      .120
Children   .000      -.019

NOTE: Descriptions of variables are provided in Appendix D.

<table>
<thead>
<tr>
<th>Eigen Value</th>
<th>Rc</th>
<th>Wilk's Lambda</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>.298</td>
<td>.479</td>
<td>.770</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

During the last step of the discriminant analysis process, the percent of correctly classified cases was examined. The comprehensive model correctly classified 73.99% of the cases analyzed (Table 4.23).
Table 4.23: Classification of Cases by Comprehensive Model (N=1192).

<table>
<thead>
<tr>
<th>ACTUAL GROUP</th>
<th>NUMBER OF CASES</th>
<th>PREDICTED GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No Faloon</td>
</tr>
<tr>
<td>No Faloon</td>
<td>765</td>
<td>616</td>
</tr>
<tr>
<td></td>
<td></td>
<td>80.5%</td>
</tr>
<tr>
<td>Faloan</td>
<td>427</td>
<td>161</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37.7%</td>
</tr>
</tbody>
</table>

NOTE: Percent correctly classified: 73.99%.
CHAPTER 5: CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

Findings Summary

The college loan program has grown dramatically since its inception in 1957 (Hearn, 1998). Over the past seven years, total loan volume nearly tripled from $13 billion in 1991 to $38 billion in 1998 (USDOE, 1998). During this time, individual student debt loads have also risen (Fossey, 1998a). Institutional recipients of college loan dollars do not seem to be worried about this trend (Fossey, 1998b). When students themselves are consulted, however, the college loan program becomes a matter of concern.

This exploratory research study examined public university students’ perceptions about their own loan debt management knowledge and about the counseling policies used to prepare them for their loan responsibilities. The three research questions addressed in this study were:

1. What are students' perceptions about their own loan debt management knowledge?
2. What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?
3. What percentage of students are accumulating additional educational debt through the use of credit cards?

The target population consisted of all students enrolled at Louisiana State University, Baton Rouge Campus, for the Spring 1999 Semester. A systematic random sample of 32 classes was selected.
Study objectives established to answer the research questions were:

1) to construct demographic profiles for a) all survey respondents and b) for loan recipient survey respondents on personal characteristics, on financial aid characteristics, and on credit card use characteristics.

2) to identify constructs that affect students' perceptions about the loan process for use as dependent variables.

3) to determine if a model existed which explained students' perceptions about the loan process.

4) to determine whether a model existed that increased the ability for administrators and counselors to accurately explain the differences between students who receive loans and those who do not.

A 34-question survey instrument was developed to collect data. This instrument contained 11 demographic characteristic questions asked of all respondents, 2 demographic questions asked of loan recipients, 20 statements to measure student perceptions of the loan process asked of loan recipients, and 1 open-ended request for all respondents to make suggestions to help other students make good financial decisions about paying for college. The 20 statements used to measure student perceptions of the loan process were measured with a 5-point Likert-type scale that ranged from Strongly Agree (1) to Strongly Disagree (5).
The survey instrument was administered by the researcher in 28 of the classes and by the class instructors in the other four (4) classes. Student participation in the study was voluntary and totally anonymous. One thousand two hundred and four (1,204) students chose to participate in the study. Of these respondents, 433 had acquired loans. This study found that many students do not understand their loan obligations, that they received inadequate counseling about financial aid at the high school and the college levels, and that some students are accumulating credit card debt in addition to college loans.

**Objective 1: Student Profiles**

According to the research results for all respondents, the “typical” college student in this study was a white (81%), female (55%) freshman (27%) who had been enrolled in college for one to five semesters (57%). This typical student was single (91%) with no dependents (92%) and with a 1998 family income over $75,000 (36%). At least one of the parents of this typical student had received a graduate degree (31%). University data was not available for all of the demographic variables examined in this research study (Louisiana State University Office of Budget and Planning). Those variables that were available showed the “typical” LSU student as a white (78%), female (53%) freshman (26%). The research sample of 1,204 students appears to accurately reflect the student population of 29,773 from which the systematic random sample was drawn.
In comparison, the “typical” loan recipient student in this study was a white (77%), female (60%) senior (27%) who had been enrolled in college for one to five semesters (45%) [Note: Some students interpreted this question to mean the number of semesters enrolled at LSU rather than “total number of semesters enrolled in college including current semester” as requested in the survey question]. Additionally, the typical loan recipient was single (89%) with no dependents (91%) and a 1998 family income of under $15,000 (28%). At least one of the parents of this typical loan recipient had received a high school diploma (35%).

Thirty-six percent (36%) of the students in the research sample indicated they had loans. Data from the Louisiana State University Office of Budget and Planning projected that approximately 34.5% of students enrolled in the 1998-99 year would have received loans. The subsample of loan recipient survey respondents was slightly larger than the estimated number of loan recipients.

The research sample and the loan recipient subsample varied on class status (Freshman vs. Senior), 1998 family income (>75,000 vs. <$15,000), and parent’s highest level of education (Graduate degree vs. High school diploma).

Scholarships were the predominant form of financial aid for students on the LSU campus. Fifty-nine per cent (59%) of all survey respondents received scholarships and their average scholarship award was $3,661.04. Fifty-one
percent (51%) of loan recipient survey respondents received scholarships and their average scholarship award was $3,015.26.

The 1998-99 academic year was the implementation year for a Louisiana state tuition scholarship program (TOPS). This program pays public university tuition for any Louisiana student who maintains a 2.5 or higher GPA. Students with a 3.0 and higher GPA are also eligible to receive a stipend each semester. When this research study was designed, the TOPS program was awaiting funding from the state legislature; therefore, survey items were not designed to collect specific data about the program as a funding source. Implementation of TOPS may be the dominant contributing factor to over half of all respondents (59%) and of loan recipient respondents (51%) receiving scholarships. Findings from this study indicate that the new scholarship program has not significantly lowered the use of loans (20% of Freshman respondents had loans, 22% of Sophomore respondents had loans). To examine the role of the new scholarship program as a funding source, a follow-up study should be done at the research site to see what impact, if any, the scholarship program has on students' decisions to use loans. Students are eligible for two types of Stafford loans: Subsidized and Unsubsidized. They may be receiving both types at the same time. Of the 433 survey respondents who had loans, 242 had subsidized loans, 134 had unsubsidized loans, and 98 did not know what type of loan they had.
The government pays the interest on subsidized loans while the student is enrolled in school. For unsubsidized loans, the student may pay the interest while in school or may allow the interest to accumulate and be added to the loan balance. Of those students with unsubsidized loans, 54 (45%) were not paying the interest, 67 (55%) were paying the interest. Thirteen unsubsidized loan recipients did not respond to this question. Loan amounts ranged from $0 (students who take out loans at the beginning of the semester and pay them off during the semester) to $100,000. Thirty-six percent (36%) of loan recipients had loans that were $5000 or less.

**Objective 2: Identified Constructs**

In general, loan recipient respondents did not select Strongly Agree or Strongly Disagree for any of the items on the 20-item perception scale. Of the eight items with which respondents somewhat agreed, “I have a clear idea of how much money I spent last semester on college” (M=2.08) and “I believe the monetary benefits of my education will be worth the cost of my student loans” (M=2.09) ranked highest. Respondents only selected one item for somewhat disagree: “My high school counselor helped me find out about financial aid options” (M=3.63).

Factor analysis procedures conducted on the perception scale identified three factors: Factor 1—Students’ perceived knowledge of the loan process; Factor 2—Students’ decision to use loans; and Factor 3—Student’s source of loan knowledge.
Objective 3: Loan Process Model

The three factors identified in objective two were used as dependent variables to determine if models existed which explained student’s perceptions of the loan process. Each of the factors resulted in a significant model.

The strongest model was derived from Factor 1, Students’ perceived knowledge of the loan process (22.2%). This model identified three significant variables: 1) the student not knowing what type of loan they had (20.2%), 2) the total number of semesters that the student had been enrolled in college (1.3%), and 3) whether or not the student was white (0.7%).

The second model using Factor 2, Students’ decision to use loans, (3.0%) identified two significant variables: 1) the student not knowing what type of loan they had (1.7%) and 2) whether or not the student was white (1%).

The third model using Factor 3, Students’ source of loan knowledge, (6.4%) identified three significant variables: 1) the 1998 family income (3.0%), 2) whether or not the student was receiving a scholarship (2.2%), and 3) the highest education level of the students’ parents (1.2%).

Objective 4: Loan Recipients Model

A loan recipient model was identified through discriminant analysis that correctly classified 73.99% of the 1,192 cases analyzed. Twelve of the groups were found to be statistically different. Significant variables identified in the model were: 1) whether or not the student received a financial aid grant, 2) the student’s 1998 family income, 3) whether or not the student received financial
aid work study, 4) the amount of scholarship(s) received, 5) the parent's highest level of education, 6) status in college (freshman, etc.), 7) whether or not the student was black, 8) the number of semesters the student has been enrolled in school, 9) whether or not the student was white, 10) the amount of college expenses being charged on a credit card, 11) whether or not the student was receiving a scholarship, 12) whether or not the student was using a credit card to help pay college expenses.

These results verified earlier research studies that identified the number of semesters enrolled in college, family income, parent's highest level of education, and being of a minority race as characteristics of loan defaulters (Fossey, 1998b; Mortenson, 1993; Paulsen, 1991; St. John, 1990; Somers and Bateman, 1997; Volkwein and Cabrera, 1998; Volkwein et al, 1998).

Conclusions and Recommendations

The findings of this research led the researcher to the following conclusions:

1. Approximately one-fourth of the loan recipient respondents do not understand their loan obligations.

Twenty-four percent (24%) of students with loans did not know what type of loan they had. Furthermore, students were uncertain about 9 of the perception scale items which asked them to rate their knowledge about specific aspects of the loan process. These items included how well they understood loan consolidation options, how much their student loan payments would be
after graduation, what the time length of their loan is, what interest rate caps are for student loans, whether they understood the interest payments on their loan, whether they understood the penalties for defaulting on student loans, and whether they could explain the loan process to other students.

As further illustration of this finding, two of the multiple regression models found the variable “Do not know” from the survey question “While you are enrolled in school, is the interest on your loan(s): subsidized, unsubsidized, do not know” to be significant (Model 1: 20.2% of variance, Model 2: 1.7% of variance).

Finally, many of the suggestions made by 525 survey respondents (Appendix E) further verified students' confusion about the loan process (this included students with and without loans). Some of these students expressed frustration such as “Make it easier. I understand how to write complex computer programs, but have no idea how to apply for a loan or financial aid. ” Other students offered specific solutions such as “I would like to have a “Stupid Student Sheet” every semester that says: You owe: __________ @____________ interest when you graduate.”

The researcher recommends additional verification and refinement of Model 1 from this study. Additional significant variables that influence the loan process need to be identified. New variables examined should include the types of financial aid information provided to students (brochures, web pages,
mailings, etc.) and the specific methods of providing information (one-on-one counseling, group counseling, written documents, etc.).

2. High school and college financial aid counseling practices are not adequately preparing students for their loan responsibilities.

Student loan recipient respondents selected the response "Uncertain" to 11 out of 20 items about the following aspects of the loan process: interest rates, repayment schedules, loan consolidation, and default penalties. Additionally, loan recipient respondents somewhat disagreed was the statement "My high school counselor helped me to find out about financial aid options". The strongest verification of student dissatisfaction with the adequacy of current counseling practices came from the respondents' suggestions. A few examples are: a) "Before even signing on to university, someone should walk you through all options and see what you are eligible for. Student loans were thrown on me even though I was eligible for a state program (name slips me) that would have paid for everything. When I learned about the program (friends had free ride on it), the state told me it was too late." b) "The counselors should be knowledgeable and answer our questions!" c) "It needs to be explained more. I have financial aid but know very little about it."

As several financial aid administrators in Louisiana explained in interviews with the researcher, most financial aid departments have limited personnel and financial resources. A small counseling staff (for example, four
counselors at LSU for approximately 8000 students) is challenged to take care of the thousands of students who receive loans. Another problem administrators identified is the lack of a financial aid major or of formal training for financial aid counselors. As a result, most financial aid counselors obtain their job skills through on-the-job training. Still another problem is that because of staff turnover, many financial aid counselors do not stay on the job long enough to thoroughly learn their responsibilities. Because of the complexity of the federal college loan regulations, it seems likely that some financial aid counselors are advising students without a thorough understanding of the college loan program. Additional research should be conducted about financial aid counselor qualifications as well as counseling practices.

Professionals in the field should review current counseling practices and determine what changes can be made to help students better understand their loan responsibilities. Student suggestions for improving counseling included: 1) seminars on money management with emphasis on ways to save money and on the consequences of debt; 2) mandatory career counseling during the student's first semester in school; 3) more information about all college funding options, especially scholarships; 4) identification of helpful web sites for additional financial aid information; and 5) interaction opportunities for students just entering the loan process with alumni who are making loan repayments.
3. Some students are accumulating additional college debt through the use of credit cards.

Twenty-six (26%) of all respondents indicated they were using credit cards to help pay college expenses while 31% of loan recipient respondents are using a credit card. Although the range of debt for all respondents was less than $250 and for loan recipients was $251-$500, a few respondents had credit card debts of $12,000-$15,000. This problem may be even larger than the findings indicate since 53 of the respondents who indicated they were using credit cards did not disclose how much debt they had incurred using them.

Students suggested that other students be warned about the “dangers of debt. Consequences of high credit card interest rates.” They further suggest that the university should “not make credit cards so available to people who don’t really understand the part about paying it off later.”

The researcher recommends that university administrators refuse to allow credit card solicitation on campus and that debt management seminars be offered to students.

For future research, the researcher recommends refinement of the current survey instrument based on the research findings. After refinement, the study should be duplicated at a regional institution, a historically black institution, and a community college to verify the results for other post-secondary populations. Since the institution chosen for the research site had
selective admissions and a low default rate, problems identified in this study may be more severe at institutions with higher default rates.

Summary

This research has important implications for financial aid counseling practices at both the college and high school levels. The fact that many students do not understand the details of their loan obligations is cause for concern. It seems likely that students’ ignorance about their indebtedness may be a factor in their willingness to take out larger and larger loans.

Student loans were originally designed to expand educational opportunities for students with limited financial resources by paying their college expenses. The current legislative definition of student financial need has expanded the availability of student loans to most students enrolled in post-secondary education. Because of these liberal policies, students today rather than simply borrowing enough to meet their educational needs may be borrowing money to support a more affluent lifestyle.

Today, the loan program has expanded far beyond its original mission. Helping students’ understand their loan obligations and the consequences of accumulating large loan debts can help the individual student make good financial decisions and can help financial aid loans continue to be a viable option for financing a college education.
REFERENCES


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February 2, 1999

Dr. XXXXX,

As an educator and a scholar, you know about the costs of attending college. My dissertation research focuses on the use of student loans to pay for a college education. Through a random selection process, students in your XXXX class, Section X were chosen as part of the survey sample for my dissertation research. The 34-question survey which examines students' understanding and perceptions of loan debt management should take approximately 15 minutes to complete. With your permission, I would like to administer the survey between February 18th and March 5th to your class. Administering the survey during class time would keep the survey responses totally anonymous and would help to ensure a better response rate.

At the bottom of this e-mail letter is a synopsis of my research. I have also attached a copy of the survey instrument. I would be glad to answer any questions you may have or to meet with you in person.

During the next week I will contact you to get your answer about the administration of this survey. I would really appreciate your consideration of this project.

Julia Porter
E-Mail: JPorte2@lsu.edu
Since its inception in 1944 as the GI Bill, federal financial aid policy has focused on access and opportunity. The American public sees a college education as part of the American Dream and federal financial aid as the means to achieve that dream. Before 1980 very little research was conducted on financial aid policy which is driven by politically motivated legislation. Since 1980, rising tuition costs and the increasing number of student loans and loan defaults have focused research attention on the economic issues of financial aid policies. The one thing that all research on financial aid agrees on is that a college degree positively affects the economic and social status for the individual and for society.

The 1992 Higher Education Act Amendments expanded the scope of the financial aid program to allow more students to qualify for aid. In fiscal year 1997, $43.3 billion in student financial aid was awarded to 8.1 million students at 6,200 U.S. postsecondary schools (GAO/HEHS-98-192, 1998). Over 7,000 federal guidelines for financial aid policy implementation exists, but institutions are allowed to make exceptions to these regulations. While the federal government holds postsecondary institutions accountable for their students' loan repayments, little research has been conducted on financial aid counseling practices and the effect of these practices on student loan repayment.

Because of the scope and complexity of the financial aid system, a specific loan program was selected for examination. A thirty-four question survey that focuses on Federal Family Education Loan Program (FFELP) Stafford Loan recipients was developed for administration to a systematic random sample of 1200 students. Survey questions examine students' understandings and perceptions of student loan management to answer the following questions:

1) What are students' perceptions about their own loan debt management knowledge?
2) What are students' perceptions of current financial aid counseling practices used to prepare them for their loan responsibilities?
3) What percentage of students are accumulating additional educational debt through the use of credit cards?
APPENDIX C: SURVEY INSTRUMENT

DEBT MANAGEMENT SURVEY

Directions:
We need your help to gather information about students' knowledge of debt management as it relates to student financial aid loan programs. By voluntarily completing and returning this anonymous survey, you are agreeing to provide this valuable information which will be reported in summary form. If you would like a copy of the survey results, please e-mail your request to JPORTE2@LSU.EDU.

Unless otherwise requested, check or write the ONE best response to each item. If you want to explain your answers further, please use the space at the end of the survey.

SECTION 1: DEMOGRAPHIC DATA

1. What is your current college enrollment status?
   □ a. Freshman
   □ b. Sophomore
   □ c. Junior
   □ d. Senior
   □ e. Graduate (Master's program)
   □ f. Graduate (Doctor's program)

2. How many semesters have you been enrolled in college (counting current semester)?
   ____________________________ Semesters

3. What is your race (mark only one)?
   □ a. African American
   □ b. American Indian
   □ c. Asian
   □ d. Hispanic
   □ e. White
   □ f. Other (please specify) _____________________

4. What is your gender?
   □ a. Female
   □ b. Male

5. What is your current marital status (mark only one)?
   □ a. Married
   □ b. Single
   □ c. Widowed
   □ d. Divorced
   □ e. Separated

6. How many children or other dependents are you financially responsible for other than yourself?
   ____________________________ Children/Dependents

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7. Please estimate your total family income for 1998:
   □ a. <$15,000
   □ b. $15,000-$25,000
   □ c. $25,001-$35,000
   □ d. $35,001-$45,000
   □ e. $45,001-$55,000
   □ f. $55,001-$65,000
   □ g. $65,001-$75,000
   □ h. > $75,000

8. Parents' Highest Level of Education (Either parent)
   □ a. Less than High School
   □ b. High School Diploma
   □ c. Associate Degree/Certificate
   □ d. Bachelor's Degree
   □ e. Graduate Degree

9. Types of financial aid you have received (check all that apply):
   □ a. grants
   □ b. loans
   □ c. scholarships
   □ d. work study
   □ e. other (please specify) ____________________________

   *If you are NOT receiving student loans, go directly to Section 3 on Page 4 and continue answering questions.*

SECTION 2: STUDENT LOAN PROCESS

   *If you marked B in Number 9, please complete this section of the survey by indicating your level of agreement with each of the following items:*

10. My high school counselor helped me find out about financial aid options.
    Strongly Somewhat Uncertain Somewhat Strongly
    Agree Agree Disagree Disagree

11. Financial aid information at Freshman Orientation did **not** help me make a decision on how to finance my college education.
    Strongly Somewhat Uncertain Somewhat Strongly
    Agree Agree Disagree Disagree

12. I first learned about student loans for financing my college education through the financial aid department at my university.
    Strongly Somewhat Uncertain Somewhat Strongly
    Agree Agree Disagree Disagree

13. Student loans are my main source for funding my college education.
    Strongly Somewhat Uncertain Somewhat Strongly
    Agree Agree Disagree Disagree

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14. My family helped me make the decision to use student loans to pay for my education.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

15. I made the decision to get a student loan after carefully considering my other financial aid options such as grants and work study.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

16. I have a clear idea of how much money I spent last semester on college.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

17. Although I have student loans, the process involved in acquiring student loans is still a mystery to me.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

18. I know what interest rates are allowed on student loans.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

19. I understand the interest payments on my student loans.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

20. I can explain the difference between subsidized and unsubsidized student loans.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

21. I could explain the student loan process to other students.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

22. I believe the monetary benefits of my education will be worth the cost of my student loans.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

23. I know how much total student loan debt I have incurred so far during my college enrollment.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |

24. I do not have any idea how long it will take to pay off my student loans.  
   | Strongly Agree | Somewhat Agree | Uncertain | Somewhat Disagree | Strongly Disagree |
25. I have a clear idea of how much my monthly student loan payments will be after graduation.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Uncertain</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

26. I feel that the only way I can afford to attend this university is by using student loans.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Uncertain</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

27. I would **not** recommend the student loan route for other students.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Uncertain</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

28. I understand student loan consolidation options.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Uncertain</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

29. I can explain the penalties for defaulting on my student loans.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
<th>Uncertain</th>
<th>Somewhat Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
</table>

30. Total student loan debt incurred so far during college enrollment:
   □ a. Estimate: ________________________________
   □ b. Do not know.
   □ c. Prefer not to answer.

31. While you are enrolled in school, is the interest on your student loan(s)
   □ a. subsidized (you are not responsible for the interest while you are in school).
   □ b. unsubsidized (you are responsible for the interest while you are in school).
   □ c. do not know.

   **IF** you have a loan that is **not** subsidized, are you paying the interest while you are attending school?
   □ yes □ no

**SECTION 3: FUNDING SOURCES**

32. Are you using a personal credit card to help pay college expenses?
   □ yes □ no

   If yes, estimate of credit card debt $__________________

33. Are you receiving any scholarships?
   □ yes □ no

   If yes, estimate total amount of scholarships received per year $__________________
SECTION 4: SUGGESTIONS

34. What additions/changes would you suggest in financial aid counseling practices to help students make good financial decisions about paying for their college education? Feel free to cite personal experiences.

Thank you very much for your help!
Please place this form in the box at the front of the room before you leave.
APPENDIX D: DEFINITION OF VARIABLES

Amount: The amount of loan debt incurred so far during college.
Asian: Whether or not the respondent was of the Asian race.
Black: Whether or not the respondent was of the black race.
Cardamt: The amount of credit card debt accumulated to pay college expenses.
Credit: Whether or not the respondent was using a credit card to help pay college expenses.
Children: Number of dependents including children.
Dnk: Do not know what type of student loan.
Fagrant: Whether or not the respondent had received a financial aid grant.
Faother: Whether or not the respondent had received financial aid assistance other than scholarships, loans, grants, and work study.
Fawork: Whether or not the respondent had received work study.
Gender: Whether the respondent was a female or male.
Income: 1998 family income. If a student was claimed on their parent's 1998 income tax return, the parent's income was the family income. If a student was not claimed on their parent's 1998 income tax form, income was the student's income.
Interest: Whether or not the student was paying the interest on their unsubsidized loan while enrolled in college.
Married: Whether or not the respondent was married.
Pareduc: Respondent's parents highest level of education completed (either parent).
Schamt: The amount of scholarship(s) received by the respondent.
Scholar: Whether or not the respondent received a scholarship(s).
Semester: The number of semesters the respondent has been enrolled in college including the current semester.
Single: Whether or not the respondent was single.
Status: The respondent's university classification (Freshman, Sophomore, etc.)
Subloan: Whether or not the respondent received a subsidized loan.
Unsloan: Whether or not the respondent received an unsubsidized loan.
White: Whether or not the respondent was of the white race.
APPENDIX E: STUDENT SUGGESTIONS

Counseling

Financial Aid Counseling

Seminars on how to manage money when there is a shortage of it, that offers suggestions to help save money and not go into debt or even destroy credit.

For financial aid counselors to assist students with other methods of financial aid. Not just recommending other options but to help them apply for it.

The video we are forced to watch before getting loans is the most retarded, patronizing waste of time ever! I know loans must be paid back! I would like to have a “Stupid Student Sheet” every semester that says: You owe: ________@ ______ interest when you graduate.

Don’t make students feel as though they absolutely need a loan. Make sure they understand they will be paying for it forever.

Financial aid counselors who do answer your questions and go through every step of the process without making you feel like you are a nuisance in their day.

I think they should offer counseling to also help college students to budget their money. Not only with financial aid at school, but also their own money.

Make it easier and easier to understand.

Make mandatory career counseling in first semester e.g. financial choices, scheduling (not just orientation).

Everyone should be aware that there are people out there willing to help them. I don’t think people realize that they can get help (I wish I did).

Seminars and counseling for each student.

My family supported me throughout my undergraduate career. Knowing this, I ignored any and all opportunities for counseling.

Financial aid counseling is infrequent, if available, and it is very difficult to get a straight answer from a counselor. I feel that to improve financial aid counseling, ALL options, their pros and cons, a clearly written statement of actual cost to the student and a clear statement (step by step would be useful) of everything necessary to obtain financial aid would be helpful. In addition, people need to be educated as to all of their options. Many people don’t take advantage of what is out there in the way of aid, and I believe the primary reason is because it seems inaccessible. The
The greatest area of lack of education I have personally experienced is financial aid for graduate programs. That's what I am facing now, and the process is very confusing—I am not even certain that I am doing all that I should.

The counselors should be knowledgeable and answer our questions!

I think that many students don't know where to find aid or don't have time. The schools need to throw it in the students' face time after time.

Maybe more advice about budgeting money and the character-building effect of being poor or working through college. I think it is best to be poor during college than to leave college with huge debts. Also, the university could provide more help in finding jobs so loans wouldn't be needed.

Let students know the difference between subsidized and unsubsidized, different grants, and how they are to be paid for. Help in the process of filling out FAFSA.

Tell them to make a copy of their applications, they will be asked to answer the same questions many times over and these copies will help the process from driving them CRAZY!

Make students more aware of financial aid.

I would recommend more info with regards to grants and scholarships. I would like to see counselors point students in the direction of other financial sources other than loans such as scholarships, grants, and endowments, that can be offered to students from private and public sources.

Maybe the loan process could be explained in greater detail.

Make students aware of all other options before offering loans. Provide counseling on finding scholarships and other types of aid: e.g. financial aid web sites, special scholarships for specific study areas/student groups, etc. A great source for scholarships on the web which I found is http://www.fastweb.com.

I'm not really sure, but it would be nice to have examples of situations where college students, or soon-to-be college students, would encounter in their college experience.

The financial services here at LSU are not helpful, friendly, or motivated. After my 5th time receiving student loans, you would expect things to go smoothly, but because of the ignorance of those working in the office, I am still struggling with receiving aid.

Maybe have a defaulter or some one just out of school with the reality of payments about to start come speak at the mandatory promise note meeting.
Make known available options. Clear up how long it takes to pay back loans, etc. Even though parents make some money doesn’t mean college is affordable. Kids should be rewarded more for academic success.

Explain the process of where the money comes from, who it comes through to get to the university and the student, and the procedure for renewing and canceling a loan and/or grant.

Counselors need to be available to explain loans. The counselors at LSU are helpful if you can get hold of them.

I think that high school seniors should have an interview with a financial aid counselor so that they would understand their options in college. For my experience, my father was the one who did it for me. He explained my options to me and helped me choose the best ones.

I think students should be made more aware of what financial aid they can be granted through counseling programs designated to help incoming college students.

Call each kid in their office and explain what opportunities are out there.

As a personal experience, I was not aware of the many scholarships and financial aid opportunities there were until I was in my junior year of high school. If I had known that I could have gotten more money for better grades, I would have done a whole lot better in high school. Maybe by giving freshmen in high school and opportunity to see what scholarships are out there, then they will probably perform better.

Providing seminars to students (on campus).

Just being able to fill it out with a counselor to make sure you are doing it right.

Financial aid loan officers should encourage students more to attempt to pay the interest on unsubsidized loans during school. Financial aid officers should have a one-on-one consultation with each student to ensure that they understand their conditions surrounding their loan agreement.

I don’t feel that the counselors care enough to give good advice. The last time I went to the financial aid office, the counselor basically told me “there’s nothing you can do” in regard to obtaining additional funds due to my parents not contributing.

I think there should be seminars or meetings of some sort for students receiving financial aid to give them phone numbers, more information concerning the consequences of some decisions that can affect them. I don’t think it’s right for students to have to pay off loans for years out of college. Interest rates could be different (lower) for students.
Counselors ought to tell students about the difficulty in repaying a debt. For a student who steps into a well-paying position or has earned a professional degree (medicine, law, etc.) this is not a problem. But for other students (among them personal acquaintances of mine) it is difficult to repay a debt while in graduate school with the limited earning power that someone who has a full academic schedule has.

Advise us about all options best for us.

Hire people who give a shit!

Calling students back when they call the Financial Aid Office would be exceedingly helpful!

All the exchange back and forth between office and student. Why can’t the information all be put in a packet one time, to be signed once and that’s it? The waiting between transactions is just not efficient enough either.

I believe that financial aid needs to be explained prior to high school graduation. There should be a mandatory meeting for all students and parents pursuing a college education. I have experienced so much hardship with student loans. I think student loans are a money pit!

Give advice on financial aid to students upon accepting the application.

Counselors should quit lying about how much money is available for work study.

Required one on one counseling with application procedure.

I think counselors should advise against people taking unnecessary loans; otherwise, things are good.

More informative personal interactions.

I never saw anyone about these loans. I filled out papers, signed them, and that was it. I don’t have any idea what the interest is or what will happen if I am unable to pay these loans back in a timely manner.

Make sure students take a considerate account of their living expenses; remind them about utility costs, miscellaneous expenses, etc. Ask the student if the loan needed is the determining factor for whether or not they stay in school. Tell them more clearly how loan disbursements work.

Get better counselors.

Make aware of the financial aid that is out there and make them know that just because they are getting aid it doesn’t mean that they are poor or lower class.
If students are under the age of 25 (whatever age is to become an independent), the financial aid applications are difficult when they ask for your parents' financial information. I was going to apply for my first student loan but I am having a difficult time because I do not know where to go for help with application. It's hard for me to give advice considering I don't have much experience.

Stop Bsing people.

I have friends pursuing Ph.D's and who are in 1000's of dollars of debt and who plan to teach. They needed someone someone to tell them beforehand that there is no way they will recoo the $ on a teacher's salary.

I wish there were some way to know what my options are for payments (clearly), because I feel that I learn everything piece-meal when problems arise.

They should explain payment plans after school.

I think more info should be made known at the high school level.

I think that there should be a conference for each student before the semester begins to explain to them the best ways to finance their college education.

Just general help in finding financial opportunities. I've maintained a 4.0 GPA for 3 years now, but for some reason I've never been able to get much in the way of financial backing from the university. A little help to point me in the right direction would have been nice in the beginning.

The counselors tend to push grants and loans. I feel they should be more open about what scholarships they have available. If there are not any available for the current semester, then tell a student what he/she would have to do to obtain a scholarship for the next semester or year.

Make people understand that living expenses are greater than a part time job can supply.

Tell them the advantages and disadvantages.

Examples of how much borrowed, monthly notes, how much total payback for subsidized and unsubsidized.

Inform the student of how they will have to pay the loans back, payment options, amounts, so they can make a better informed decision.

I had to watch a video for a loan and I have no idea what it was about—it was required to watch it, but it didn't help out at all—I was in a room with three other girls. A student took us to the room. I didn't know if I could ask questions or who to direct
them to. The video was pretty unclear, too. I recommend a better video! A CLEAR list (SPECIFIC) of what's going on.

A more organized system that would be easier understood by students. Warn them of the extreme financial debt that can occur. Have the plans outlined and advertised better.

It would be nice for extra phone lines and personnel to be added to the LSU FAA office, at least when times are busiest. This summer I spent hours on the phone just to get a chance to ask questions. I also was not aware that when I changed my scholarship from Honors Alumni to TOPS I would have to pay any increase in tuition once I’d received it.

To be advertise and provide information about financial aid to incoming students and become more user friendly in Office of Financial Aid.

I would help the students fill out the proper forms. I would give them the papers they need to fill out, NOT send them to another office. I would help the student find scholarships or jobs on campus.

Absolutely and without exception to make information more accessible and increase the rate of the process (much too long to receive checks). Also, giving a year grace period until interest begins to accrue would be greatly appreciated.

Let them know other options to pay or scholarships, etc. that no one told me about.

Personal—straight forward counselor-to-family talks. Estimating costs to make it more tangible.

Students about to enroll should be told of the advantages, disadvantages, and consequences of receiving loans and grants and also be given detail about payment and interest while in school and after that student graduates.

Educating our citizens should not be a burdensome responsibility. It is essential that all Americans be given an opportunity to secure an education. I strongly believe that education should be free. We are in a highly competitive global economy system and our survival depends on a well educated society. If budget surpluses exist, make education a key issue. Allow all Americans to have a right to a free education and increase the pay for teachers to reflect the value that education should have in our system.

Students should not be working in the financial aid department. I have had experiences where they have misinformed me.

Be polite. The students are the reason they are employed. I double their knowledge. I had to consult outside university sources for non-conflicting information.
Before even signing on to university someone should walk you through all options and see what you are eligible for. Student loans were thrown on me even though I was eligible for a state program (name slips me) that would have paid for everything. When I learned about the program (friends had free ride on it), the state told me it was too late. I was royally screwed. Now I work 58 hours a week at 3 jobs and costs keep rising. [Why has school costs risen @ ten times the current rate of inflation!?] The university and everything connected including local rentors aim to milk you for every penny they can get. It is not a student friendly program.

More personal contact rather than just confusing forms in the mail.

Continue to educate students about options. I wish more help was available to Grad students; I think LSU used to try to do this more but have recently begun to focus on undergraduates.

It needs to be explained more. I have financial aid but know very little about it.

Get a different movie!

Make it easier and less stressful to get financial aid help.

**High School Counseling**

I believe that financial aid needs to be explained prior to high school graduation. There should be a mandatory meeting for all students and parents pursuing a college education. I have experienced so much hardship with student loans. I think student loans are a money pit!

I think that high schools should be up-to-date on informing high school seniors of scholarships for college.

High school counselors should help you know more about your options.

Make the high school guidance counselors get off their ass and help the student while he/she is in high school to get scholarships and other financial awards.

One-on-one meetings with each student in high school that are intending on attending college would be more beneficial to the student and would give more optimistic support to attend. Doing this would allow the counselor to tailor a financial aid program to the students' needs and eligibility. Personally, I had to seek out a counselor that did not help me very much.

I think there should be more encouragement to apply for any and all scholarships the student might possibly get. Lots of kids miss out because they assume they won't
qualify. High schools should also give out applications and help for getting scholarships during the senior year.

I would suggest making scholarship information more readily available to the less motivated students. I also feel that since the state government decided to give away free tuition to mediocre students (the year after I graduated) there needs to be a reevaluation. I also think the standards for the TOPS program need to be raised. Counselors should offer more programs which introduce the different types of aid available to students instead of relying on student initiative to come on their own time to find out. This keeps a lot of good students out of school if there are no family members to encourage them.

Educate about financial aid earlier as in high school.

Students in high school should be encouraged to consider the financial cost of college by their junior year. By striving hard for high grades in high school, students will be more likely to be awarded scholarships. Also, students should be encouraged to prepare carefully for standardized tests such as ACT, GRE, etc...high schools on the GRE helped me receive a fellowship for doctoral study.

Guidance counselors in high school should push more for students to apply for scholarships and present more scholarship applications.

I would make high school guidance counselors explain financial aid to high school seniors.

Educate about options for student aide in the high school.

High schools. Especially for children of uneducated parents.

I would start introducing loan opportunities in high school more clearly and regularly. I would also decrease the interest rates on student loans.

This should start in high school with counselors talking to students. I had a scholarship but lost it when I couldn't stay in school full time while I was also working full-time. When this happened, I didn't know what to do.

More counseling earlier in high school so students are prepared to make better grades to get scholarships.

I would recommend that high schools and colleges counsel students personally on their financial aid options, not just have workshops. People are usually confused when they decide about financial aid and should have the financial aid process explained completely to them.

Workshops seniors could attend to find out what kinds of help there is.
Schools should have college counselors that begin working with high school students as early as freshman year. Their involvement can motivate the student to make better grades to achieve college goals and prepare for the financial situation.

More emphasis in high school—the positive and negative aspects of loans need to be stressed.

The counselors need to meet with all freshmen/high school seniors. Let them know their options of getting a loan as well as the risk. Help them understand how to calculate interest and advice them not to use unnecessary money.

More information should be made available to the students about their options. My school counselor did nothing but hand out in-state scholarship forms.

I wish in high school my counselor would have made me more aware of the many scholarships I could have applied for.

I think high school students should be better informed about government aid such as grants. They should also be made more aware of the total cost of going to college not just tuition.

I had a problem specifically with my high school counselor. I was asking her questions during my junior year and she said I wouldn’t have to worry until my senior year. Then my senior year comes and I’m behind on yearly applications for scholarships and I’m short of financial means.

Get to the students earlier. Start around sophomore year in high school. I didn’t realize it would be such an issue til the end of my senior year and by then it was nearly too late. Students need to be informed of the importance earlier.

With respect to scholarships, let students know their value early on (Freshman year of high school). So they’ll have something to work for and it won’t be too late for them to start trying to earn scholarships as a senior.

Have more knowledgeable counselors in public schools. Make them pass a basic course in financial aid every other year to keep them knowledgeable about changing laws.

Personally, I received no guidance counseling while in high school (years 1976-1980) even though I was an Honor Roll student. School loans, scholarships, and grants were not offered to me. While in the USAF, I took advantage of the Military Tuition Assistance programs. Now that I am a civilian and going to school part time, I am paying for my own tuition. I would welcome information about scholarships that could be attained for part time students as they all seem to apply to full-time students.
Credit Card Use

I need help with debt management!!

Do not get credit card for those extra nights out or be frivolous with buying clothes. It does catch up to you.

Dangers of debt. Consequences of high credit card interest rates.

Don’t get credit cards.

Get a job in addition to your loans. Cut up your credit cards. Play the lottery once or twice a year!

Tell students about credit debt.

I would suggest that using credit cards shouldn't be encouraged. Some students might find the need to charge more than anticipated.

Have a seminar for those interested.

Get a job and do not schedule over 12 hours. Don't use credit cards unless necessary.

When I started at LSU, I got the impression at orientation that loans were evil and should be avoided at all costs. Then I got work study and began working at Student Aid and Scholarships on campus. It was through that job that I learned student loans have low interest rates (much lower than credit cards) and you don't have to pay them back until 6 months after graduation. I wish I had known that sooner.

Credit card responsibility and education.

It is obvious how lucrative a market students are to credit card companies. Advertisements are placed in campus (official university print) like registration booklets, etc. Somehow these companies can get phone numbers of students and harass them (us) at home. The interest rates on this line of credit are outrageous! Many students have no idea the financial trouble they are getting themselves into and universities seem careless of the situation. They should advise students of the hazards. Big Business wins again.

Sometimes I think about getting a credit card. But then I think about why I want one, and those are the same reasons I do not get one. I think college students have a) too many credit cards and b) are not, in general, responsible enough to have one. I also think there should be other alternatives to loans.

I see many students making big mistakes with credit cards.

Tell them not to use credit cards! There are lots of other resources available.
Warn students about credit cards—not allow credit card companies to hand out applications on campus.

Don't make credit cards so available to people who don't really understand the part about paying it off later (not me personally, but most of my friends). Help students find a way to claim all that unused money out there. Encourage students to apply to all possible scholarships regardless if they meet all the criteria. My mother forced me to and it did pay off Big time in the long run.

Information

Have more information available to those non-traditional students wishing to continue their education.

Send out bulletins and information packets on different types of scholarships, loans, etc. to increase awareness.

Show them all of the possible scholarships/grants/loans, etc.

More information on money management!

Let them know about financial aid checks and when they'll come in—don't throw out a huge bill suddenly, give some warning.

I think there should be more information given to students about financial aid.

Just let incoming college students know exactly what their options are and how to obtain loans, etc.

I don't know much about this because my parents have really done all of it for me, but I do know that LSU has not been helpful or cooperative in dealing with my scholarships. I had to get someone that my uncle knew at the Alumni Center to call the bursar's office for me because they would not tell me what some of my scholarship money had been used for. I think that the university itself could be more cooperative in dealing with students' and parents' scholarship and financial aid questions.

The actual application procedures are confusing. I want to apply for a summer loan, but I am unsure how to.

A simple, concise, almost grade-school type brochure explaining the ramifications of interest, debt, etc., should be available.

I think children with married parents should be treated more fairly because sometimes or most of the time married parents struggle as much as single parents...
for their kid's education. I think that kids should be taught more about loans before getting them.

My parents have larger incomes, so I am not eligible for financial aid. However, I was told by a friend that if I claim myself, federal aid would become an option. I think that students should be made aware of all options—not just what's available based on your parents' income.

Clear up the red tape.

Make students more informed.

Make a finance class mandatory.

More access to grant information.

More information needs to be readily available. Students also need to be in control of their school money. Also, scholarships should be more rewarding to those who deserve them. For example, I was valedictorian of my high school and I have to also take out loans. That should not be the case. I busted my ass and for what?

Give more pamphlets.

Give more info to students.

Loans

I took out loan, but parents will pay it so I really only know when to go and hand in papers. I'm not a good survey to go by.

None—don't use them.

Statement consolidation of all loans.

This was not the case for me, but I think that sometimes students are offered too much loan money. If there was away to estimate more closely the amount students need, it would be more efficient. I think perhaps people end having more debt because they had more money than they needed.

Do not make loans. Start a saving program as a high school freshman.

More help to newlyweds. I wanted to file for a loan this spring but couldn't because I couldn't change my marital status in the middle of the year. You should be able to change anything at any time.

When I started at LSU, I got the impression at orientation that loans were evil and should be avoided at all costs. Then I got work study and began working at Student
Aid and Scholarships on campus. It was through that job that I learned student loans have low interest rates (much lower than credit cards) and you don't have to pay them back until 6 months after graduation. I wish I had known that sooner.

Tell them to avoid a loan at all costs. My mom took out a loan and she is still paying on it at the age of 39.

Don't take out loans unless you know what you're getting into! Most college students don't seem to have a clue about this.

My parents basically did everything for it (my loans).

Lower interest rate and strongly suggest or require a fixed monthly payment.

Explain the process of acquiring a loan. My parents have, in the past, claimed me for tax purposes despite the fact that they do not provide 50% of my support. Now that they don't claim me as dependent, why must I use their income as a basis for my student loans?

The advantages/disadvantages of taking out a loan vs. working during school. I worked when I first came to LSU and didn't incur any debt but my school work suffered. Now I am taking out loans and am doing better in school. Suck it up, take the loan, get, pay it back.

Perhaps clarify how and when student loans are to be paid off. While I, myself, did not use loans to pay for graduate school, my husband is. We are still not sure how difficult it will be to repay these in the future.

Majority of the older students are on their own; therefore, making their own money and paying their own bills and not living at home. I don't think they should be required to use their parent's income to determine their awarded amount on the grants in order to try and not have to get a loan.

—Proper budgeting. —Scheduling of classes and work for expenses. —Consequences of loans, obligations, and effect on other to obtain money assistance if failure to repay. What a bottomless pit!

Tuition should go down. There should be more documentation or references for loans. You should get one on one counseling every semester from the financial aid counselors.

That loans and scholarships had more options for out-of-state students.

Apply for as many scholarships/grants as possible. Try to avoid student loans or keep to a minimum.

My parents have taken care of my loans for me so I am not aware of the process.
The only major problem that I have with the loan process is that I am not sure of the outcomes when I finish school on the amounts. I also would like to transfer colleges but I can't because my GPA will not allow me to apply for loans elsewhere. I think that is wrong.

At freshman orientation all students should be required to go to a seminary on student loans to better understand them.

Make it easier. I understand how to write complex computer programs, but have no idea how to apply for a loan or financial aid. This has kept me from using that.

Loans should be consolidated for you as part of the financial aid process. At my undergrad (university) we had exit interviews where they gave us a summary table of our loans, interest, company guarantor name, and predicted monthly payment and this was very helpful.

No Financial Aid Experience

I personally do not know how the financial aid office is counseling students. I have no additional comments because of my lack of knowledge on the subject.

I really can't say because my parents have worked their butts off to put me through college.

I don't have a problem paying so I don't have any suggestions.

I really don't know about how financial aid works. I can't make any judgments or suggestions. I have tuition paid for plus $200 a semester which goes towards fees and books. My parents pay for books. Everything else, whatever I may need or want, I pay for by having a job.

Not sure because my parent's pay!

I do not really know what to suggest--I've never required financial aid.

I don't know enough about the subject to comment.

I don't know. My dad makes over $500,000 a year so loans are kinda foreign to me.

Actually, I'm not quite sure because I've never experienced it.

Actually, I've never had to visit the financial aid offices on campus.

I have never dealt with student aid.

I have no experience in financial aid so I, therefore, cannot voice my opinion.
I have no clue.

I really have no suggestions to make because paying for my education has never been an issue.

I don't know about financial aid. All I have is my tuition waiver which immediately shows on fee bill.

I'm not familiar with the system yet but I will be next semester; ask me then.

Options for Out-of-State and International Students

I feel the cost of out of state tuition for LSU is outrageous. It costs almost $2000 extra per semester. Also the tech fees charged for some class is too high and the students don't see the benefit (old broken equipment).

Apply for as many loans and scholarships as possible especially when you are going to college out of state like me. I don't have any kind of financial aid so my parents are paying full pop right now.

It's not fair for international students to pay such a high out of state tuition fee. School should make some policy in order to make paying tuition easier for international students.

Do something for foreign students, too.

Provide loans to international students.

There should be aid for international students as well. International students are not represented at all in tuition fee increases. We pay the highest amount in fees on campus.

Scholarships and financial aid is hard to get if one is out of state, but still has a better GPA than those in state students. There are very few scholarships available to people from out-of-state whose parents are not alumni. And out-of-state students bring in a lot of income to Baton Rouge and Louisiana by traveling costs, etc.

I find the system all right. However, it could have been better if international students were better informed before coming to the university...in the fields of housing, food, educational system, etc.

Other

Ways to increase entitlement by varying scenarios—live at home—support yourself.

Be rich.
The catch of being dependent on my parents who did not pay for my education, but earned too much kept me from receiving any grants even though I was paying for college alone. There must be a method to determine this sort of situation.

I sell my body for sex to help pay the bills.

More needs to be offered to night or evening students. The older students have more responsibility but they get less financial aid. They say they make more money, but don't consider the additional expenses.

I feel that Louisiana should have the same sort of program that other states such as Georgia have. This is that tuition is free for public universities if the student maintains a GPA of 3.0 or higher. In France, there is an even better alternative to this. College tuition is free when a certain GPA is maintained and students also receive monthly income so that they can concentrate on their studies rather than working during the semester.

Always apply for federal aid even if you don't think you qualify.

Apply for all financial aid as possible.

Because of the amount of money that my parents make, I generally found that I was not eligible for scholarships/grants/financial aid. I really think that since I don't make much money, I should have been eligible.

No suggestions. I went into the army to earn my educational benefits without having to owe any institutions.

My parents are not helping me with school but I have to use their income for my financial aid forms because I have their insurance. I am on scholarship but I can't afford living expenses. I don't know how to get more money.

Make more money available for scholarships. Gays get extra money...why shouldn't straight folks?

I feel financial aid should be available more to people of the majority, instead of trying to make it so easy for the minorities to attend college. State schools should take care and make sure its own is able to attend college instead of helping others!!

I don't have any financial aid. My family income was too high for the college to give it to me. I could get loans, but my parents made the decision to where I get out of school I will not have any debt. I suggest to just keep giving financial aid to more and more students. Especially some that are not fortunate to have parents send them through or don't have scholarships. There are many people out there that deserve to be going to LSU instead of us, but they just haven't gotten a chance because of finances. Just help those people.
1. Look at total living expense, on an average. 2. Help students find jobs to pay for living expenses if loans, grants, and other things will pay total school expenses. 3. I feel at this time there is some bias in awarding student aid. 4. You almost need a high paying job to go to school if you can't get any help from parents.

Yes, I am having difficulty meeting all my obligations with current funding and expenses. It seems that emergencies always arise each semester that keep me in financial crisis.

Make financial aid available to those that really need it.

Biochemistry needs to be easier.

Make it a faster, more dependable process.

More $.

Save for college way ahead of time! I had to sit out a few semesters to work to pay for bills, debt, and try to save for college.

Hand out large sums of money to people who ask for it.

My parents first paid for my college tuition. I wound up dropping out. Now I have decided to go back to school; I have to pay for my own school tuition. This experience I had to find on my own. I had to learn the hard way, but I am just glad to be getting an education. Many people need to learn the hard way, but it's okay.

The use of technical terms and legal language and "big words" is often confusing. Not a real problem, but it adds to the headache.

I think the tuition in this university is pretty good. But I just want to suggest a much more NICE environment for us students to be in...cleanliness, env., security, traffic...it will help students develop more! :)

I wish there would be more businesses or organizations that help students pay tuition or expenses. The government doesn't have unlimited funds although I wish they did.

That there was some sort of special consideration for those students who worked full-time while in school. While recent tax incentives have helped those who are forced to continue to work (because of family or other reasons) receive very little consideration at this university. There has been a dramatic increase in "returning" students. Seems like these more motivated/harder working students deserve a little support.

Selling illegal contraband.
Maybe splitting people up by majors so they can determine their cost of college and how long and how much it will take to pay off.

Student aid to underachievers $2.0 < \text{GPA} < 4.0$.

Money is the root of all evil!!

Need more grant options. The way things are set up now, only the smart people get money. The people who work hard but aren't the best get left out in the cold.

You can join several branches of the military and receive tuition assistance. There are many other ways available as well.

I think the students should be personally involved and not just allow the parents to make the decisions.

I attended LSU 30 years ago. I'm a displaced homemaker. I do not qualify for financial aid because they said my husband makes too much money, although that doesn't apply to me any more. What a joke!

Give us free money; we po!

Start saving money when you're young!

Advertise more.

It is not counseling. It is guidelines based per person and his/her parents income that is unfair.

More money.

I did have a four year scholarship that covered tuition. I am currently enrolled part-time to obtain enough credit hours to sit for the CPA exam. I am paying my tuition through the salary I earn from my full time accounting job.

Financial aid should not exclude children from families with good income. My parents make decent money but I don't want to depend on them for tuition; especially since they have five other children to put through school.

Satisfied with System

I think the information is out there; students just aren't interested enough (no pun intended) to go and find it.

None—our college is still cheap, inexpensive.

Good job.
If the student makes the effort, there is plenty of help. They do a good job. I think it's up to the student.

I don't have any personal experience with financial aid. However, I would imagine that the system is doing its job at the least.

It's great.

No suggestions—the system seems to work well.

It's all good—pretty good.

They're fine.

**Scholarships**

Clarify more clearly the requirements for scholarships.

Whole system is ridiculous. I have a 3.8 cumulative GPA. I am graduating 2nd in my class but cannot and have never received a scholarship because LSU claims my father makes too much money. Luckily my family can afford to pay for school but that is not the point. Why do all of these TOPS individuals with much lower grades, work ethic, and incentives get their school paid for? LSU needs to offer more payment options (i.e. deferred tuition payment throughout year) so lump sum loans don't have to be taken out.

Scholarships line to get access to so many that go unused.

I think that there should be scholarships for students that have returned to school after having not attended school for some time who also work full time.

I need a scholarship or financial aid.

I'd like to know more about where sources are that I can apply for scholarships to.

Don't count on scholarships for college. Make students more aware of how expensive college really is.

I feel that because my parents make good money, I do not qualify for many scholarships or grants (hardly any). Almost all applications ask if I am in financial need. Why should my parents have to put out more money just because they have it? They did work for it.

I believe that with the many hours of diverse credits required to get a degree, scholarships might work better if it was maybe 4 and 1/2 years. This could allow people who are double majoring or/and minoring (which many students have to do to stay competitive) to have less of a traumatic course load, and allow all students the
flexibility to help them have a better GPA to keep their scholarships. P.S. Please fix parking! (sorry, just had to throw it in)

They should be made aware of all scholarships available. I have an LSU scholarship for tuition. Had I known about it, I could have had a TOPS scholarship that, given my ACT score and high school GPA, would have given me $400 per semester for books. Now, I'm newly married and find it hard to come up with that money each semester for books.

I would like to see more announced opportunity for scholarships and scholarship deadlines.

No clue. More scholarships for individual field "work study payment". I would like to know more.

I can't reach any LSU scholarship information which is very frustrating to me.

There should be more scholarships for upper level transfer students. Transferring to LSU, I had to give up a scholarship. I have 3.5 overall GPA and have been on the Dean's List every semester but there are no scholarships available to help me pay for my education.

I wish there were more scholarships for students who are continuing from year to year rather than just entering freshmen. Also, I am confused at how a friend of mine a year younger got a scholarship for both in-state and out-of-state tuition. She has lower statistics than I do. Ex. ACT or GPA.

Make sure students understand that if they give up a scholarship to a university, they can not get it back. Paying my own tuition because I transferred schools, and I have a 4.00 GPA. A little 18 year old retard gets a free ride while I work for my grades. It sucks and is unfair.

Coming out of high school, being a white middle-class male, it was very hard to qualify for a scholarship. I had a 27 on my ACT but received nothing from LSU (in 1986). Now after years of working I have returned to LSU. My work covers much of the tuition.

Tell students to bust their ass in high school and get scholarships. There are a plethora of them and they are not unattainable.

They should raise the requirements for scholarships.

Scholarships should be given to more students. If you want people to attend your school, make it worthwhile.
I think that all students should be aware of any scholarships that they could be eligible for. In my opinion, the portrayal of scholarship possibilities is at a minimum for students. This should be changed.

Study hard in high school and try to get a scholarship.

When and where to find scholarship information and deadlines to apply for scholarships. But I’ve never had a problem with the LSU financial aid office; they’ve always answered questions.

Don’t know, but every scholarship that I’ve applied for I just get a thank you letter for your applying letter but the scholarships were awarded to other students. I can’t get my scholarships, I’m not rich, and if it wasn’t for my grant, I probably wouldn’t be here.

Offer scholarships throughout time at school, not just one package—that’s it.

Make students aware as they enter high school about scholarships and what the criteria are, then they will be aware and can work for them.

Stress the importance of registering for scholarships early in high school years.

I think I should have been sent information about various scholarships and grants that I am eligible for. My GPA is 3.35 and I know I am eligible for some scholarships but do I have to fill out a zillion applications? It should be simple.

Try to get a scholarship. Do your best in high school.

Do a lot of research in high school about available and sometimes obscure scholarships that are out there.

I would encourage high school seniors to fill out all available scholarship applications, whether the scholarship be $100 of $10,000 because every little bit helps.

I think there should be a separate scholarship for students with good GPA’s but bad test scores. I had a 3.8 GPA and a 25 ACT score. I couldn’t get a scholarship because of the ACT score. Now I have a 4.0 GPA in college and other students on scholarship are doing badly.

I think that there should be some sort of scholarship program for re-entry students. I gave up an honors scholarship to go on a religious mission for two years and returned last semester. Upon my arrival, I discovered that even though I have a 3.7 GPA, I am not and never will be eligible for any scholarships because of my standing as a re-entry student. In my opinion that sucks.

Make easier for students to find out more scholarships available.
Let people know about all scholarships available to them. Since I've been in college, I have learned about many scholarships I was unaware of.

Students should try to get as many private scholarships as possible because LSU tries its hardest to take your money.

Should have scholarships for students who can't have a Pell Grant.

I think LSU should allow people to apply for scholarships especially high school students because simply looking at grades, ACT, and financial information doesn't really give a good picture of the student's life. I also feel that there should be more money allotted in scholarships without regard to the parent's financial situation. I am and have been on the Dean's list all through college, yet have had NO scholarship offers. That's ridiculous with a 3.8 GPA.

**TOPS**

I wish I wasn't too old for TOPS.

I could not answer any questions about the loans because my wonderful mother handles all of that stuff. I just know that scholarships (TOPS) pays my tuition and loans and grants pay the rest. I believe my mother pays a small amount out of pocket.

If they're going to continue TOPS they must ensure that we get our stipend if we've earned it. I've only gotten one check (last semester) and I need it and counted on it to take care of my expenses.

TOPS is great.

I would suggest making scholarship information more readily available to the less motivated students. I also feel that since the state government decided to give away free tuition to mediocre students (the year after I graduated) there needs to be a reevaluation. I also think the standards for the TOPS program need to be raised. Counselors should offer more programs which introduce the different types of aid available to students instead of relying on student initiative to come on their own time to find out. This keeps a lot of good students out of school if there are no family members to encourage them.

I don't have any new ideas, but I just want to comment on TOPS. Many students are here thanks to TOPS and without it higher education would be just a dream. With the increase in tuition, I don't know how TOPS will be able to pay for us and that has many of us scared.

I feel that any student who has a 2.0 should be eligible to receive the TOPS program regardless of what year they graduated.
I wish either the state (TOPS program) and LSU could get together and set a certain amount that the TOPS program will pay for. The state is not compensating for the tuition increase. That is costing the students' money that was not originally suppose to pay.

I only hope that the TOPS program will continue to be available to pay for tuition.

Don't know because I never needed or inquired about them. They need to better educate about the TOPS program though.

I suggest the state pay for all students' tuition and pay off all student loans that students have already incurred. It's not fair they started the TOPS program for new students. What about already enrolled students?

As of now, my scholarships and TOPS are helping me pay for school, but once they are gone I will probably need financial help to continue here.

I am a recipient of the TOPS scholarship. I know there are problems with it, such as being able to fund it in the future. Instead of later priority of financial need—how about raising the ACT and GPA standards?

The staff at student aid and scholarships ran me around in circles when the TOPS scholarship was started. I still do not know if I am eligible to transfer by scholarship to TOPS. I just wish they would be more knowledgeable and helpful.

I feel that students who were not eligible for TOPS funding because they were presently enrolled in college when this program went into affect should get some type of funding. It could possibly be based on current college GPA.

**Tuition and Fees**

Cheaper.

We need more money because expenses are really high.

Drop out-of-state tuition.

Books are too expensive; we should be able to rent books.

Help Please!! Lower the cost of school.

I think the schedule book should include classes book requirements for each section and their possible prices. I think we should know if the books are going to be new or old. This would help students and their parents create budgets and what not.

I suggest the federal government needs to lower the college tuition of the students,
especially for international students because the international students almost pay
the double or even more money than the American students. It is not fair.

The main problem we come across is the technology fee and books. The prices of
books are outrageous. Supplemental texts should be offered. I don't really know
though. My parents pay for school and I know they are just ready for me to
graduate.

Do not penalize students for being poor and get rid of out of state tuition. It's not the
fault of the students that they have no parents.

Free tuition and books for everyone, especially American citizens and Louisiana
residents.

I would make it Free.

Make students more aware of tuition increase. Let students have a voice in this
decision.

I feel that all reservists, not just Louisiana National Guard should be tuition exempt.
Especially being in the Marine Corps, the fact that the Army, Navy, and Air Force
have a very large GI bill.

Since tuition is going up, my scholarship does not pay all of my expenses. I have to
spend some of my grant money to pay for books and supplies. The money I receive
does not cover it all.

If we are going to pay extra fees, I suggest fixing computer labs so it doesn't affect
students.

Don't raise tuition.

I do not think tuition should be raised because I will not graduate by the time my
scholarship is used and will have to pay for the remainder of my education. Being
out-of-state, this will put a tremendous burden on me since my parents can not afford
to pay.

Change room and board if applicable. A lot of student loans don't pay for just tuition;
people get enough money for other (personal) things. They should only get enough
to equal out tuition and books only. This would make funds more accessible for
more students. (Personal experience from others than myself.

No practices, but Textbook Rental could save about $200 per student per semester.

Allowing an 18 year old female who lives by herself and pays tuition to be able to get
more than 1/3 of tuition costs.
It would be good if GAs received at least a partial tuition waiver, instead of having to pay the entire tuition fees. It's good that GAs do not have to pay non-resident tuition fees. The assistantship amounts should be increased, too.

**Work**

Tell students to simply manage their money and keep a budget. Also, making money for yourself makes you respect it a whole lot more.

Pay students more for student work/employment!!

Work and save money so you don't have to borrow.

Try to work as much as possible. Do work because even if you don't get a scholarship initially, you may get one depending on academic achievement.

Work study should be emphasized more.

Get a job while you are younger and save it.

As a student working full time and being an adult (25 years) no longer dependent on parents, I believe that money you earn should be compared to the bills (money going out) for rent, insurance, utilities, etc., should be considered when considering someone for financial aide.

Let them do some type of work to pay for their education.

Start working as soon as you get in college.

Make more on campus jobs. Never really used a counselor.

Have a part time job.

It's inevitable not to be in debt if one does not work while in school. And even so...
VITA

A native of Choctaw County, Mississippi, Julia Young Porter graduated from Ackerman Attendance Center in May 1970. She received her bachelor of science degree in business education from Mississippi State University in August 1976 and her master of education degree in guidance and counseling from Southeastern Louisiana University in December 1992. The degree of Doctor of Philosophy was received in May 1999 from Louisiana State University. Julia is a National Certified Counselor and a Licensed Professional Counselor.

Julia is the daughter of Martha Nell Young of Ackerman, Mississippi, and the late Roy Elvin Young, Sr. She is married to Wayne Charles Porter, a professor of Horticulture at Louisiana State University. They have two daughters, Suzanne and Rebekah.
DOCTORAL EXAMINATION AND DISSERTATION REPORT

Candidate: Julia Young Porter

Major Field: Educational Leadership and Research

Title of Dissertation: The Role of Financial Aid Counseling in Students' Understanding of Student Loan Management

Approved:

Richard Jossey
Major Professor and Chairman

Dean of the Graduate School

EXAMINING COMMITTEE:

Michael L. Burnette
William E. Davis
James H. Fehlmann

Date of Examination: ____________________________

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