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Game Not Over: Understanding How Low-Income Students Use Financial Aid and Other Resources to Persist Toward Bachelor's Degree Completion

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Game Not Over: Understanding How Low-Income Students Use Financial Aid and Other Resources to Persist Toward Bachelor's Degree Completion

Abstract

Students from low-income families are not as likely as their more affluent peers to complete a baccalaureate degree. While other forces - including, but not limited to, prior academic preparation, academic integration, social integration, and engagement on campus - may influence a student's decision to persist or drop out of college, some students simply are not able to afford to pay tuition, fees, and living expenses. Over the past thirty years, the cost of college tuition and fees have increased over 500 percent, while available federal, state, and institutional financial aid programs have failed to grow at a comparable pace. Notwithstanding, there are many students from low-income families who do find ways to persist and complete bachelor's degrees, though little is known about how they are able to navigate the financial obstacles facing them.

This phenomenological study seeks to better understand how students who have persisted beyond their first year at one of three four-year universities (one public, one private not-for-profit, one private for-profit) finance the costs of their college education, how they use financial aid and other resources to pay these costs, and how they perceive financial aid to promote and limit their ability to persist through their educational programs. Findings suggest that students' ability to persist is heavily dependent upon federal, state, and institutional financial aid policies, levels of support and counseling available at the K-12 and postsecondary institutions, and students' individual levels of social and cultural capital. Students in the study relied heavily on need-based grant aid to provide the base of their funding. From there, student loans, employment wages, family support, and budgeting strategies all played important roles for various students.

This study fills an existing gap in the literature, as little is known about the experiences and strategies of students with limited financial resources who are finding ways to meet college costs. Study results provide direction for theory, policy, and practice.

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**GAME NOT OVER: UNDERSTANDING HOW LOW-INCOME STUDENTS USE
FINANCIAL AID AND OTHER RESOURCES TO PERSIST TOWARD
BACHELOR'S DEGREE COMPLETION**

Jamey Alan Rorison

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GAME NOT OVER: UNDERSTANDING HOW LOW-INCOME STUDENTS USE
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BACHELOR'S DEGREE COMPLETION

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Jamey Alan Rorison

DEDICATION

To my mother, Rose Rorison, for being both a model and teacher of perseverance, and for giving me the tools to persist through completion of a doctoral degree.

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ABSTRACT

GAME NOT OVER: UNDERSTANDING HOW STUDENTS FROM LOW-INCOME FAMILIES USE FINANCIAL AID AND OTHER RESOURCES TO PERSIST TOWARD BACHELOR'S DEGREE COMPLETION

Jamey Alan Rorison

Laura W. Perna

Students from low-income families are not as likely as their more affluent peers to complete a baccalaureate degree. While other forces – including, but not limited to, prior academic preparation, academic integration, social integration, and engagement on campus – may influence a student's decision to persist or drop out of college, some students simply are not able to afford to pay tuition, fees, and living expenses. Over the past thirty years, the cost of college tuition and fees have increased over 500 percent, while available federal, state, and institutional financial aid programs have failed to grow at a comparable pace. Notwithstanding, there are many students from low-income families who do find ways to persist and complete bachelor's degrees, though little is known about how they are able to navigate the financial obstacles facing them.

This phenomenological study seeks to better understand how students who have persisted beyond their first year at one of three four-year universities (one public, one private not-for-profit, one private for-profit) finance the costs of their college education, how they use financial aid and other resources to pay these costs, and how they perceive financial aid to promote and limit their ability to persist through their educational

programs. Findings suggest that students' ability to persist is heavily dependent upon federal, state, and institutional financial aid policies, levels of support and counseling available at the K-12 and postsecondary institutions, and students' individual levels of social and cultural capital. Students in the study relied heavily on need-based grant aid to provide the base of their funding. From there, student loans, employment wages, family support, and budgeting strategies all played important roles for various students.

This study fills an existing gap in the literature, as little is known about the experiences and strategies of students with limited financial resources who are finding ways to meet college costs. Study results provide direction for theory, policy, and practice.

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CHAPTER 1: Introduction

Students from low-income families are less likely to enroll in college than their more affluent peers, and the low-income students who do enroll are less likely to persist through baccalaureate degree completion (Rumberger, 2010). Among the eighth graders represented in the National Educational Longitudinal Study of 1988, 60% of students in the top income quartile completed a four-year college degree, compared to only 7% of students from the bottom quartile (Rumberger, 2010). More recent data suggest that these trends have not changed substantially, even when sampling only students who chose to enroll in college. Data from the 2003 Beginning Postsecondary Students Study (BPS) and its 2006 and 2009 follow-up interviews show that approximately 48.6% of students from the top income quartile (identified when they were originally surveyed in their first year of college) earned a bachelor's degree within six years, whereas a significantly smaller proportion – 18.6% – of students from the lowest income quartile earned a degree within six years (National Center for Education Statistics, 2009).

This gap in bachelor's degree completion among income groups is problematic for two main reasons: first, approaching – let alone achieving – the national educational attainment goals set by President Obama requires a substantial increase in college educated citizens from low-income families (Carnevale, Smith & Strohl, 2010). Second, enrollment and completion gaps between low- and high-income students perpetuate ongoing economic and social stratification in our society (Perna, 2006). For many years, it has been asserted that, for a low-income student, a college degree is necessary for entry into the middle class (National Center for Public Policy and Higher Education, 2008),

and President Barack Obama has made this assertion a central point of his higher education policy platform throughout his presidency (The White House, 2013). While an increased number of certificates and associate degrees will count toward meeting the president's goals, many of the jobs requiring postsecondary education – especially those with the highest wage premiums – that will be available in the next decade will require at least a bachelor's degree. The Bureau of Labor Statistics (2013) projects that, between 2012 and 2022, nearly two-thirds of the 16.9 million jobs requiring postsecondary education that will open due to growth and replacement needs will require a bachelor's degree or higher. The 2012 median annual wage of jobs requiring bachelor's degrees (\$67,140) is nearly \$10,000 greater than the median annual wage for positions requiring an associate's degree (\$57,590, Bureau of Labor Statistics, 2013). Over the course of a career, the average bachelor's degree holder is expected to earn hundreds of thousands of dollars more than the average associate's degree holder.

The Call for Increasing Bachelor's Degree Attainment

Acknowledging the need for American workers to gain and maintain the skills necessary in a global economy in his first congressional address in 2009, President Obama called for the United States to once again have the highest proportion of college-educated adults in the world (Kanter, 2011; Zumeta, Breneman, Callan, & Finney, 2012). Ranked first in the world as recently as 1990, the United States currently only ranks only 12th among a comparison group of 38 nations in its proportion of young adults (ages 25-34) with a bachelor's degree or higher (Organisation for Economic Co-operation and Development, 2012; White House, 2013).

In their 2010 report, *Help Wanted: Projections of Jobs and Education Requirements through 2018*, Carnevale, Smith, and Strohl (2010) projected a need for more college-educated citizens to meet growing workforce demands, noting that the number of jobs requiring postsecondary education in 2018 is expected to exceed the number of qualified workers by 3 million if the nation remains on its current trajectory. In *Recovery: Job Growth and Education Requirements through 2020*, an update of *Help Wanted*, Carnevale and colleagues (2013) estimate that, by 2020, 65% of all jobs will require postsecondary education and training, and that the workforce shortage will increase to approximately 5 million postsecondary educated or trained workers by 2020. Because both reports utilized the same methodology, the increased gap between anticipated job openings and commensurately educated workers to fill these positions signals a greater need to educate our workforce than the authors initially projected. In the updated report, Carnevale and colleagues (2013) add two important caveats. First, most of the available jobs that do not require any postsecondary education or training are in historically lower paying fields such as sales/office support, manual labor, food, and personal services. Second, most jobs will require skills, knowledge, and abilities that extend beyond the education provided in the educational attainment band to which they are assigned, supporting the claim that postsecondary education or substantial on-the-job training are required of any worker hoping to make middle-class wages.

Carnevale and colleagues (2010) note that producing 5 million additional college degrees to achieve a globally-competitive, educated workforce depends on increased degree attainment among all college students, including those who are already enrolled but not completing their degrees. Revisiting the aforementioned gap in bachelor's degree

completion rates underscores the importance of raising the completion rates of students from low-income families. There isn't as much opportunity to increase educational attainment among higher-income students, as they are already earning degrees at relatively high rates.

Looking beyond the issues of international competitiveness and labor market needs, there are additional public and private benefits associated with postsecondary degree completion. In 2011, the average bachelor's degree holder paid roughly \$5,000 more in federal, state, and local taxes than the average citizen with no more than a high school diploma (Baum, Ma, & Payea, 2013). Citizens with at least some postsecondary education are more likely than their less-educated peers to enjoy a number of other private benefits, including lower unemployment rates, greater job satisfaction, lower smoking rates, greater exercise rates, and lower obesity rates. Additionally, college educated citizens are more likely than high school diploma holders to contribute a number of benefits to the public, including higher voter turnout rates, greater involvement in volunteering, and lower reliance on federal public assistance programs. The magnitude of these public and private benefits increases as an individual's overall educational attainment increases (Baum, Ma, & Payea, 2013). Considering their disproportionately lower rates of participation in higher education, low-income individuals are less likely to reap the personal benefits and contribute the public benefits than their higher-income peers.

Addressing Historical Inequities

Increasing educational attainment among low-income students would not only contribute to national goals, but will also close the historical gap in higher education access and completion between high- and low-income students. Recent data from the National Center for Education Statistics (2012) show that low-income students continue to be underrepresented in undergraduate enrollment, as only 51% of high school graduates from the bottom income quintile immediately enrolled in college in 2010, compared to 82% of students from the highest income quintile and 67% of students from the middle three quintiles. While college going has increased over the past 35 years among all income groups, the 30-percentage point gap in college enrollment between high- and low-income students has remained essentially constant (National Center for Education Statistics, 2012).

Furthermore, there are distinct differences in the types of higher education institutions students from various income groups attend. According to data from the 2012 National Postsecondary Student Aid Study (NPSAS:12), displayed in Table 1, students from the lowest two-fifths of the income distribution were more likely to enroll at for-profit institutions than their more affluent peers, as 17.4% of students from the lowest quintile and 15.4% of students from the second quintile attended for-profit institutions, compared to 9% and 12.1% of students from the top two quintiles, respectively. These enrollment patterns are important, as community colleges, for the most part, do not offer bachelor's degrees, and for-profit bachelor's degree granting- institutions have average six-year graduation rates that are far lower than those at not-for-profit and public institutions. Among first-time, full-time students in fall 2004, 65.4% of students at four-

year not-for-profit institutions graduated within six years, compared to 56.0% at public four-year institutions and 28.0% at for-profit four-year institutions (National Center for Educational Statistics, 2012). These enrollment and completion data, when examined together, suggest that students from low-income families are less likely than higher-income students to earn bachelor's degrees because they attend institutions with lower completion rates.

Using receipt of a Pell Grant as a proxy for low-income status returns slightly different findings when examining students' enrollment choices. The proportion of non-Pell recipients (44.4%) at community colleges is greater than the share of Pell recipients (37.9%). However, more than one-third of students at community colleges come from low-income families. Low-income students who do not apply for financial aid may be more likely to choose community colleges over other institutions because of their lower tuition. Additionally, Pell Grant recipients (21.2%) are more than twice as likely as non-Pell recipients (8.1%) to attend a for-profit institution.

Across all institution types, students from low-income families who do enroll in higher education have longer time-to-degree than students from higher income groups. Table 2 shows the time-to-degree for bachelor's degree seeking students who started at four-year institutions using data from the Beginning Postsecondary Students 2003/09 Study. Students from the bottom income quintile were almost 20 percentage points less likely than students from the top quintile to earn their degrees within four years (51.9% versus 70.7%) and more than twice as likely to need six or more years to complete their degrees (10.8% versus 4.1%). Additionally, these time-to-degree data represent just over one-third of all students who participated in the BPS:03/09 study, and do not account for

the 63.7% of the study sample who had not earned a bachelor's degree at the time of data collection, just over five years after their initial enrollment. While the data do not explain the causes for low-income students' delayed time to degree, it is certainly possible that students stopped out or shifted to part-time status due to financial constraints. Whatever the cause, taking extra time to complete a degree program increases overall costs, both in tuition and fee charges and the opportunity cost of the student's foregone earnings.

The gap in bachelor's degree completion among income groups has grown substantially over time. Using data from the U.S. Census Bureau and the National Center for Education Statistics, Mortenson (2012) calculated that, in 1980, only 6% of Americans in the lowest income quartile had earned a bachelor's degree by age 24, compared to 34% from the top quintile. In 2010 79% of high-income individuals had earned at least a bachelor's degree by age 24, but, at 11%, there had been little change in the low-income group. The gap in bachelor's degree attainment for young adults increased from 28 percentage points to 68 percentage points over the course of 30 years (Mortenson, 2012).

The growing disparity in educational attainment by family income is troubling for individuals from low-income backgrounds who hope to gain entry into the middle class. Data from the Brookings Institution suggest that individuals born into a given income group are overwhelmingly likely to remain in the same group, especially if they do not obtain a college degree. About half (45%) of students born into the bottom quintile who did not earn a college degree stayed in the bottom quintile, compared to only 16% of students raised in similar financial circumstances who earned a college degree (Haskins, Isaacs, & Sawhill, 2008). A more recent study from the Pew Charitable Trusts (2013)

confirms the importance of educational attainment to social mobility, noting that students born into the bottom income quintile were 5.3 times more likely to leave the bottom quintile and 2.5 times more likely to reach the middle quintile if they earned a college degree.

Table 1. Distribution of Undergraduate Students Across Degree-Granting Institutions by Family Income, 2011-12

<u>Income Quintile</u>	<u>Public</u> <u>2-year</u>	<u>Public</u> <u>4-year</u>	<u>Private</u> <u>NFP</u> <u>4-year</u>	<u>Private</u> <u>FP</u> <u>2-year or</u> <u>less</u>	<u>Private</u> <u>FP</u> <u>4-year</u>
First Quintile	43.7	28.0	9.8	8.0	9.4
Second Quintile	43.1	30.2	10.6	7.0	8.4
Third Quintile	43.4	30.1	12.0	5.0	8.8
Fourth Quintile	41.2	32.7	13.3	3.3	8.8
Fifth Quintile	37.3	35.4	17.8	2.3	6.7
Pell Recipient	37.9	28.8	11.0	8.2	13.0
Non-Pell Recipient	44.4	33.0	13.9	2.9	5.2

Note: Percentages reported are row percentages.
Source: National Center for Education Statistics (2012)

Table 2. Time to Degree by Family Income for All Bachelor's Degree Earning Undergraduates Who Enrolled in 2003-04

<u>Income Quintile</u>	<u>4 Years</u> <u>or Less</u>	<u>5 Years</u>	<u>6 Years</u> <u>or More</u>
First Quintile	51.9	37.2	10.8
Second Quintile	59.2	32.4	8.4
Third Quintile	62.0	29.9	8.1
Fourth Quintile	62.0	31.2	6.8
Fifth Quintile	70.7	25.2	4.1
Pell Recipient	52.3	36.1	11.6
Non-Pell Recipient	60.7	27.2	4.8

Note: Percentages reported are row percentages
Source: National Center for Education Statistics (2009)

Tuition and Financial Aid Trends at Four-Year Institutions

Financial aid is especially important for students from low-income families, given their limited personal financial resources. While many forces influence college attainment, by definition, low-income students typically have less income and wealth available to finance the costs of their education than do their high-income peers. As a result, low-income students often attend lower-tuition institutions (Engle & Tinto, 2008). Low-income students who attend four-year institutions rely on financial aid to help defray the rising costs of tuition, fees, and living expenses. Between 1982 and 2010, tuition and fees at four-year institutions increased by 538% in constant dollars, outpacing growth in the Consumer Price Index (118%) and median family income (146%, Harvey, 2011).

Financial aid was designed to “level the playing field” for students who come to college from modest financial means, but its role as an equalizer is questionable at best. The Basic Educational Opportunity Grant – since 1980 known as the Federal Pell Grant – in 1972 was intended to increase college participation among students with limited financial resources. However, in light of growing college costs, the purchasing power of the Pell Grant has diminished considerably over time, especially at four-year institutions (Zumeta, Breneman, Callan, & Finney, 2012). In the 1993-94 academic year, the maximum Pell Grant accounted for 91% of average in-state tuition and fees at public four-year colleges and universities and 21% of tuition and fees at private not-for-profit four-year institutions. Twenty years later, the maximum Pell grant only covered 63% of

in-state public tuition and fees and 19% of these costs at private not-for-profit institutions (Baum & Payea, 2013).

In the 2011-12 academic year, more than \$185 billion in grants, scholarships, tax credits, and loans were awarded to undergraduate students from federal, state, institutional, and private sources (Baum & Payea, 2012). Much of this aid is awarded based on financial need, including Pell Grants, subsidized Stafford loans, and Federal Work-Study grants (Baum & Payea, 2012). In addition, 71% of the \$9.8 billion in state grant funds awarded in the 2010-11 academic year was based on financial need (Baum & Payea, 2012). Of the \$32.8 billion in institutional grants awarded that year, more than half at public four-year institutions and more than three-quarters at private four-year institutions was need-based (Baum & Payea, 2012).

Individual institutions have a great deal of discretion in how they package financial aid for students. The ways in which institutions allocate resources – and the amounts thereof – to financial aid depend largely on the wealth of the institution, which varies across sectors (Toutkoushian, 2001). Most private institutions, for example, are more reliant on tuition revenues than public institutions, which receive state appropriations (Toutkoushian, 2001). Financial aid packaging decisions are also based on institutional goals and priorities. Whereas financial aid was originally intended to provide opportunities for students who otherwise could not afford to attend, institutions also provide aid – also known as tuition discounts – to students based on academic, athletic, and artistic merits and other characteristics that help the institution craft the incoming class it desires (Breneman, Doti, & Lapovsky, 2001). Results from a 2007 survey of 382 public and private not-for-profit four-year institutions suggest that institutions use their

available financial aid dollars for a wide variety of purposes; more than one-half (63%) of the private institutions and 15% of the public institutions responded that they differentiate the amount of aid they offer various students based on the extent to which they want certain students to matriculate (Heller, 2008). Criteria that the institutions that offered differential packaging considered included academic merit (87.5% of public and 93.1% of private institutions used this criterion), financial need (62.5% of publics, 36.8% of privates), athletic ability (31.3% of publics, 28.2% of privates), student's geographic area (31.3% of publics, 25.9% of privates), musical or other artistic talent (25.0% of publics, 52.3% of privates), ethnicity (18.8% of publics, 35.1% of privates), first-generation status (18.8% of publics, 19.0% of privates) and legacy status (6.3% of publics, 17.8% of privates, Heller, 2008). Based on these data, private institutions are more likely than public institutions to use their resources to offer grants and scholarships based on all non-athletic merit criteria, but are less likely than public institutions to use these funds for need-based grants (Heller, 2008).

Today most students receive some form and amount of financial aid. Bersudskaya and Wei (2011) analyzed data from the 2008 National Postsecondary Student Aid Study (NPSAS:08) to create a profile of who receives financial aid, disaggregated by type of aid, source, and average amount, for students with different demographic characteristics. In 2007-08, 65.6% of all undergraduates received some form of financial aid, averaging \$9,100. Among financially dependent students from the lowest income quartile, 79.9% received some form of aid, averaging \$10,200, while 74.3% of independent students from the lowest income quartile received some form of aid, averaging \$8,400. The forms of financial aid varied, with a greater share of dependent students receiving grants and

work-study awards, while a greater share of independent students took out student loans. In 2007-08, 74.7% of dependent low-income and 64.9% of independent low-income students received grants; 13.3% of dependent low-income and 6.6% of independent low-income students received work-study awards; and 42.1% of dependent and 45.3% of independent low-income students took out loans. Conversely, 36.8% of dependent and 32.8% independent high-income students received grants; 7.9% of dependent and 1.2% of independent high-income students received work-study awards; and 33.1% of dependent and 21.1% of independent high-income students took out loans (Bersudskaya & Wei, 2011).

The shares of all students who are borrowing and the average amount of their loan debt have also grown considerably in recent years. In the 1995-96 academic year, only 36.1% of dependent students in the lowest income quartile and 33.6% of independent students in the lowest quartile used loans from any source. Between 1995-96 and 2007-08, the average amount dependent low-income students borrowed increased from \$3,300 to \$6,200 in real dollars (a 36.9% increase after controlling for inflation) and from \$4,200 to \$6,900 in real dollars (a 19.7% increase after controlling for inflation) for independent low-income students. In 1995-96, 21.0% of dependent and 8.1% of independent students from the highest income quartile borrowed. By 2007-08, those percentages increased to 33.1% and 21.1%, respectively (Bersudskaya & Wei, 2011).

However, as evidenced by these data, not all students borrow to finance the costs of their postsecondary education. For some students, this decision may be simply driven by having sufficient financial resources to cover all costs. On the other hand, some financially needy students either do not want to assume any debt or are hesitate to surpass

a certain borrowing threshold. These risk-averse students may be less likely to borrow, or to continue borrowing, as their cumulative debt load increases as they persist through college (Eckel et al., 2007).

Despite receiving financial aid from a variety of sources, most students must also rely on other resources, such as savings, additional borrowing, and paid employment, to pay college costs. After considering all financial aid awarded – including loans – and the students' expected family contribution, in 2007-08, 79.8% of dependent low-income students and 85.4% of independent low-income students still had unmet financial need, averaging \$6,400 for dependent and \$7,400 for independent students (Bersudskaya & Wei, 2011). At public four-year institutions, 73.3% of dependent students in the lowest income quartile had unmet need, averaging \$6,430, while 74.3% of independent students at these institutions had unmet need, averaging \$7,211. At private not-for-profit four-year institutions, 74.2% of dependent students in the lowest income quartile had unmet need, averaging \$11,155, while 82.0% of independent students at these institutions had unmet need, averaging \$10,296. At private for-profit four-year institutions, 79.8% of dependent students in the lowest income quartile had unmet need, averaging \$10,355, while 87.9% of independent students at these institutions had unmet need, averaging \$14,303 (Bersudskaya & Wei, 2011; National Center for Education Sciences, 2008).

Paid employment is one mechanism students may use to close this financial gap (Perna, 2010). In October 2011, 39.4% of full-time undergraduate students attending four-year institutions were employed. About 16.4% of all full-time students worked fewer than 20 hours per week, while 21.8% worked more than 20 hours per week (National Center for Educational Statistics, 2012). While working a greater number of

hours generally leads to greater income, students who spend substantial time each week working while in school are less likely to persist than those who work fewer hours (Bozick, 2007; Kim, 2007; Perna, 2010).

Non-Financial Challenges to Persistence

Although this study focuses specifically on the financial factors that promote or limit students' persistence in bachelor's degree programs, there are many non-financial factors that also may play a role. These forces may play out differently for students from different income groups. For some students, an inability to meet the demands of college-level work – often related to students' development of academic self-confidence – may lead them to drop out or stop out (Lotkowski, Robbins & Noeth, 2004). Academic preparation at the K-12 level has played a role in promoting and limiting college persistence (ACT, 2007; Adelman, 2006). The extent to which a high school provides a rigorous curriculum and a college-going culture is often linked to its funding level, with low-income students often attending low-resource high schools (Hall & Ushomirsky, 2010). Low-income students also tend to attend schools with fewer academically rigorous course offerings (Perna, 2005), and even when available, low-income students tend not to participate in these courses (Perna, May, Yee, Ransom, Rodriguez, & Fester, 2013).

Kuh and colleagues (2008) cite low levels of engagement (as defined by time spent studying, time spent in extracurricular activities, and a variety of measures related to interactions with faculty members and peers) as additional barriers to persistence. Tinto's (1994) model of student departure gives attention to the ways that academic and social integration, student commitment, institutional commitment and support, and a

student's external commitments may promote persistence. Insufficient information may also limit persistence especially for low-income and other students who do not understand or have access to information what is expected of them academically and financially before attending college (Kane, 1999).

Purpose of Study

Each year between 2007 and 2011, almost 1 million first-time undergraduate students did not return for their second year of college (National Center for Education Statistics, 2013a). Low-income students are nearly four times more likely to drop out after their first year of study than their higher-income peers (Engle & Tinto, 2008). Although millions of students stop out or drop out of college each year, there are also students from low-income backgrounds who remain in college and do persist through completion of a bachelor's degree every year. While there has been some attention given to exploring the characteristics of students who drop out (Geelhoed, Abe, & Talbot, 2003; Ishitani & DesJardins, 2002), little is known about the financial challenges students from low-income families experience and overcome on their path to completing a degree. This study aims to address this knowledge gap by probing the perceptions of low-income students about the financial challenges they have experienced while enrolled and exploring the strategies they have used to overcome these challenges.

Given rising college costs and relatively limited federal, state, and institutional financial aid, it is important to understand the experiences of those low-income who are persisting through four years of college. It is also important to understand the ways in which institutions shape students' knowledge about and uses of financial aid.

Policymakers are making decisions about these aid programs without having a full understanding of how students use different forms of financial aid and other resources to persist in and complete college. Much of the prior research (Alon, 2007; Chen & St. John, 2011; Dubrock, 1999; Fenske, Porter, & DuBrock, 1999; Heller, 2003; Kim, 2007; Thomas, 1998) on low-income student persistence uses quantitative metrics to understand whether students persist and what factors are associated with persistence. While descriptive data from sources like NPSAS tell us who receives financial aid, and the forms, amounts, and sources of this aid, little attention has been paid to how low-income students manage to finance the costs of attending college, and the ways they use financial aid and other resources to persist. This dissertation addresses this knowledge gap by probing deeply into the perceptions and experiences of low-income students who have successfully managed to finance the costs of attendance, as indicated by their persistence beyond their first full year of college.

Policymakers at the state and federal levels may learn from these students' experiences to develop a better understanding of how students perceive the effectiveness – or absence thereof – of the financial aid that is available to them. Financial aid administrators can consider these students' experiences when examining their practices, both in the content of the information they provide to students and the ways in which they deliver this information. This study also makes an important contribution to theory, as it enhances our understanding of the ways that contextual factors – personal, institutional, and public policy – influence low-income students' decisions of how to allocate their financial and personal resources. In essence, this study shares human stories that extend

beyond the existing statistical data on students from low-income families who receive financial aid.

Organization of the Dissertation

This first chapter introduced the study by identifying the research problem – the need to understand how students from low-income backgrounds use financial aid and other financial sources to facilitate persistence toward bachelor’s degree completion – and providing a rationale for studying this problem. The next chapter provides a review of previous research examining topics related to student financial aid and the ways that students pay for college, and proposes a conceptual model to guide the study. In Chapter 3, I discuss my research design and methods, detailing my research setting and sample, data collection and analysis procedures, and efforts to ensure trustworthiness. In Chapter 4, I report the key findings that address the study’s guiding research questions. The final chapter provides a discussion of the findings, a summary of the theoretical contributions of this study, and recommendations for future research, policy, and practice.

CHAPTER 2: Literature Review

In the previous chapter, I argue for the importance of financial aid to promoting bachelor's degree attainment of students from low-income families. I begin this chapter by introducing the conceptual model that guides my examination of the experiences of students from low-income families as they use financial aid and other resources to persist beyond the first year of their bachelor's degree programs. The literature review that follows summarizes what we already know from previous studies that have explored various ways in which low-income students pay the costs of attending college, as well as the forces and personal characteristics that influence low-income students' persistence processes. I also examine literature related to the characteristics of students from low-income families, how these students access information about college and financial aid opportunities, and how students' characteristics influence their willingness to borrow and need or desire to work while enrolled in college. This literature review concludes with a synthesis of studies that build knowledge about the relationships between need-based grant aid and college persistence and student loan borrowing and persistence.

Conceptual Framework

To examine how low-income students experience and understand the financing of their college education as they persist to bachelor's degree completion, this study is guided by Perna's (2006) conceptual model of college choice. The model draws on theories of human capital, social capital, and cultural capital to conceptualize the college enrollment and choice processes. Though the Perna (2006) model was designed to better understand college enrollment and choice, it can be applied to understand persistence,

because many of the contextual factors that influence student decision making at the choice phase also likely influence students' decision to remain enrolled (Paulsen & St. John, 2002).

Human capital theory predicts that individuals make educational decisions to maximize their utility. They decide to enroll in college if their perceptions of the benefits of earning a degree exceed their perceptions of the costs. This decision is influenced by the individual's personal preferences, tastes, expectations, and uncertainty (Becker, 1975). According to DesJardins and Toutkoushian (2005), students act rationally in this process by considering the information that they have, regardless of whether the information is complete or accurate. In the case of college-going, the investment consists of the direct costs of attendance (tuition, fees, and living expenses) and foregone earnings during the time s/he is enrolled. If a student receives federal, state, and/or institutional grants or scholarships – which do not have to be repaid – the total cost of going to college will be lowered, suggesting that the student should be more likely to enroll (as opposed to choosing other options like entering the workforce or military) than if he or she did not receive this aid. While grants and scholarships decrease the direct cost of college, they do not decrease the student's opportunity cost of attending. Therefore, students who have a greater need for immediate income – perhaps because they have family members to support – may be less willing to forego these earnings and enroll in college than students who do not have as urgent need to generate income.

Student loans are a form of financial aid that requires repayment, so students may consider them differently when making the decision to enroll in college than they would grants or scholarships. Student loans reduce the amount of money that needs to be paid

upfront, which may encourage students to enroll. However, low-income students may be less willing to borrow if they perceive the risk of borrowing to be greater than the expected benefit of earning a college degree (Perna, 2008). Work-study programs provide students with a source of income while enrolled in college, though they also require the student to perform job duties that often take time away from his or her studies.

The Perna (2006) model also assumes that college enrollment decision-making processes are influenced by four nested layers of context. Layer 1 addresses a student's "habitus," or "the system of values and beliefs that shapes an individual's views and interpretations" (Perna, 2006, p. 115). This habitus is influenced by the student's demographic characteristics (gender, race/ethnicity, socioeconomic status), cultural capital (cultural knowledge and value of college attainment), and social capital (information about college and assistance with college processes) – in other words, the characteristics, knowledge, and predispositions that the student acquired from their parents, other family members, and home environment (Perna, 2006). Layer 2, "school and community context," examines the role high school social structures and resources – including school counselors – play in the student's college choice process. Layer 3, "higher education context," looks at the ways that postsecondary institutional characteristics, namely costs of attendance and institutional aid, influence choice. Layer 4, "social, economic, and policy context," gives attention to the influence that these external forces have on a student's decision-making, understanding that role of these forces changes over time (Perna, 2006). In this dissertation, the key external forces of interest pertain to the availability of federal and state financial aid.

In addition to its intended use of examining college choice, the Perna (2006) model is useful for examining a low-income student's decisions to persist through college. Just as an individual's college choice process is influenced by individual layers of context, as well as the interactions between these layers, so too is an individual's process of financing college costs in order to progress toward degree completion. Students' perceptions, understandings, and approaches to financing their higher education are likely shaped by forces associated with their family backgrounds (Layer 1), the characteristics and understandings they acquired from their high school experience (Layer 2), the availability and packaging of financial aid from the college or university they attend, as well as any other institutional supports for assisting students with financial challenges (Layer 3), as well as broader dimensions of available federal and state financial aid (Layer 4). For example, students' willingness to borrow to finance their education is likely influenced by their habitus, namely their demographic characteristics, but also by the public policies involving student loans. Students' decisions to work – and how much to work – during college likely depend on their perceived need or desire to work, which is influenced by their personal values and preferences, as well as the amount of unmet need they still have after receiving all financial aid. Financial aid programs are the product of policy decisions at the federal, state, and institutional levels, and are influenced by economic, and sometimes social, contexts, but financial aid packaging is done at the institutional level. Both the K-12 school and higher education contexts influence prior student knowledge about financial aid processes and programs.

Student Context

In this study, I use the Perna (2006) model as a framework for understanding the multiple layers of context that influence low-income students as they seek to finance their college costs and persist beyond the first year of bachelor's degree study. As the first layer of the model examines student-level characteristics, this section summarizes the available literature to understand what we know about the characteristics of low-income students.

Students from low-income families have a number of unique characteristics that may help to explain the ways that they approach the college and financial aid application processes, and in turn make decisions related to financing their higher education. These characteristics may include, but are likely not limited to, reluctance to choose college that are far from their permanent homes, their parents' educational attainment and wealth, their need or choice to work while enrolled, and other college choice factors.

Research shows that low-income students are less likely to travel far from home to attend college than their higher-income peers (Turley, 2009). Griffith and Rothstein (2009) attribute this difference to the potential additional direct costs associated with traveling to and from school and the greater living expenses than a student might pay if she or he stayed at home. McDonough and Calderone (2006) reported that a large majority of the urban high school counselors they interviewed advise their students to live at home to reduce their college costs. In the 2011-12 academic year, more than one-third (36.3%) of students from the lowest income quintile attending a four-year institution went to one within 10 miles of their home, compared to 24.2% of students from the top income quintile. Furthermore, a higher share 31.4% of the lowest-income students than of

the highest-income students lived with their parents (31.4% versus 21.2%, National Center for Education Statistics, 2012). These patterns suggest that low-income students attend institutions close to home in an effort to reduce college costs.

Many low-income students are the first in their families to pursue postsecondary education (Pascarella et al., 2004). In 2012, 41.1% of students in the lowest income quartile had parents who did not have any post-high school education, compared with only 24.1% of students from the highest income group (National Center for Education Statistics, 2012). Researchers indicate that first-generation students may experience challenges throughout the educational pipeline. Luna De La Rosa (2006) notes that parents' levels of education were positively related to students' aspirations of attending college. Additionally, as parental educational attainment increases, students are more likely to seek help from their parents in navigating the college and financial aid application processes, and these parents are more likely to be able to provide helpful resources – both financial and non-financial – and insights than parents who have not attended college (Choy, 2001; Harper & Griffin, 2011; Luna De La Rosa, 2006; McDonough, Korn, & Namasaki, 1997). College-educated parents are also more likely to provide financial support, though non-first generation students have also been observed to be more likely than first-generation students to rely on student loans to cover unmet need (Luna De La Rosa, 2006; Nora, Barlow, & Crisp, 2006). Nora and colleagues (2006), who studied a cohort of first-time students from 1997-2003, observed that first-generation students covered a greater proportion of their expenses with grants and scholarships than students with college-educated parents, though both groups increased the amount of loans they borrowed as they progressed through to the sixth year. Lastly,

Kim (2007) observed a positive relationship between both parental education and income in students' likelihood of earning a degree; students with at least one bachelor's degree-holding parent were 5.5% more likely to graduate than first-generation students, while low-income students trailed their middle- and high-income peers by 3.5 and 10 percentage points respectively.

Previous literature suggests that students from high-income families are more likely to rely on their parents to pay their college tuition (Bozick, 2007; Harper & Griffin, 2011). Based on what we know about the positive relationship between educational attainment and lifetime earnings (Baum, Ma, & Payea, 2013), it is likely that parents with college degrees have more financial resources to invest in their children's education than parents with lower levels of education. These differences in parental education and income have implications for student persistence and completion. According to Kim (2007), students who receive financial support from their parents are 8.5% more likely to graduate than those who do not have this support.

In addition to paying the direct costs of attendance, many low-income students have financial obligations to their families (McDonough & Calderone, 2006). In 2012, 21.4% of students in the lowest income quintile had dependents, while approximately 29.1% came from households with four or more members, compared to 60.5% for students from the highest income quintile. (National Center for Education Statistics, 2012). However, high-income families, by definition, have the financial resources to support larger households. While federal financial aid may cover a substantial portion of college expenses for many low-income students attending the lowest-cost institutions

(American Council on Education, 2006), these funds do not contribute to supporting the other members of the household (McDonough and Calderone, 2006).

Working While Enrolled

Most students, irrespective of their socioeconomic status or familial commitments, work during college (Perna, Cooper, & Li, 2007). During the 2003-04 academic year, 71.8% of independent students from the lowest income quartile and 74.8% of their dependent counterparts worked; the former group worked an average of 30.1 hours per week, the latter 25.4 hours per week (American Council on Education, 2006).

The reasons why students work appear to vary. Of the low-income independent students surveyed, 70.4% said they worked in order to pay for tuition, fees, and living expenses, seven percentage points lower than the average for all independent students. Low-income independent students may rely less on work than their higher-income peers. This may be because they receive greater amounts of grant aid or because they are more likely to attend full-time and thus have fewer available hours to work, compared to part-time students. Data indicate that independent students of all income levels and educational expenses work as many hours per week as they can (American Council on Education, 2006).

Research suggests that there are a number of consequences for undergraduate students who attempt to balance long work hours with their studies. As students have a finite amount of time each week, every hour worked eliminates an hour of potential study or rest time (Baum, 2010; Bozick, 2007). Using BPS:96/98 data, Bozick (2007) compared the first-year persistence of students based on their intensity and purposes for

paid employment. His models revealed that students working more than 20 hours per week to cover school costs were 54% less likely to persist beyond the first year than students who worked less than 20 hours per week for spending money (Bozick, 2007). Kim (2007) found that students who worked 15 hours per week or more were 9.5% less likely to graduate than their peers who did not work; there was no difference in likelihood of graduating between students who worked fewer than 15 hours per week and those who did not work.

Some research sheds light on the psychological implications of working while enrolled in college. Rowan-Kenyon and colleagues (2010) conducted both quantitative analyses and focus group interviews to better understand the characteristics and strategies of working adult students. Among other findings, they noted that the challenge of simultaneously navigating academic and job responsibilities, unexpected schedule changes, and unsupportive employers created a great deal of stress for participants. However, this stress was not found to have a significant impact on academic performance (Rowan-Kenyon, Swan, Deutsch, & Gansneder, 2010).

K-12 School and Community Context

The second layer of the Perna (2006) conceptual model focuses on the ways that a student's K-12 schooling and community characteristics influence student decision-making. As such, this section summarizes the ways that students gather college-related information, a process that, for traditional-age college students, is frequently guided by high school counselors. As my review of this literature indicates, much more is known about how students use information to make college enrollment and choice decisions than

persistence decisions. However, as persistence is dependent upon initial enrollment, and because many of the persistence-related decisions students must make – such as applying for financial aid – are first made prior to initial enrollment, this literature may provide important insights into persistence.

College/Financial Aid Knowledge

In their examination of Boston Public School students' college aspirations and college-going behaviors, Avery and Kane (2004) conceded that there doesn't appear to be a single clear reason why smaller numbers of low-income students complete the college application process than a similarly high-achieving group of students with greater family income. They indicate that one possible explanation is that the low-income students they studied may have lacked an accurate understanding of college costs and benefits, or even what levels of education are required for various careers (Avery & Kane, 2004; Schneider & Stevenson, 1999).

A number of recent studies focus on students' perceived lack of knowledge and/or misinformation regarding college affordability and the financial aid system (Luna De La Rosa, 2006; McDonough & Calderone, 2006; Romano & Millard, 2006; Venegas, 2006). While students may encounter these information barriers during the college search and choice processes, an absence of complete or accurate understanding of financial aid can continue to be a problem as students move forward with reapplying for or making changes to their financial aid after they have enrolled. Romano and Millard (2006) found that more than two-thirds of students at a community college did not apply for federal financial aid in 1999-2000. Some of the students in their study did not qualify for federal

financial aid because they were not enrolled in degree or certificate programs, did not meet income requirements, did not take enough credit hours, or had already earned a bachelor's degree prior to enrollment. However, the authors also note that many of the students were eligible to receive aid, and estimated that 20% of students who were eligible but did not apply were from low- or moderate-income families (Romano & Millard, 2006).

The financial aid timeline and application process appear to create considerable confusion for students and families (Garcia, 2010; Luna De La Rosa, 2006; Venegas, 2006). There is a general lack of clarity about how eligibility is determined for federal aid programs such as the Pell Grant. The complex and opaque eligibility formula, which is based on several variables – including estimated family contribution, cost of attendance, and enrollment status (U.S. Department of Education, 2012) – makes it difficult for students and their families to accurately anticipate the amount of their awards prior to applying (Bowen, Chingos, & McPherson, 2009). Critics claim that the federal government does not sufficiently market or share information about the Pell Grant program to its target audience (Mundel & Rice, 2008). Long (2008) suggests that financial aid programs are most successful when they are easily understood, have relatively simple application processes, and have been advertised to ensure that potential beneficiaries are aware of them.

One documented example that supports Long's (2008) assertion is the Social Security Student Benefit Program, which assisted students from 1965 until 1982 (Dynarski, 2003). In this program, Social Security benefits were extended, in the form of directly monthly checks, to any 18- to 22-year-old child of a deceased, disabled, or

retired Social Security beneficiary (Dynarski, 2003). In the years after Congress voted to eliminate the program, Dynarski (2003) found that enrollment of eligible students dropped substantially. Dynarski's findings provide compelling evidence that a well-known, straightforward program like the Social Security Student Benefit Program was associated with increased enrollment, noting that it is possible to create federal aid programs that are transparent and user-friendly for students.

A key element of the financial aid process that lacks the clarity of programs like the Social Security Student Benefit Program is the Free Application for Federal Student Aid (FAFSA). Rubin (2011) posits that the lack of an effect of Pell Grant eligibility on on-time college enrollment in her regression discontinuity study of 2004 high school graduates who completed the FAFSA may have been due to the length and complexity of the document and students' uncertainty of aid eligibility. This finding is consistent with other prior research (Venegas, 2006) showing that even knowledgeable students have trouble with the FAFSA. The complexity of the FAFSA as a barrier to college enrollment is potentially further explained when considering that English Language Learners were less likely to enroll than their peers for whom English was their first language (Rubin, 2011).

If completing the FAFSA is a major obstacle to enrollment for substantial populations of low-income students, as the literature suggests, the problem extends beyond Pell Grant eligibility and translates into forgoing all forms and types of financial aid. Heller (2008) reported that 81% of public institutions and 53% of private institutions used only the federal methodology in determining students' financial aid packages, while

the remaining share of institutions used either their own methods or a combination of institution-based and federal methods.

Recognizing the complexity of the federal aid process, in 2008, The College Board released the recommendations of the Rethinking Student Aid Study Group. This group was comprised of leading policy and academic experts. Meeting over a two-year period, these experts reviewed current practices and discussed ways that the federal aid system could better meet students' financial needs while also being simplified (College Board, 2008). Among their recommendations were eliminating the FAFSA and basing Pell Grant eligibility on family size and adjusted gross income, which could be drawn from federal tax returns (or a simple alternate document for non-filers, College Board, 2008). Analyses of the potential impact of this change indicate that the total number of recipients would decrease minimally (from 5.5 million to 5.2 million, with an increased 7% of dependent students gaining eligibility and 9% of current independent students being dropped from the program), while the average grant award would increase by less than \$50 (College Board, 2008). In a separate analysis, Dynarski – a member of the study group – and Scott-Clayton (2008) found that keeping the FAFSA but eliminating over 80% of its questions (which the authors found to have little to no impact on the final needs analysis) resulted in only minor changes (less than \$100) in Pell awards for over three-quarters of students.

This literature (Advisory Committee for Student Financial Assistance, 2005; Dynarski & Scott-Clayton, 2006) critiquing the FAFSA application process for being too complicated argues that these complexities preclude eligible students from applying for financial aid. In recent years, the FAFSA form has been somewhat simplified, though

further research is needed to determine whether students and families – especially those who lack prior experience with applying for financial aid – are having less difficulty with the application process after these changes were implemented. Other research suggests that students also face challenges in navigating state financial aid and specific scholarship program sites (Garcia, 2010; Venegas, 2006).

Students also have inaccurate perceptions about college costs, often overestimating tuition (Avery & Kane, 2004; Luna De La Rosa, 2006). These inaccuracies, coupled with students' misperceptions that their family incomes are too high to qualify for need-based financial aid (Luna De La Rosa, 2006), likely discourages some share low-income students for applying to college or from applying to more selective and/or expensive institutions, especially if they consider the total costs associated with persisting through completion of a bachelor's degree. Some low-income students are also unable to differentiate the different types of financial aid available, not always understanding the difference between grants and loans (McDonough & Calderone, 2006) or need-based and merit-based awards (Luna De La Rosa, 2006). Misunderstanding about financial aid eligibility and purposes may also have implications for students' willingness to borrow, especially if students are averse to assuming what they perceive to be an unmanageable amount of debt.

Willingness to Borrow

Personal, family, school, and community characteristics may influence a student's decision to take out student loans. The existing literature (Callender & Jackson, 2005; Eckel, Johnson, Montmarquette, & Rojas, 2007; Linsenmaier, Rosen, & Rouse, 2006;

Perna, 2008; Wei & Berkner, 2008) on student borrowing has produced mixed findings. Some studies (Callender & Jackson, 2005; Linsenmaier, Rosen, & Rouse, 2006) suggest that low-income students may be less willing to borrow to finance their education than higher-income students, while Eckel and colleagues (2007) found the opposite to be true, noting that low-income participants were more likely than high-income participants to use a student loan to finance college costs over a modest cash stipend. Wei and Berkner (2008), in analyzing National Postsecondary Student Aid Study data, found that low-income students were more likely to borrow than high-income students, though between 1992-93 and 2003-04, the largest growth in borrowing of Stafford loans was found in middle- and high-income students.

Perna (2008) in her study of students from fifteen different high schools across five states, found that student understanding of the costs and benefits of attending college informed students' perceptions about borrowing. Students at high- and middle-resource high schools generally believed that borrowing was a good investment that would pay off in the long term, while students from low-resource high schools were less likely to believe that the benefits of loans outweighed their risks, and were accordingly more averse to accepting debt. These differing perspectives on borrowing are shared by parents, and to some degree, teachers and counselors, as Perna (2008) found that parents from low-resource schools were less supportive of using loans as a means of financing postsecondary education than were the parents at the high schools with greater resources.

Kim (2007) found that low-income non-completers borrowed an average of \$3,440 during their first year of study, compared to the \$3,240 borrowed by their high-income counterparts (Kim, 2007). These levels of debt among non-completers are

particularly troubling when considering that student loans must be repaid regardless of whether the student earns the degree or credential that could potentially serve as a gateway to greater earning potential (Gladieux & Perna, 2005).

While there is no consensus in the literature about students' attitudes about borrowing, prior research has demonstrated that there are a number of factors that may shape the choices a student makes about whether to borrow and how much. It is clear that borrowing is risky, especially for students who drop out of college before earning their degrees.

The Role of School Counselors

Because many low-income students do not have parents who are able to provide guidance in the college search and application processes, they are likely to turn to school counselors and teachers for help (Howard, 2003; Stanton-Salazar, 2001; Wimberly, 2002). In her qualitative study of high school seniors' perceptions of the financial aid process, Venegas (2006) determined that, for low-income students, access to computers and the Internet was not an issue, but they needed guidance on how to retrieve and use the information that financial aid websites offered. Most urban public high schools do not have structures or resources in place to serve functions of this nature; as a result, low-income students oftentimes struggle to successfully navigate the college and financial aid application processes (Roderick, Coca, & Nagaoka, 2011).

School counselors, in particular, have the potential to fill students' knowledge gaps and demystify the application process, but instead are often assigned numerous administrative tasks that take their time and focus away from college counseling

(McDonough & Calderone, 2006). Even if they were able to focus solely on college counseling, the average student to college counselor ratio in public schools is 325 to 1 (College Board, 2011a), which would give each student an average of just minutes of counseling per year. Moreover, student to counselor ratios vary widely across schools and districts, with low-income students often attending low-resource schools in which counseling opportunities are often even more limited (McDonough, 1997, 2005).

Federal, State, and Institutional Financial Aid Context

The third layer of the Perna (2006) conceptual model focuses on the role of higher education institutions, while the fourth layer points to the social, economic, and policy contexts that influence student behavior. Financial aid is an area in which these two layers interact, as federal and state, and institutional policies govern the types and amounts of available financial aid, and institutional financial aid offices are charged with creating and distributing financial aid packages for students. The following section summarizes what we know from research about the ways that need-based grants and student loans promote or limit persistence for students.

Need-Based Grants and Persistence

While research (Alon, 2011; Dezhbakhsh and Karikari, 2009; Dynarski, 2002; Heller, 1997; Leslie & Brinkman, 1987; Mundel & Rice, 2008; Seftor and Turner, 2002) generally finds a positive relationship between need-based financial aid and college enrollment, the relationship between need-based aid and college persistence and completion has not been studied as widely. Notwithstanding, this growing body of

literature suggests that receipt of need-based grants is positively related to persistence beyond the first year of college and college completion.

In her study of 1989 entering first-year students at 20 elite private institutions using College & Beyond survey and Higher Education Research Institute data, Alon (2007) found that, while having any eligibility for need-based aid, net all other factors, was associated with a 15.2% decreased likelihood of graduating within six years, each \$1,000 increase in need-based grants appeared to reverse this negative effect to a small degree, increasing the aforementioned 15.2% decreased likelihood of graduation by 1.5% (Alon, 2007). Need-based grants had an even greater effect on the likelihood of graduation for African-American and Hispanic students than for White students (Alon, 2007). However, these results must be interpreted cautiously, as the institutions in this analysis enroll relatively few low-income, African-American, and Hispanic students and have historically had among the highest graduation rates in the country for all students (Lynch, Engle, & Cruz, 2011).

Nonetheless, Heller (2003) found similar results when he analyzed Beginning Postsecondary Students (BPS:96/01) survey data. He concluded that every \$100 in state and institutional need-based grants received in the first year increased students' likelihood of still being enrolled or earning a baccalaureate degree by the spring of the sixth year by 0.5 percentage points, compared to a 0.3 percentage point increase for every \$100 in non-need-based grants. Students who received any type of financial aid from any source for three or more years were 20.4 percentage points more likely to earn a degree than students who did not receive aid (Heller, 2003).

Using the same dataset as Heller (2003), Chen and St. John's (2011) hierarchical general linear models (HGLM) did not isolate the relationship between need-based grant receipt and completion but instead situated need-based grants within students' broader financial aid packages. Chen and St. John found that a 1% increase in the ratio of need-based aid to tuition was associated with a 2% increase in the likelihood of student persistence. However, like Alon (2007), Chen and St. John note the role that institutional selectivity may play in persistence. Although they controlled for institutional selectivity, students self-selecting into institutions with greater selectivity were more likely to continue. DuBrock (1999) found that receiving any amount of grant aid doubled the likelihood of persistence between the second and third years for full-time students at a public comprehensive institution. What we can conclude from this literature is that, although modest, there are positive relationships between receiving grants and college persistence for students from low-income families.

Student Loan Borrowing and Persistence

Heller (2003), in an empirical analysis of the effects of various forms of financial aid on college completion, asserted that state and institutional grants are better predictors of postsecondary success than all other forms of financial aid, including loans, after controlling for student characteristics, institutional selectivity, institutional sector, and cost of attendance.

Prior studies on student loans (Fenske, Porter, & DuBrock, 1999; Kim, 2007; Thomas, 1998) report negative relationships between borrowing and persistence-related outcomes. Kim (2007) contended that borrowing disproportionately limited persistence

for low-income and African-American students. Through her analysis of the BPS:96/01 and using a similar HGLM model as mentioned in Chen and St. John (2011), Kim (2007) found that, by borrowing \$1,000 during the first year, low-income students had a 1.6% lower (from an already low 39.3% to 37.7 percent) likelihood of earning a baccalaureate degree within five years compared to White, high-income male students who also borrowed. However, Kim (2007) found that high-income students' predicted probability of earning their degree increased with loan borrowing, suggesting that high-income students have a higher tolerance for educational debt.

Gaps in the Literature

Though there is a growing body of existing research on various contextual factors that help to explain college persistence, gaps remain. Much of the existing literature (Alon, 2007; Chen & St. John, 2011; Dubrock, 1999; Fenske, Porter, & DuBrock, 1999; Heller, 2003; Kim, 2007; Thomas, 1998) suggests that need-based grants may have a positive influence on persistence and completion, while loans may have a negative effect on these outcomes.

This dissertation adds to the literature by developing a more complete understanding how students from low-income families who have persisted beyond the first year of their degree programs have been able to navigate the financial aid system and use financial aid and other resources to remain enrolled. At a time when tuition and fees are rapidly increasing (Harvey, 2011; The White House, 2013), this study aims to improve our understanding of the ways in which students finance the costs of attending

college and how they perceive financial aid – and the extent to which they perceive it to be available – to promote or limit their progress to degree completion.

Whereas most student financial aid research uses quantitative methods, this study uses qualitative methods. Qualitative methods can contribute to closing the knowledge gap, as they can answer research questions that address the “how” and “why” of phenomena (Creswell, 2008), as opposed to the “what” questions that are addressed through previous work. This dissertation builds on prior research, probing deeply into the experiences, perceptions, and beliefs of low-income students who have successfully persisted beyond their first year of college.

CHAPTER 3: Research Design and Methods

While the research reviewed in Chapter 2 addresses many issues related to students' use financial aid and other income sources in their persistence toward bachelor's degree completion, little is known about how students from low-income backgrounds perceive the financing process. This study builds on existing literature to develop a richer understanding of participating low-income students' perceptions and experiences. This phenomenological study examines the following research questions:

1. How do students from low-income backgrounds who persist beyond their first year of study finance the costs of their education?
2. How do they use financial aid to pay college costs?
3. What is the knowledge and understanding of financial aid and college costs among participating low-income students?
4. How do they perceive financial aid to promote and limit their ability to persist through their educational programs?

Throughout the presentation of the findings, I also include attention to how students' knowledge, use, and experiences with financial aid varies across the three selected institutions.

Rationale for Using a Phenomenological Research Approach

This study uses a phenomenological approach to examine how low-income students experience the process of financing the costs of their higher education. My research questions call for a qualitative approach because they seek to understand and probe students' perceptions and experiences. In essence, this dissertation focuses on the "how" and "why" of students' process of paying for college.

I utilize phenomenology rather than other qualitative approaches such as grounded theory, hermeneutics, or ethnography for several reasons. With roots in philosophy, phenomenology is the study of the structures of subjective experience and consciousness (Husserl, 1931, 1970). A phenomenological study seeks to “reduce individual experiences with a phenomenon to a description of the universal essence” (Creswell, 2007, p. 58). It is the best methodological choice for this study because the research questions seek to understand how participants’ experience specific phenomena. In this dissertation, the specific phenomena are financing one’s college education, navigating the financial aid system, dealing with the potential stress of unmet financial need, and remaining enrolled in a bachelor’s degree program.

Research Setting

Data for this study were collected from students who, at the time of the interview, were attending one of three baccalaureate-granting universities in Chicago, Illinois. Overall educational attainment, as measured by percentage of adults over age 25 holding a bachelor’s degree, is similar in Chicago (33.6%) as in other large cities such as New York City (33.3%) and Los Angeles (30.2%). All three cities also have median household incomes of approximately \$50,000, and approximately one-fifth of their residents live below the poverty level (U.S. Census Bureau, 2010).

The proportion of bachelor’s degree holding residents in Chicago is substantially lower than other large cities with similar median household incomes, including Austin (44.8%), Boston (43.4%), and Denver (42.2%). The Illinois Department of Employment Security (2011) projects a need for more workers with bachelor’s degrees in Chicago.

Between 2010 and 2020, the city is projected to need an additional 173,460 workers, representing a growth of 6.7%. Occupations that require a bachelor's degree for entry account for 76,671 of these projected new positions, an increase of 9.4% between 2010 and 2020. An additional 45,903 positions will require an associate degree or some postsecondary training for entry, and some these positions may require additional education for career advancement (Bureau of Labor Statistics, 2014). Therefore, there is value in understanding the college-financing experiences of students in this city and their perceptions of how local and state context may play a role in promoting or limiting their ability to finance their college education, as they are pursuing their studies in a city where college completion is required for a growing proportion of the anticipated new jobs.

Returning to the conceptual framework (Perna, 2006), focusing on one city allowed me to control for state and local policy, economic, and social contexts. Illinois has a particularly rich state policy context, as it was lauded as recently as 2000 for its generous investment in need-based financial aid (National Center for Public Policy and Higher Education, 2000). In 2000, the state's Monetary Award Program (MAP), its largest need-based grant, provided 124% of the amount of aid provided by Pell Grants per full-time equivalent student (National Center for Public Policy and Higher Education, 2000). Over time, however, the state's investment in need-based grant aid has declined, and by 2007, net price (defined as tuition and fees minus financial aid) at public four-year institutions represented 53% of the annual income of the lowest two income quintiles (compared to the national average of 40%), while net price at four-year private not-for-profit institutions represented 105% of this group's income (compared to the national average of 97%, National Center for Public Policy and Higher Education, 2008). Due to a

combination of the onset of the Great Recession, poor state planning and leadership, and failure to use available resources strategically (Perna, Finney, & Rorison, 2014), funding for MAP became so scarce by 2010 that the state began awarding grants on a first-come, first-serve basis with all grant funds being exhausted by April of that year. In 2011, 43% of eligible students who applied for the state's need-based grant were not funded because the Illinois Student Assistance Commission had already committed all available funds (Illinois Student Assistance Commission, 2012). This rationing of grant funding disproportionately affected students who were attending community colleges, as these institutions tend to enroll students who are less informed about the availability of this grant aid early in their application process and tend to apply for admission later than students attending four-year institutions.

Each of the three four-year universities that the study participants attend is in a different sector: one is public, one is private not-for-profit, and one is private for-profit. The first institution in this study is referred to as "University of the City" or "UC." UC is a public research university with an enrollment between 15,000 and 20,000 undergraduate students, 51% of whom receive Pell Grants (National Center for Education Statistics, 2013b). UC enrolled approximately 4% of all Chicago Public Schools graduates in 2012 and 7% of Chicago high school graduates who enrolled in college directly after high school (Chicago Public Schools, 2012). UC enrolled approximately 5% of the state's total 2012-13 MAP grant recipients and approximately 17% of the grant recipients who enrolled in four-year public institutions in the state (Illinois Student Assistance Commission, 2013). UC is located approximately three miles from the city's main commercial and business district and is accessible via several train and bus routes,

by car, and by foot. UC operates on a traditional two-semester per academic year schedule.

“Civic University,” the second institution, is a private not-for-profit university that also enrolls between 15,000 and 20,000 undergraduate students each year. More than one-third of Civic University students receive Pell Grants (National Center for Education Statistics, 2013b). Civic enrolled approximately 1% of all 2012 CPS graduates and just over 2% of those who went directly from high school to college (Chicago Public Schools, 2012). Just under 4% of all of the state’s MAP recipients in 2012-13 attended Civic, representing approximately 13% of MAP recipients attending private not-for-profit four-year institutions (Illinois Student Assistance Commission, 2013). While Civic is governed and operated as a single institution, it has two campuses; the main campus is located approximately 4 miles from the downtown area, and like UC, is accessible by a variety of bus and train routes, car, and foot. The second, smaller campus is located in the heart of the city’s commercial district. Different academic departments are headquartered on each campus, though most central university functions are based on the main campus. Students frequently travel between the two campuses by taking a 10-15 minute train ride. Civic operates on a quarter system, with most full-time students taking courses during three quarters each academic year.

“Pathways University” is a private for-profit university with campuses across the United States and four campuses in Chicago and its surrounding metropolitan area. The campus included in this study has an enrollment between 500 and 1,000 students. The vast majority (89%) of students at Pathways receive Pell Grants (National Center for Education Statistics, 2013b). Pathways does not rank among the top 50 institutions

attended by 2012 CPS graduates; fewer than 0.2% of the graduating class chose Pathways (Chicago Public Schools, 2012). Per state policy, students attending for-profit institutions are not eligible for MAP grants; as such, no students at Pathways receive this grant.

While the student body size and proportion of students identified as low-income at Pathways do not mirror the other two study institutions, its characteristics are similar to those of other baccalaureate-granting, private for-profit institutions operating in the city. Pathways occupies one floor of a high-rise office building in the heart of the city. Its campus is accessible by a number of different bus and train lines, as well as by car and foot. The campus, while physically relatively small, has many classrooms, a library, computer lab, café, career counseling center, and print shop, in addition to central administrative offices (including admissions, financial aid, business, and the office of the president).

Pathways also differs from the other two institutions in terms of its baccalaureate program length. While UC, Civic, and a majority of baccalaureate granting institutions are designed for students to complete their programs in four years of full-time study, the curricula at Pathways are designed for full-time students to earn a bachelor's degree in only three years. Whereas most institutions give students one or more lengthy breaks – usually coinciding with the winter holidays and/or the summer – the Pathways academic calendar consists of a series of ten-week terms. Bachelor's degree programs consist of 14 of these terms for a total of 180 credit hours. All programs at Pathways are career oriented, though bachelor's degree seeking students are required to complete a curriculum of core courses similar to those at other more traditional four-year universities.

I selected the two not-for-profit institutions purposively based on their relatively high proportions of Pell Grant recipients, compared to other institutions in the state (as I assume that this high percentage represents an institutional commitment to serving low-income students) and their similarity in outcomes to other institutions in their sector. Both of these institutions have six-year graduation rates that hover near the national average for their sectors; among students who started in fall 2005, 68% at Civic (compared to 65% nationwide) and 58% at UC (compared to 56% nationwide) graduated within six years (National Center for Education Sciences, 2013b). Both institutions also serve relatively large numbers of alumni from Chicago Public Schools, suggesting a commitment to serving the local community. Although these two institutions are not representative of all public and private not-for-profit institutions in the city, state, or nation, they do serve high numbers of low-income students. Thus, the findings generated here are likely to be particularly relevant to other four-year institutions that serve above average shares of low-income students.

I purposively selected Pathways using a somewhat different set of procedures. My original intention was to collect data at a large, nationally recognized for-profit university. After my many attempts to gain access at a number of institutions were met with resistance, I was able to make contact and gain access at Pathways. Pathways' six-year graduation rate (24%) is quite a bit lower than the national average for all for-profit four-year institutions of 42%, but only four percentage points lower than DeVry (28%), which was my first choice (National Center for Education Statistics, 2013b). Pathways is a suitable choice for this study, as its share of Pell recipients and local public school alumni are similar to those of the other two study institutions.

Participants

I initially designed this study to include 15 participants from each institution. In the end, a total of 54 students participated; 15 were from UC, 20 were from Civic, and 19 were from Pathways. All participants met the four criteria for inclusion in the study: (1) enrolled full-time in a bachelor's degree program; (2) a Pell Grant recipient; (3) a Chicago Public Schools graduate; and (4) completed at least one year of full-time study.

I chose to focus on full-time students because part-time attendance has been cited (College Board, 2009) as a factor that is associated with lower rates of degree completion and longer time-to-degree. Including students with different attendance intensities would have introduced an additional layer of complexity that was beyond the scope of this dissertation. Both UC and Civic have a relatively low proportion of part-time students, comprising less than 20% of the student body at either institution (National Center for Educational Statistics, 2013b).

I used Pell Grant receipt as a proxy for low-income status. The term "low-income" has been defined in different ways by various researchers, policymakers, and the media. Some of the data sources presented in the first two chapters separate students into income quintiles, and designate the lowest two quintiles – representing the bottom 40% of the sample – as low-income. Other sources cut the data by quartiles, assigning the low-income label to the bottom 25% of the sample. Yet other sources use the federal poverty guidelines, which are updated annually and are calculated by an algorithm that considers both income and number of household members. For example, in 2012, the poverty threshold was \$11,170 for a single-person household and \$23,050 for a four-person household (U.S. Department of Health and Human Services, 2012). When using the

federal methodology, students whose households fall below the poverty guideline are considered low-income. K-12 education researchers often use eligibility for free or reduced price school lunch as a proxy for low-income status, while higher education researchers tend to use Pell Grant receipt to identify low-income students. Tebbs and Turner (2005) caution researchers against using Pell receipt as a proxy for low-income status for two main reasons: 1) Pell recipient calculations are often flawed due to misalignment in institutional and federal datasets; and 2) not all students eligible for Pell Grants apply for federal aid, thus potentially underestimating the proportion of students from low-income families enrolled at any given institution. I use Pell Grant receipt as a proxy for low-income status, as it was the best available measure. Examining students who qualify for financial aid but do not apply is beyond the scope of this study, as this dissertation is geared toward understanding how students use financial aid to support their persistence toward bachelor's degree completion.

I chose to recruit students from one high school district for two reasons. First, I used this criterion as a way of controlling for the state and local policy context. While not all participants were native Chicagoans, they all attended public high school in Chicago and thus lived in the city for at least one year prior to enrolling in college. This criterion, at the very least, ensured that they were all eligible to receive the MAP grant. It also increased the likelihood that my final sample would include commuters, as out-of-state students and students from other Illinois cities would be more likely to live on or close to campus than those with family members in Chicago. Second, including participants from only one public school district limited the variation in district-wide policies regarding curriculum and college readiness. Choosing one district does not in any way limit

potential variation across schools related to academic rigor, teacher quality, funding, or other resources (Hall & Ushomirsky, 2010).

Lastly, all study participants had persisted beyond the first year of their bachelor's degree programs. At UC, this meant that they completed two semesters; at Civic, students completed three quarters; at Pathways, students completed four or more ten-week sessions. Data from the 2009 Beginning Postsecondary Students Longitudinal Study suggest that students of all income groups are most likely to drop out or stop out of college during or directly after their first year of study. With this criterion, I was more likely to encounter students who had a high likelihood of completing a bachelor's degree than I would have if I also included first-year students in my sample. With this criterion, my study focuses on students who have demonstrated some amount of persistence.

To begin the participant recruitment process, institutional research and/or financial aid administrators at each of the three institutions compiled lists of students who met the study criteria. I sent an initial email (see Appendix I) to all eligible participants and responded to all interested UC respondents to schedule interviews. The financial aid director at Civic University requested that the institution send the study invitation email to the students on my behalf. The wording of the email invitation was the same as that used at UC, and the email requested that interested students respond to me instead of the Civic financial aid office. Upon receiving responses from students, I continued email communication to schedule interviews. The financial aid director at Pathways assured me that students would not respond to unsolicited email or phone contact from an outsider and thus Pathways staff identified the eligible students, invited them to participate in the study, and scheduled the interviews for the three days I was visiting the Pathways campus.

I interviewed all participants who responded to my initial email (n = 54). I conducted five interviews at Civic and four at Pathways beyond my original targets, as I did not want to cancel interviews with students who had offered a time to participate. A summary of the study participants' demographic characteristics can be found in Table 3. I interviewed a roughly equal number of male and female students at Pathways, while at UC and Civic a higher number of female than male students accepted the invitation to participate. The Civic participant sample was the most ethnically diverse, though the samples at each of the three institutions were reflective of their institution's general student body. The one exception is the absence of white participants from UC, which reflected differential responses to the email invitation. Both UC and Civic serve primarily traditional college-aged students, most of whom are still financially dependent on their parents. Pathways serves a greater share of older, independent students, many of whom have dependent children of their own.

Table 3. Demographic Characteristics of Interview Participants

	University of the City (n=15)		Civic University (n=20)		Pathways University (n=19)	
	#	%	#	%	#	%
Sex						
Male	5	(67%)	1	(5%)	10	(53%)
Female	10	(33%)	19	(95%)	9	(47%)
Ethnicity						
Asian	9	(60%)	1	(5%)	0	(0%)
Black or African-American	2	(13%)	9	(45%)	18	(95%)
Hispanic or Latino	4	(27%)	5	(25%)	0	(0%)
White	0	(0%)	5	(25%)	1	(5%)
Age (Years)						
18-24	15	(100%)	20	(100%)	4	(21%)
25-29	0	(0%)	0	(100%)	3	(16%)
30-34	0	(0%)	0	(100%)	5	(26%)
35-39	0	(0%)	0	(100%)	2	(11%)
40-44	0	(0%)	0	(100%)	2	(11%)
> 45	0	(0%)	0	(100%)	3	(16%)
Year in School						
Second	0	(0%)	8	(40%)	8	(42%)
Third	15	(100%)	6	(30%)	11	(58%)
Fourth	0	(0%)	5	(25%)	0	(0%)
Fifth	0	(0%)	1	(5%)	0	(0%)
Living Situation						
On-Campus	2	(13%)	1	(5%)	0	(0%)
Off-Campus	13	(87%)	19	(95%)	20	(100%)
Financial Dependency Status						
Dependent	13	(87%)	17	(85%)	4	(21%)
Independent without Dependents	2	(13%)	3	(15%)	7	(37%)
Independent with Dependents	0	(0%)	0	(0%)	8	(42%)

Note: Some column percentages do not add up to one hundred due to rounding.

Data Collection

The source of data for this dissertation was one-on-one interviews with each participating student. All interviews took place during site visits to each institution over the course of two non-consecutive weeks in April and May 2013. Administrators at each institution provided me with private office space to conduct the interviews.

The phenomenological interviews followed a semi-structured protocol that I constructed based on the guiding conceptual model and review of prior research. Questions focused on trying to understand how students finance their college education and navigate the financial aid system. (See Appendix II for the final interview protocol.) Consistent with the purpose of phenomenology, the interview questions focused on how these students experienced these phenomena, with additional questions focused on understanding the contexts in which the students were experiencing these phenomena. The questions were organized into the following four categories: (1) College Access and Choice, which addressed students' individual characteristics, as well as the roles that their high schools and universities played in shaping their initial knowledge about college and financial aid; (2) College Experience, which primarily addressed the role of the postsecondary institution in promoting or limiting persistence; (3) Money and Aid, which addressed students' individual predispositions about college affordability and financing of college costs, as well as the ways in which state, federal, and institutional financial aid policies influences students' perceptions of paying for college; and (4) Home and Family, which included questions aimed to further understand how students' demographic characteristics, social, and cultural capital had an impact on the ways in which they

approached financing their college education. I allowed ample opportunity to ask follow-up questions to participant responses (Weiss, 1994). Interviews ranged in duration between 15 and 53 minutes, averaging between 35 and 40 minutes. There was notable disparity in interview length by institution. The median interview was 38.5 minutes at Civic, 32 minutes at UC, and 21 minutes at Pathways. One reason that Pathways interviews tended to be shorter is that I omitted the questions regarding living on campus, as this was not an option for these students. Pathways students also tended to provide shorter responses to many questions.

Data Analysis

All participants provided written consent prior to beginning the interview. With participants' consent, all interviews were digitally recorded. (See Appendix III for a copy of the informed consent form.) Audio files were transcribed verbatim and then coded using HyperRESEARCH qualitative research software. To maintain confidentiality, all digital audio files and transcripts were stored in a secure, password-protected computer. Compliant with Institutional Review Board guidelines, these files will be destroyed upon conclusion of the study.

For each transcript, I completed two rounds of coding. The initial round of coding utilized a priori organizational categories (Maxwell, 2005) that emerged from prior research. These codes included "perceptions of financial aid," "perceptions of paying for college," "perceptions of job," "perceptions of academic progress," and "financial aid package." (A full listing of codes is listed in Appendix IV.) I coded interviews as they were completed and transcribed. Upon completion of transcription and the initial round

of coding of all transcripts, I recoded the data a second time. Examples of these second round codes included “books and other materials,” “role of finances in college experience,” balancing work and school,” and “job logistics and responsibilities.” This second round of coding identified “significant statements” that encapsulated how participants experienced the phenomena (Creswell, 2007, p. 61). These statements were then developed into “clusters of meaning” to create the basic structure of the findings of what the participants experienced (Creswell, 2007). I present these themes in Chapter 4.

Ethical Considerations and Issues of Trustworthiness

Although phenomenology is based on the perceptions of the study’s participants and my analysis of the data are focused on students’ perceptions, I used document analysis to enhance my own understanding of the contexts in which the participants were navigating the experiences of paying for college and striving to persist through bachelor’s degree attainment. While document analysis is not generally employed in phenomenological studies, the documents used in this study belonged to the participants and were, in a way, a part of their experience of paying college costs. One specific area of interest is how students’ perceptions of what they received in their financial aid packages may or may not differ from what the university believes to comprise the students’ aid packages. To aid discussions about financial aid, I asked students to bring a copy of their financial aid award letters to the interview. Most students at Civic were able to look this information up online during the interview using their smartphones or computers. Some students (five at UC, one at Civic, and eight at Pathways) said that they did not have access to this information.

Upon completing data analysis, I attempted to conduct member checks with all participants to ensure that my interpretation of their interviews was accurate (Creswell, 2007). I was unable to connect with all participants, as some had graduated and did not provide me with updated contact information. I received responses from five students at UC, seven at Civic, and two at Pathways. Each of the respondents expressed approval of both the general themes I reported as well as the ways in which I framed their individual quotes, when applicable.

Role of the Researcher

Qualitative research, by definition, is subject to the researcher's biases (Merriam, 1998). I am a first-generation college student from a low-income family. I was able to persist and earn a bachelor's degree, largely due to generous institutional grants and my mother's efforts to complete financial aid paperwork on my behalf. Although I did not have prior relationships with any participant or personnel at the three institutions, my personal experiences may introduce bias. To minimize the potential for this bias, consistent with phenomenological research, I engaged in the bracketing process, suspending any personal judgment and instead focusing on the experiences of my participants (Moustakas, 1994). To further limit the potential impact of my biases, I made every precaution to ensure that I did not infuse my views into interviews through any body language, tone of voice, or other cues that expressed my own opinions or values (Weiss, 1994).

As a current graduate student who studies financial aid, I believe that my working knowledge of various policies both helped and hindered data collection. In one respect,

my understanding of these programs, as well as my status as a student loan borrower and grant recipient, likely helped participants feel comfortable speaking with me about their experiences of paying for college. In other instances, there were times when students could not remember the names of or policies surrounding specific grant or loan programs. On many occasions, the students asked me if I knew the names of these programs, and I felt obligated to answer affirmatively. Nonetheless, giving the participants this information may have had an impact on their answers to subsequent questions, as they may not have been equipped to answer them without this technical information. At times, I felt compelled to give students advice about their borrowing and spending strategies, especially if I felt they were engaging in behaviors that were not cost effective. In the end, however, I made the decision to remain quiet so as to maintain the integrity of the data collected for this study.

Study Limitations

As with any study involving 54 participants at three institutions, it is not possible to generalize the findings to the entire college-going population. However, the findings from this dissertation inform theoretical understandings of low-income students' experiences, and how these experiences are shaped by context. Although the sample includes students attending one four-year public, one four-year private not-for-profit, and one three-year (baccalaureate granting) private for-profit institution, all of which serve large numbers of low-income students, I did not include any two-year institutions in my study. Therefore, this study excludes insights of students in this sector, a sector that serves 33.6% of Pell Grant recipients nationally (National Center for Educational

Statistics, 2012), and 25.1% of Pell Grant recipients in Chicago (National Center for Educational Statistics, 2012). While this purposeful omission limited my ability to learn about the experiences of a large number of low-income students in the study city, studying a community college would not help me achieve the goal of understanding the experiences of bachelor's degree seeking students. The results also do not reflect perceptions and experiences of part-time students.

All of the study participants had persisted beyond their first year of college. At the time of the interviews, 17 had persisted to their final year of college and 29 had persisted to their penultimate year. Data from the most recent Beginning Postsecondary Students study indicate that approximately 76.2% of all students (and 70.4% of dependent students from the lowest income quartile) who initially enrolled in four-year public institutions in 2003 were still enrolled or had attained a degree within five years; 79.2% of all students (and 75.7% of dependent low-income students) at four-year private not-for-profit institutions persisted or completed after five years (Ho & Wei, 2011). Focusing on students who have persisted beyond the first year prohibits me from considering students who were unable to navigate the financial aid process during the search and initial enrollment phases (Hossler & Gallagher, 1987), unable to manage their costs through aid and other sources during the first year, or experienced other non-financial challenges to persistence, chose not to attend college, or enrolled but later dropped out.

Although the primary goal of this study is not to make institutional or sector-based comparisons, some of the key demographic characteristics (particularly age and presence of dependents in the household) of the students at the public and private not-for-profit universities are different from those at the for-profit institution. The student

demographic profiles for participants in this study generally mirror those of students nationally. The one exception is that nontraditional aged students do attend not-for-profit institutions, including UC and Civic, though they are not represented in the interview samples from these institutions. In 2012, 11% of UC students and 21% of Civic students were age 25 and over (National Center for Education Statistics, 2012).

Although subject to these limitations, the results of this study provide a rich understanding of how students from low-income families pay for a college education and navigate financial challenges as they persist toward bachelor's degree completion. The findings contribute to the broader literature on student persistence and student financial aid and advance theory in these areas.

CHAPTER 4: Findings

Several findings about students' perceptions of financial aid and the ways in which they use financial aid and other resources to pay college costs emerged from the data. With a few exceptions, participants in this study generally did not "see" their grant aid, as it was applied immediately to their tuition and fees. At University of the City, the sum of federal, state, and institutional grants met or exceeded the sum of participants' tuition and fees, sometimes leaving students with a surplus of grants funds to be applied to living expenses or books. At Civic and Pathways, tuition and fees far exceeded available grant funding.

Across the three study institutions, students' approaches to financing their unmet need varied. Students at UC were less likely than students at the other institutions to have unmet need, though some were not able to pay the full cost of attendance by using grant aid alone. These UC students were less likely to borrow student loans and more likely to live at home and work to pay living expenses. At Civic, many students lived at home to lower their costs, but also used a combination of loans and work to make ends meet. Other Civic students lived with roommates and were faced with additional living expenses. Students at Pathways generally reported greater difficulty finding the resources to pay all of their college costs, as most of these participants were independent students and many also had their own dependents to support.

Students generally perceived financial aid to promote their persistence through their degree programs, especially the grant aid they received. Though not all students borrowed to finance their education, student loans were a force that most borrowers

across institutions felt were a worthwhile and necessary investment to their persistence. Pathways students also cited that the terms of their institutionally-sponsored student loans challenged their ability to persist. These students specifically struggled to make monthly private loan repayments that began while they were still enrolled. Students at all three institutions (four at UC, nine at Civic, and three at Pathways) who worked more than 20 hours per week also described difficulties balancing their work with the other demands on their schedules, including class time, homework, and sleep.

How do students use financial aid and other resources to pay college costs?

My first research question focuses on how students from low-income families pay their college costs as they persist on the path to bachelor's degree completion. A sub-question asks about the specific uses of financial aid for the purpose of financing educational expenses. Implicit within these questions is a need to understand the various forms of financial aid that students use, students' perceptions of college costs, and the ways that students prioritize their various expenses.

When asked about how they use financial aid, students responded similarly, both within and across institutions. This consensus reflects the relatively common approach that institutions and their financial aid offices use to structure the ways in which students are expected to pay college costs. Federal policy regulates that all components of a student's financial aid package – scholarships, grants, and loans – must be used to fully pay the student's tuition and fees before being used for other educational purposes. Institutions use all aid received to pay all tuition, fees, and – if applicable – room and board charges. If the sum of a student's financial aid funds exceeds the sum of charges,

the student will receive a refund check that can be used to pay for living expenses, books, and other college costs. If the sum of tuition and fees is greater than the sum of financial aid, the student will be billed for the balance. In essence, students do not have the option to choose where their aid dollars will go first. They will always be applied to tuition and fees. However, students who received refunds made relatively similar choices to those who did not receive refunds about spending their available funds, with books and living expenses accounting for the majority of their spending.

Forms of Financial Aid

Before looking at the ways that the participating low-income students used financial aid, I first explain the types and amounts of aid they received. Reflecting different institutional resources and priorities, the financial aid offices at UC, Civic, and Pathways generated different financial aid packages for their students. The same two main forms of aid – grants and loans – were consistently offered to students at all three institutions. The extent to which students were offered federal, state, and institutional grants and federal and private loans varied across institutions. The total amount of grants and loans also varied across institutions and – to a lesser degree – among students at each of the institutions. These factors, combined with the institutions different tuition rates, resulted in varying students' levels of unmet need among students within and across institutions.

Grants and Scholarships. Every participant in this dissertation received a federal Pell Grant, as this was the first criterion for inclusion in the study. All students received the maximum award for the 2012-2013 academic year, which was \$5,550. Most students

at UC and Civic also received the state's need-based MAP grant. Students attending Pathways, a for-profit institution, were not eligible by law to receive this funding. The maximum MAP grant for 2012-13 was \$4,720; the participants who received MAP grants reported amounts ranging between \$400 and the maximum of \$4,720. However, due to a state budget shortfall, funding for the MAP grant for the 2012-13 academic year was suspended effective March 20, 2012, leaving students who had not submitted their FAFSA by this date without access to state grant funds. One participant from Civic noted that, although she received a MAP grant, the amount was lower than she received the prior year. When asked why she received less MAP funding, she assumed that it was because she filed her FAFSA late, as the costs of her tuition and living expenses remained essentially the same across the two academic years.

Both University of the City and Civic University awarded several different of institutional grants and scholarships to students. Eligibility for the UC Access Grant, the largest grant program at UC, was based on financial need, and all 15 participants in this dissertation received the maximum grant (\$5,000 per year). UC also offers the \$1,500 Gateway Grant to some of its low-income students. However, as the Gateway Grant is restricted to students who do not receive Pell Grants, none of the study participants were eligible to receive it. All of the Civic participants received at least one need-based grant; some were awarded a variety of different institutional grants and scholarships. All 20 participants received the need-based Civic University Grant, an \$11,000 award. Additionally, four Civic participants received a Civic Merit Scholarship, ranging between \$5,500 and \$11,000 and one participant received the \$17,000 Civic Presidential

Scholarship. Both of these awards are based on academic merit. According to participants, Pathways does not offer institutional grants or scholarships.

Only three participants – two from UC and one from Civic – spoke about receiving scholarships from sources other than the federal government, Illinois, or their institution. All three students applied for these scholarships while still in high school and reported earning them because of their academic achievement. The amounts of these scholarships were modest in comparison to the other grant aid they received – all were around \$1,000 – and were not awarded again after the student was enrolled.

Student Loans. Of the 54 participants in this study, 44 (7 at UC, 18 at Civic, and all 19 at Pathways) borrowed student loans. All of these students were offered – and accepted – Federal Direct Loans (also referred to as Stafford Loans, though Federal Direct loans are one of two programs that fall under the Stafford Loan umbrella), and both subsidized and unsubsidized loans. Subsidized loans do not accrue interest while the student is enrolled (U.S. Department of Education, 2014). As such, these loans are a less risky investment compared to unsubsidized federal loans and private loans, which have either higher interest rates and/or an immediate accrual of interest. Reflecting federal guidelines, the amounts of loans offered to participating students varied based on the student's dependency status and year in school. In the 2012-13 academic year, the maximum Federal Direct borrowing limit for second year dependent students was \$6,500 and \$10,500 for independent students. Regardless of dependency status, subsidized loans could only constitute up to \$4,500 of a second year student's total Federal Direct loan total for the year. For students in their third year and beyond, the maximum borrowing limits were higher: \$7,500 for dependent students and \$12,500 for independent students,

with no more than \$5,500 coming in the form of a subsidized loan. Federal Direct maximum borrowing totals – for the duration of a student’s undergraduate education – are \$31,000 for dependents and \$57,500 for independents, with a maximum of \$23,000 in subsidized loans (U.S. Department of Education, 2012). Not all participants accepted the maximum loan amounts offered to them.

Participants at all three study institutions also mentioned receiving the Federal Perkins Loan. Another federally subsidized student loan, the Perkins loan had a maximum borrowing limit of \$5,500 in the 2012-13 academic year. It is unclear how many participants who borrowed federal loans took out particular type(s) of loans for two reasons. First, many of the students did not know the names or the specific amounts of the loans they borrowed. Second, many students did not bring their financial aid documents to confirm this information.

Pathways students were the only participants to report borrowing private loans. Pathways, unlike the other institutions, has established a private loan program to help students address their unmet need. The “PEAK” loan is a private loan offered directly through Pathways that allows students to borrow up to the total cost of the student’s education, including a budget for living expenses. While the actual amount of this loan is relatively low (when asked, students in the study said they had borrowed between \$5,000 and \$12,000 in PEAK loans per year), two features of the program make it far less desirable to students compared to federal loans. First, the interest rates range between 10% and 18%. According to the Pathways website, the purpose of this high interest rate is “to ensure that students have exhausted all other financing options first. The business of Pathways University is education, not banking, but we don’t want cost alone to be a

barrier to any student getting a college degree.” Despite the institution’s stated lack of focus on being a loan provider, no Pathways students said that they borrowed private loans from sources outside of PEAK. However, every student interviewed did take out PEAK loans. Second, not only does interest begin accruing immediately, but students are also required to make monthly payments of \$75 toward their PEAK loans effective immediately upon enrollment through the duration of time they are enrolled at Pathways, with the full repayment schedule commencing upon graduation or separation from the university.

Defining “College Costs”

Before delving into the themes that emerged as students discussed how they used financial aid – as well as other sources– to finance the costs of their college education, it is important to consider the different ways that students define the term “college costs” and to unpack their perceptions about each of the elements included in their definitions. Used to determine financial aid eligibility, the federal government’s definition of college costs includes tuition, fees, books, living expenses such as rent and food (often referred to as “room and board”), and any other expenses that are essential to participating in higher education (such as transportation).

Not all students interviewed conceptualized college costs along the lines of the federal financial aid formula. Many either did not realize that all of the aforementioned components can be justified as college costs or they chose not to mention them. Some expenses, such as fees and transportation, may not have come to mind for all participants if they were not responsible for paying for every component on the federal list of costs.

When asked about college costs, several students responded by discussing the different forms of financial aid they were receiving. In a few instances, students mentioned expenses that are not typically considered to be directly related to college, including clothing, child care (which was more common for the older students attending Pathways), and cell phone bills. However, for the most part, students cited tuition, books and materials, and rent as their main college costs.

Tuition. When asked to list their college costs, every single participant discussed tuition, which suggests that it is the most important college cost, or at least the one that most quickly came to students' minds during the interview. According to the Integrated Postsecondary Education Data Systems (IPEDS) database (National Center for Education Statistics, 2013c), full-time tuition and fees for in-state students at University of the City for the 2012-13 academic year totaled \$13,122; the institution's website listed in-state base tuition and fees at \$11,822 and posted differential tuition surcharges for certain programs of study; these differentials ranged from \$630 for Nutrition to \$3,952 for Nursing. When asked about costs, UC students mentioned tuition, but in most cases did not quantify it, likely because not a single UC participant was required to pay any tuition out of pocket. Federal, state, and institutional grants covered this cost completely for all UC participants.

A number of Civic students, on the other hand, did quantify their perceptions about tuition. Their perceptions of what they were asked to pay – students consistently responded that their tuition was a flat \$30,000 – only differed slightly from the figure reported to IPEDS and listed on the Civic's website (\$31,650, plus \$645 in fees). Several students retrieved this information on their computers or smartphones during the

interview by using Civic's student portal. These students remarked about the convenience of using this website. Nonetheless, most students at Civic commented that their tuition was not one of their key concerns. Like the students at UC, most students at Civic noted that tuition was covered by the grant and scholarship funds they received.

The 19 participants attending Pathways had differing perceptions from one another about the tuition they were being charged. IPEDS reported annual tuition and fees to total \$14,982; however, on the Pathways website, tuition and fee charges are not listed per year. Instead, they are listed per term and as a lump sum for the complete three-year degree program. Tuition and fees at Pathways vary based on the student's major course of study, and range from a low of \$4,975 per term (\$71,050 total) for the Information and Network Technology program to a high of \$5,531 per term (\$78,834 total) for the Criminal Justice program. The majority of students, when asked, were either unable to provide the exact dollar amount that they were required to pay or did not feel confident in their estimate of tuition. Those who did offer estimates reported formidable sums. For example, one Pathways student said,

Lord have mercy. [Tuition] is a lot of money. And the student loans is...oh goodness! I think I owe for it, \$4,733 altogether for the [private loan] right now [during this term]. I don't see where am I getting this money from.

Students who quantified their perceptions about tuition rates at Pathways gave figures that ranged from \$6,000 to \$17,000 per year. Some of the students who gave lower figures may have been referencing the charges for each 10-week term.

Books and Materials. Whereas students' knowledge and level of concern about paying tuition varied across students within and between institutions, students who spoke about purchasing books and other classroom materials shared almost universally negative

experiences. The most common themes that emerged from discussions about textbooks and academic materials are that they are too expensive and their high costs sometimes came unexpectedly. Some students described using alternative means of acquiring their textbooks that either defrayed or completely eliminated the cost.

The amount of money students spent on books each year seems to depend largely on one of three factors: (1) the student's major; (2) the student's class standing; and (3) the student's use of strategies to defray the costs of books. Participants majoring in one of the STEM (science, technology, engineering, mathematics) fields reported the greatest annual cost for books, with some students reporting spending over \$2,000. Students who were in non-STEM courses of study, however, still made considerable investments in their books. For example, students in humanities and social science courses reported spending up to \$1,000 over the course of an academic year. Students who were in introductory level courses discussed paying upwards of \$200 for a single textbook. Students also noted that, for upper-level courses, they either were not required to purchase as many books or the assigned text(s) were not as expensive. One Civic University senior encapsulated the change in her book costs as she progressed through her program when reflecting on her current classes:

Books, now they don't cost as much because I feel that our professors know that we don't have the money to just spend and waste on books. A lot of my classes now have really cheap books. None of my books have been over 20 bucks. We have six books for each class, so that can add up, but it's better than spending \$130 on one book that we're never going to use for a class.

Notwithstanding, students from all three institutions expressed their frustration with the costs of books. Another student from Civic asserted that the prohibitive cost of books has had a negative impact on her academic performance:

God, I pay books out of my pocket...and my classes suffer because I never [have] the money straight up, so I have to wait every couple weeks [to buy books] and it kind of gets more and more.

In addition to textbooks, students at all three institutions noted that some of their courses required additional materials, including online supplements, software programs, and lab materials. For the most part, students did not feel that these additional materials were used in a manner that justified their expense. In some instances, students stated that the materials were listed on the syllabus as required, but were never utilized.

While essentially every participant lamented the high cost of books and other materials, some shared strategies they have employed to reduce or eliminate these expenses. These strategies included sharing books with friends, borrowing books from friends who have previously taken the course, acquiring books through the school library or through and interlibrary loan services, or downloading texts from file sharing websites. This illegal practice is commonly known as “torrenting,” a slang term derived from “torrent file,” which is the encrypted file format in which the text – usually a copyrighted document or book – is downloaded. Torrent files can be unencrypted with free software and translated into portable document files (PDFs). A student from UC captured the essence of the torrenting experiences of students who participated in this practice:

I mean when I started freshman year, I would have to buy all of my books but now that I'm in my junior year, like you can torrent your books. Maybe I rented one book this semester and after I rented, I regretted it, because we found it on torrent. So now, books aren't that much of a big deal because you can find them online.

A student from Civic noted benefits and drawbacks to torrenting:

Then you buy the books. Even if they're used, they're still kind of expensive. So now what I've actually done is now I get my books online. My dad has found – on 4shared, for example. They have books there that are for free...It's kind of like –

it's a sharing – it's like...LimeWire, sort of, but it's legal. And you can share lots of things...So this year, for example, this quarter, I only had to pay about \$200 for books. But the problem is, it's cheaper or free online, but I hate it online, because I like to feel my pages, I like to turn them. I'm not an eBook person. But at the end of the day, if that's what I can afford and save on it – because even if you return [purchased books], you paid two hundred something for a book and then you return it for \$30. They pay you back \$30. It's a big thing. It's expensive, definitely.

A few students mentioned that they rented books. Book renters and non-renters alike felt that the difference in price between renting and purchasing books was so small that it did not feel like they were saving any money in the end. Non-renters noted the expense was not justifiable, given that students are not able to retain rented books for future use after the end of the term. Only three students – two at UC and one at Civic – mentioned borrowing books from their campus libraries. These students reported that they were not always able to find available copies of all of their required texts each term. As a result, they were forced to purchase the books that they could not find at the library.

Room and Board/Living Expenses. Of the 54 participants in this study, only three were living on campus at the time of the interview. All three were serving as resident assistants (RAs) and received free room and board, plus a modest stipend. Two of these three RAs attended UC, while the third was at Civic. According to the UC website, approximately 2,300 of its 16,000 undergraduate students live on campus each year. UC recognizes itself as a predominantly commuter institution. The Civic website states that 70% of first-year students choose to live on campus each year; in sum, 3,000 undergraduates live in residence halls or campus-owned apartments. Pathways does not offer student housing.

The 51 other students commuted to their respective campuses, choosing to live either with their families or off campus alone, with friends, or with their spouse. A recurring theme is that many UC and Civic students wished that they could live on campus, but found it unaffordable. Three of the 13 UC students and seven of the 19 Civic students not living on campus at the time of the interview had lived on campus in a previous academic year, but had moved back in with their families in an effort to either save their own money or to be present to provide support – in some cases financial, in others non-financial – to their families.

Students cited two main reasons for wanting to live on campus: the convenience of being close to their classes and the opportunities that living on campus affords for having the “college experience.” One senior from Civic who lives off campus with her mother argued that the costs of living on campus exceeded the many perceived benefits:

I would say that maybe [I haven't gotten the most of what] Civic has to offer just because I don't live on campus. I commute, which is a major factor that I would say that if you really want to get the college experience, you would definitely want to live on campus and I'm okay with that but because I commute, I'm not on campus as much, I don't stay as long, I don't socialize as much. I definitely wanted to live on campus just because I feel like that's one of the main reasons why you come to college is to get that 'away from home' experience and to build those relationships and friendships with people that will carry on for years to come. You don't get those relationships you know, anywhere else without being on a dorm or being a part of something socially and you get those experiences by staying on campus. So, by staying off campus, I've kind of just become a little bit disconnected. So, I've definitely always said I want to live on campus. I just can't afford the extra \$10,000 for an extra loan when I've got a nice clean home 10 minutes away.

Commuters at both UC and Civic who spoke about the prospect of living on campus said that the additional cost of \$10,000-\$11,000 per academic year was simply not affordable. Most of the students who lived off-campus lived with one or both of their

parents. For some, living with parents meant not having to pay rent. Others reported being asked to pay a nominal sum or contribute to the household by purchasing household items such as paper products and detergent. All in all, students perceived that they saved thousands of dollars each year by living at home.

This perception of saving money by not living on campus held true for the UC and Civic students who lived in off-campus apartments with friends and siblings, but not with their parents. Participants noted that the monthly sum of rent, utility bills, and food oftentimes amounted to less than half of the equivalent cost of living on campus and purchasing a meal plan. That said, students still at times felt that the costs associated with living without their parents off-campus presented a financial challenge.

Students who lived off campus without their parents had to identify ways to cover living expenses. Rent was the first non-academic financial responsibility for these students, usually paid in conjunction with utility bills. Eight of the 52 students lived off-campus with roommates, which many cited as a cost-saving measure. Students who lived with roommates reported monthly rent ranging from \$400 to \$650. Utilities, which included electricity, natural gas, water, and sanitation, added on average \$75-\$150 to these costs.

Most participants who lived on their own and/or with roommates also paid for Internet service, citing the need to have online access to complete homework assignments and research projects. In some cases, this service came in a bundle with cable television, while in most other cases, students purchased Internet service only as they did not feel they had the time or money to invest in watching cable television. Students reported paying approximately \$50 per month for broadband access.

While I did not ask participants specifically about mobile phone use, many students discussed having a phone and needing to pay upwards of \$100 per month to maintain this service. A majority of participants had their phones out, either before, during, or after the interview. Every phone I saw was a smartphone, which suggests that students may be willing to spend money on a relatively expensive electronic device, despite having finite financial resources. As I did not ask any students specifically about their phones, I do not know if they bought the phones or received them as gifts. Some students who received assistance from their families noted that their parents paid their cell phone bills.

One of the tradeoffs of living off-campus was spending time commuting to campus. All three institutions provided commuters with semi-annual public transit passes at a reduced student rate. The cost of these passes (\$100) was added directly to the students' fees. In essence, the students paid for the pass but did not always consider this payment to be an expense, as it was lumped in with other fees rather than listed as an individual line item on the student bill. Although students did not feel burdened by the cost of the transit pass, they noted that the amount of time they spent each day taking a combination of buses and trains to attend classes was often stressful. When asked how long it took them to get from door to door on a typical day, responses from students at UC ranged from 15 minutes to 2 hours, with most commuting students needing to take either two trains or one train and one bus. Average commute times for Civic commuters ranged from 20 minutes to 90 minutes, while students at Pathways spent between 15 minutes and 2 hours getting to campus. The following remark from a UC student

represents the way most participants felt about commuting, namely that it is something they've grown accustomed to doing, even if it comes with consequences:

Just yesterday I was saying, I got home at like 10:30 [pm] because I was here at the library. I've wanted to [live on campus] but it's not a problem. I've learned a lot from commuting and stuff. I know it has to be easier for [people who live on campus] academically because I have an hour and a half commute to get in. Everyday, I'll have Anatomy at 8:00 am, except for Thursdays. They have to wake up at like what? 7:30? And I'd have to wake up at like 5:30. It has to be a little bit better just because, I don't know, it's fatiguing. It's a great deal of stress or whatever to commute, I think.

Defining “Other” Costs

Many participants incurred additional expenses beyond those typically considered in the financial aid formula as being part of “college costs.” These financial responsibilities included providing support for family members, dealing with personal medical issues, and participating in leisure activities. Participants factored these expenses into their monthly and annual personal budgets, and thus also influenced their ability to finance tuition, fees, and other “traditional” college costs.

Supporting Family Members. Several students at Pathways experienced an additional set of challenges beyond paying college costs and living expenses. Not only did 15 of the 19 of the Pathways participants live on their own as independent students, but 8 of the 15 independent Pathways students interviewed had dependent children also living in the household. In fact, three of them had children who were also attending college at the time of the interview. These parents, many of whom were the only parent in the household, spoke about the struggles they faced in making ends meet while being enrolled in college full-time and only working a limited number of hours at a part-time job, if they worked at all.

In addition to the additional monetary costs incurred by having additional members in the household, providing for dependent children also added additional demands on participants' time. One Pathways student discusses the impact of being a parent had on her schedule:

My challenges basically are from home, not really academically. I have a 9-year-old son and I'm a single mom, so my challenges are childcare, school meetings, and things like that. Getting someone to pick him up from school. Take my son to basketball practice. That's about it. I'm involved with my son. I'm cooking, I'm doing homework. Basically my life is revolved around my son when I'm not in school.

For six UC students, providing resources to the family was also an expectation, even though these students were not the heads of their households. Unlike their peers at Pathways, these students were financially dependent on one or both of their parents. Examples of ways in which students complied with their parents' requests included the student purchasing school supplies and clothing for younger siblings, purchasing groceries for the household, and opening shared checking accounts, into which the student deposited her paychecks. A UC student explained the ways that she gave back to her parents, noting that it was not something she felt uncomfortable doing:

Jamey: Do you help your family in any way? Do you contribute any of your income back into the household?

Participant: If they need it. I don't pay monthly bills or anything, but if they need it, I sometimes pay for my phone bill and stuff. I've been doing it more often now than before. But yeah. Then other than that, if my dad needs to use it or something, he just takes it out of my account.

Jamey: I see. For what kinds of things?

Participant: Just any types of bills or something like that. I don't know what else he would use it on. Food or something like that.

Jamey: Does he borrow the money and then pay it back?

Participant: No, he just takes it.

The remainder of the UC students and all of the Civic students in the study either did not contribute back to their families because they were not asked to or did not have the means to do so. A small number of students expressed regret at not being able to contribute, but set forth goals to do so upon earning their degrees and gaining full-time employment. One UC participant shared her desire to help her family:

Honestly, other than birthday celebrations, I haven't had the ability to [contribute resources to the household] but I hope to. And I know that right now, my mom is okay due to the fact that my older siblings are able to help out when she needs a few things and whatever income she receives from the government checks and that also helps. Yes, but I do want to help sometimes and [hope to have] opportunities to contribute once I'm out [of school].

In direct contrast to the students who were expected to contribute to their households, five students reported offering to pay for small household expenses, but that their parents did not accept these offers.

Unexpected Life Costs – Family and Medical Emergencies. A small number of participants (four students – two at Pathways, one at UC, and one at Civic) described needing to deal with unexpected medical emergencies while also enrolled. For two participants, these were issues related to the student's health; two mentioned parents' illness or injuries. Faced with the financial burden of medical bills, one student reduced his/her course load, another changed from full-time to part-time status, and a third stopped out for one or more terms. A student from Pathways found that the stress – both financial and non-financial – of recovering from medical leave and trying to catch up on missed schoolwork compounded her illness and left her questioning the benefits and consequences of persistence:

Yeah, I want to drop out, period. I'm sick of school because my health is like – one minute I could tell you I feel good, and all of a sudden I could have a sugar

attack or my heart can crash at any time...it's just because my health is not the best anymore. When my mom died, I think that's when everything just piled up on me, and then the world just shut me down like, "You know what? This is it. [Stopping out] is what you need to do"...I want to go to school part-time, and I want to finish. I want to quit too, but then if I quit, I won't have a [transit pass] to get around, and if I have doctor's appointments or if I need to go to the Social Security Board and do some things...so I don't know how that's going to work out for me next term. If they kick me out, I'm just not going to come back to school. Because it wouldn't make sense. Because I'm almost 40. Like they say, it's never too old to learn, but I'm just overwhelmed with everything right now. I have [a great deal of] stress on my plate. So much stress can kill a person. Stress almost killed me two weeks ago, so I know how it feels.

Financing College Costs

Now that I've defined the costs – those both directly and indirectly related to attending college – that the study participants cited, I report how the students went about financing these costs. Through a combination of grant aid, student loans and other borrowing, job wages, family support, and public assistance, all 54 participants found ways to remain enrolled in their universities despite financial challenges. The different components of financial aid students received were integral in students' financing of their college education, yet were used in different ways and to different degrees at each university by students at the three institutions.

Use of Grant Aid. Because the maximum federal Pell Grant in the 2012-2013 year was \$5,550, and annual tuition at each of the three study institutions exceeded this amount, Pell funding was essentially absorbed into paying tuition for all students. No participant acknowledged ever "seeing" any of his or her Pell dollars. For some participants, this finding may reflect a lack of knowledge about the various components of the financial aid package. However, when asked to name the types of financial aid they

received, almost all students in the study cited the Pell Grant by name. Pathways students were somewhat more likely to know the Pell Grant by name, as it was the only grant any of them received.

Most students at UC and Civic also received MAP grants. The maximum MAP grant value was \$4,720, which means that, when combined with Pell funding, the maximum sum of federal and state grant aid any student received was \$10,270, an amount still lower than the sum of tuition and fees at these institutions. However, the in-state sum of tuition and fees at UC exceeded the sum of federal and state grants by less than \$3,000.

Institutional grant aid, offered to all participants attending UC and Civic, was in some cases sufficient to pay the remainder of tuition and fees not covered by their Pell and MAP grants, and provide funding that could be applied to other college or college-related costs (e.g., living expenses). Eight of the students from UC received sufficient federal, state, and institutional grant aid to cover in-state tuition without having to use student loans or earnings from work. In contrast, only two participants from Civic received institutional grants or scholarships that completely covered tuition and fees.

Expected Family Contribution and Unmet Need. A primary determinant of students' financial aid need is their Expected Family Contribution (EFC), defined as the amount that the student is expected to contribute based on the students' and/or their parents' income and wealth. All of the participants in the study had an EFC of \$0, because their families simply did not earn enough income or have enough money saved to require a contribution to college costs.

Without any additional personal resources (e.g., savings), most study participants had to identify some other source to pay the costs not met by all available grant funds. Most students had a difficult time responding when asked to estimate how much of their college costs were not covered by grants. Responses varied widely across schools. Students at UC who had unmet need estimated the amount to range from hundreds of dollars per year to as much as \$15,000. Students at Civic estimated greater levels of unmet need compared to UC (between \$2,000 and \$20,000), likely a result of Civic's higher tuition. Reported unmet need at Pathways was highest; student estimates ranged from \$7,000 to \$40,000. This higher amount reflects, as least in part, the absence of state and institutional grant aid for students attending this institution.

Use of Student Loans. Many participants reported using student loans to pay college costs, although borrowing experiences were distinctly different among the three institutions. UC students who borrowed did not do so every year they were enrolled; they also borrowed well below the maximum loan amounts offered to them. Most of the UC students who borrowed to finance their education only took out subsidized federal student loans. Two students borrowed unsubsidized federal loans in addition to subsidized federal loans. No UC participants borrowed from a private lender.

Two main factors influenced UC students' decision not to borrow. First, for some of the UC students, the sum of federal, state, and institutional grant funds was greater than the sum of tuition and fees. Some of these students even received refund checks for the balance of grant aid that remained in their student accounts after all university costs (e.g., tuition, fees, room and board) were paid. These students reported that this surplus, combined with other resources, would enable them to pay the remaining costs of

attendance without borrowing. Second, some students from UC were averse to borrowing. For these students, it was evident that their families had instilled within them a negative view of borrowing, and they did not want to leave college with debt. As one UC student noted:

Every time they always offer me two loans and that would cover the living costs if I choose to stay on campus but I never accept them because I'd rather leave school with no debt than to say, 'Yeah I've dormed and partied for a while and now I owe \$20,000 to the school.'

Despite this view, for UC students who did borrow, the most common reason was to cover the costs of living on campus. A few UC participants also talked about taking out a student loan to cover the costs of textbooks and other school materials.

The students at UC who engaged in borrowing saw the decision as an investment in human capital, as one UC junior explains:

I was an independent student, so I got offered a lot of loans which I took advantage of, which was also good if you don't have parents that are going to support you. I kind of really look at the little loans as an investment. I know other people don't, but I do. I may have to pay it back, but you have to think about now and the living expenses and for me that's the key, and then this year, I had more money because my husband is working too so now we do pay a little bit more out of pocket but we still take advantage of the loans.

It is somewhat unclear whether UC participants who chose not to borrow made this decision because of a potential aversion to borrowing or the fact that they simply didn't need additional funds because of the combination of relatively low public tuition and adequate grant aid. Several of the UC participants who did borrow carefully calculated the amount of loan money they would need to cover their costs and did not borrow beyond those amounts, despite being offered the maximum amount of federal loan funding by the UC financial aid office. While these students chose to borrow, their

adherence to self-imposed limits instead of the university-generated student budget may be an indicator of either their understanding of the risks and costs of borrowing, or a general aversion to borrowing.

In contrast to the low rate of borrowing at UC, all but two of the 20 participants from Civic University borrowed to finance their education. Most of the students who borrowed deemed it necessary because the sum of the grant and scholarship dollars they received left them with unmet financial need to pay tuition and fees. The higher rate of borrowing at Civic than UC is not surprising given the higher rate of tuition and fees. To meet unmet need, Civic students tended to take out a combination of subsidized and unsubsidized federal loans. Like UC students, students at Civic did not borrow from private lenders.

Most Civic students borrowed close to the maximum amount of federal loans offered to them, and as such, their cumulative debt was greater than that of UC participants. The Civic participants reported a relatively broad range of anticipated cumulative debt. When asked how much money they expected to owe upon graduation, responses ranged from \$10,000 to \$50,000. While these differences may partially be attributed to each student's current class standing and length of program, there were notable differences among students who were at the same point in their academic programs at the time of the interview. Factors that accounted for Civic participants' different levels of cumulative debt included differences in the amount of income participants earned from working and the amount of financial support they received from their parents.

Not all Civic participants were able to give specific estimates of the amount of debt they had accumulated to date. The following exchange suggests that at least some students do not have a clear sense of the magnitude of the total amount that they are borrowing (and is the only instance in which I failed to control my impulse to correct the student):

- Participant: [I've probably borrowed] somewhere around \$40,000 now. And it's just been two years. So it's like...
- Jamey: By the time you graduate, you think you will have borrowed maybe how much?
- Participant: I hate math. I don't want to say close to a million, but I know it's going to be...
- Jamey: No, not a million. \$100,000 is what you're thinking.
- Participant: Yeah. Yes, \$100,000.
- Jamey: Please do not borrow a million.
- Participant: Oh my goodness, no. Yes, close to \$100,000. So now I'm at like \$40,000.

All in all, participants from Civic felt that borrowing was necessary to finance college costs. However, like some students from UC, Civic participants also hinted that they might be reluctant to borrow as well. One student, for example, when asked about increasing her loan borrowing in order to cover tuition costs, described loans in a negative light:

I'd rather be late and have my account on hold than me taking loans. I've taken already a few credit cards just to pay for books, and now I'm at the point where I'm starting to pay them off and get that out of the way. I'm a person that doesn't like to have debt. That's why I [stopped out] for two years. I didn't want to be indebted \$40,000, \$50,000. So it's a work in progress.

This perspective is in direct contrast with that of the previous Civic participant, who was comfortable borrowing \$100,000 – more than twice the total amount mentioned by the latter participant.

Student loan borrowing at Pathways is an entirely different story. Perhaps because tuition at Pathways (more than \$70,000 for three years) is substantially higher than tuition at UC (approximately \$50,000 for four years), because students who attend Pathways are not eligible to receive MAP grants, and because the institution does not offer any of its own grant aid to students, every Pathways participant borrowed the maximum subsidized and unsubsidized loan amount made available to them, and had done so for every term in which they were enrolled. After adding these loan funds to students' Pell grants, every participant at Pathways still had unmet need. According to participants, this balance of tuition, fees, and living expenses not covered by their Pell Grants and federal loans ranged from approximately \$7,000 to \$20,000 each year.

Pathways participants had very little to say about their federal loans, but universally expressed great displeasure with the PEAK program. Their main concern was their inability to make the \$75 monthly payment, and subsequent fear that they would be dropped from their classes due to non-payment. A number of interviewees spoke about their own experiences or the experiences of classmates who suffered this fate, which they perceived to have long-term consequences for their academic progress. One Pathways student explained this concern:

As far as the PEAK, I think they can be kind of aggressive on it...A lot of these students, they're having a hard time financially, and it's like, if you don't make the payments on time, they're stopping some students from registering for school or not giving them their transit pass. I think it's kind of like, in a way, bully-ish. It's so much pressure on these students, because a lot of these students just don't have the money. They don't. And I feel bad for a lot of students, because it's just rough on me. It's not easy to come up with \$75 bucks a month when you've got rent, you've got bills. You've got to take care of your home first.

The students at Pathways also spoke out about the amount of money they were borrowing to finance their education. Even though the expected time to degree was a full academic year shorter at Pathways than at the other institutions, Pathways students' cumulative debt was substantially greater. Accounting for all sources of student loans, participants expected to owe between \$20,000 and \$70,000, with the majority of participants near the maximum of that range. Pathways students' financial aid documentation suggested that these estimates were accurate. The topic of cumulative debt upset one Pathways participant to the point that he walked out of our interview. Before he left, he shared this perspective when asked about his cumulative debt and his experiences using the PEAK loan to cover college costs:

They've got me so buried in debt that I can't even see. And they took every dollar they could get out of me, and they're going after more. It's not good. I've seen them bury these kids so deep in debt. You don't want to – that's the wrong thing to talk about. I've seen what they've done to kids. I mean, they even got me. I had zero PEAK, I had \$4,000 left in my student loans. The two classes I'm doing right now, I withdrew from two years ago because I didn't feel I was getting the proper support. Well, they fired the dean in between who was going to help me get through all this. Well, now they're saying I've got no evidence, so they doubled them... You know what, they just buried me in debt so bad, now they want me to pay another bill, PEAK, for these two classes that I took before...it's not good.

Students from each of the institutions used student loans to pay college costs.

While students at both Civic and Pathways may have expressed some reluctance to borrow, they felt that they had no choice but to borrow to pay college costs. For most of these students, paying college costs without loans was not an option. They had to make a difficult decision, but they chose to borrow in order to pursue a bachelor's degree or remain enrolled in a program.

Use of Work. A number of themes emerged from the data related to students' working while they were enrolled and using the wages they earned to pay college costs. Most participants either had jobs or attempted to find them. A student's decision to work while enrolled was often determined by her or his need to earn income to pay college costs, desire to work, knowledge of employment opportunities, and ability to obtain employment. Students who worked held a wide range of positions across various occupations. Additionally, participants held a number of different jobs, concurrently and over time. The number of hours participants worked per week also varied across institutions and among participants at each institutions. Finally, participants who were employed while enrolled and participants who were not articulated benefits and consequences of working while enrolled in school.

Of the 54 students in this study, 38 reported having some form of income from employment. Of the students who were not working at the time of the interview, 11 said that they were actively looking for part-time jobs to pay costs of attendance. Three other students – all from UC – reported that they either did not want to work or their parents told them that they should not be working and should instead be focusing on school. The students who most frequently expressed having difficulty finding jobs were attending Pathways. Otherwise, there were no noticeable employment trends by institution.

The most notable illustration of how professional connections promoted and limited how students learned about job opportunities is the federal work-study program. Few participants at any of the three institutions held work-study jobs at the time of the interview. Two participants at UC were employed in work-study positions, compared to three at Civic and seven at Pathways. Through our discussion about employment, it

became clear that the students who did not have work-study jobs either did not realize that they received a work-study award in their financial aid package or knew about the award but did not know how to go about finding a work-study job. (Upon reviewing students' financial aid documents, I confirmed that all students in the study received work-study unless they asked that it be removed from their packages.) Students who were employed in work-study jobs found out about available work-study jobs by speaking with administrators at their institutions, most commonly financial aid personnel, academic advisors, residential life staff, or on-campus employers. In some cases, students proactively sought information about available positions, whereas in others, institutional staff advertised positions or approached students whom they thought might be interested in and eligible for a job.

The majority of Pathways students who worked were employed in work-study positions at the university. Pathways has created positions in its café, copy center, career counseling office, library, tutoring center, student services office, and financial aid office for work study students. All of the work-study students at Pathways earned \$8.25 per hour, the minimum wage in Illinois. Participants typically found these positions to be enjoyable and low-stress. However, some students expressed disappointment at the number of hours they were offered each week. According to multiple sources, Pathways student workers were told at the time of initial employment that they would be provided with 15 to 20 hours of work per week. However, due to budget constraints, the school has not been able to honor this pledge across campus. As one Pathways student commented,

Okay, we had 20 hours, and then they were saying that they had to cut back because of the budget. But it just seems like it's only my department. It's only the café. It's not the student workers in financial aid, it's not the student workers in

academics or in the library. It's just the café. And maybe it's because of the hours that the café keeps...

Other Pathways students who worked in other offices on campus shared the experience of having reduced hours. Some students reported losing their jobs due to what they were told were cuts to the budget:

They had some budget cut or something, and they said they nipped something in the bud with the financial circumstances, and I guess they only had so much money they had, and I guess whoever made the least hours got laid off, and I was the one who had the least hours. I got laid off. But one of the persons who started working here after me is still here.

Some of the students who did not have work-study jobs but received work-study awards chose not to pursue work-study jobs because they were employed elsewhere. For a few students, these other jobs were carried over from high school, while others made the choice to work closer to their home than to campus. Others turned elsewhere because they could not gain work-study employment.

Students found non-work-study jobs in a variety of ways. One strategy included leveraging personal connections. Because all participants resided in the city in which they were pursuing their college education, they had the opportunity to reach out to friends and family to help them find jobs. A number of students found their jobs through friends who worked in the same places, while others worked for their parents' friends. Two other participants' reported job search strategies were responding to newspaper or online advertisements for jobs and going into local businesses and submitting unsolicited applications. According to participants, these latter two methods were less successful in leading to employment.

Students were employed in a variety of jobs with differing responsibilities, hours, and work environments. Some students worked more than one part-time job in order to generate necessary income. Table 4 provides descriptive statistics on the characteristics of students' employment. At UC and Civic, 80% of the participants worked at least one job, compared to 52% of participants at Pathways. Civic participants were more likely to work more than 20 hours per week than their peers at the other two institutions. Civic students also earned the highest overall hourly wages.

Pathways students worked the least number of hours each week, which was likely due to the higher proportion of work-study jobs at Pathways, the aforementioned limited employment hours at Pathways, and federal regulations that limit the total number of hours work-study employees are permitted to work each week. Federal work-study guidelines give financial aid offices and employers freedom to set work-study students' schedules, so long as students' total earnings for the academic year do not exceed the amount of their work-study award (U.S. Department of Education, 2014). Work-study students at Pathways did not work more than 10 hours per week, whereas work-study students at the other two study institutions worked no more than 20 hours per week.

The types of positions in which students worked varied widely. Those with work-study jobs were concentrated in clerical, customer service, and research positions, with non-work-study students employed in retail sales, food service, custodial service, child care, and peer tutoring roles, as well as in customer service positions.

Students at Civic especially regarded internships as the gold standard of student employment, as participating students saw them as the best way to apply the knowledge and skills they were acquiring in school and to promote long-term career readiness. Only

three students – all attending Civic – had secured internships at the time of their interview, but several others were hoping to move into internships in the near future. One UC participant spoke about her aspirations of finding an internship:

I am really making it my goal to quit work [as a maintenance worker at a gym] and really work hard to get an internship for my last year...I feel like if I don't get into a paid internship, I think I would still quit [the job at the gym] and I think I would take out the maximum loans and just do it because I fell like [having an internship] is worth it and I feel like I need that experience...I think that's definitely one more important thing – in college, you need an internship where you need to [gain skills and make professional connections].

Students' perspectives on balancing work and school were mostly consistent with prior research on this issue (Baum, 2010; Bozick, 2007; Perna, 2010). Specifically, students who worked multiple jobs or maintained heavier work schedules (that is, more than 20 hours per week) found that their academics suffered. Students struggled mostly because they had a finite number of hours each day or week to attend classes, work long shifts, complete homework assignments, study, and get an adequate amount of sleep. A student from UC who worked two jobs explained:

Two semesters ago, I actually got two Fs in classes, and I was so hurt, because but what happened was, I was just focusing too much on working and I work in the evenings. The way I scheduled it is, I make my classes during the day and I work in the evening, and then you get home and you just want to go to sleep and you know you got assignments to do in the morning, and then it just piles up. And yeah, there is no turning back after that.

Table 4. Employment Characteristics of Interview Participants

	University of the City (n=15)		Civic University (n=20)		Pathways University (n=19)	
	#	%	#	%	#	%
Number of Jobs						
0	3	(20%)	4	(20%)	9	(47%)
1	9	(60%)	12	(60%)	9	(47%)
2	3	(20%)	4	(20%)	1	(5%)
Hours Worked Per Week						
1-10	2	(17%)	2	(13%)	4	(40%)
11-20	4	(33%)	4	(25%)	2	(20%)
21-30	4	(33%)	4	(25%)	2	(20%)
31-40	0	(0%)	4	(25%)	1	(10%)
> 41	0	(0%)	1	(6%)	0	(0%)
non-hourly	2	(17%)	1	(6%)	1	(10%)
Work-Study Position						
Yes	2	(17%)	3	(19%)	7	(70%)
No	10	(83%)	13	(81%)	3	(30%)
Hourly Wages						
< \$10.00	10	(100%)	7	(50%)	7	(78%)
\$10.00-\$12.50	0	(0%)	3	(21%)	2	(22%)
> \$12.50	0	(0%)	4	(29%)	0	(0%)

Note: Some column percentages do not add up to one hundred due to rounding. Calculations for hours worked per week and work-study status omit students who do not have jobs; University of the City n=12, Civic University n=16, Pathways University n=10. Calculations for hourly wages omit students who do not have jobs and students who are not paid hourly; University of the City n=10, Civic University n=14, Pathways University n=9.

On the other hand, some students – even among the group that worked more than twenty hours per week – did not find balancing work and school to be a problem. According to a Civic student:

Yes. It's actually pretty easy, because when I make my schedule for school, I can make it a month or two before we start a new term, which is nice because then I can make my work schedule around that. So when I'm making my school schedule, I try to give myself a few afternoons – I like mornings, so I usually try to have all my classes in the morning so then I can work in the afternoon and what not. But since I work five days a week, then I can have a couple days where I have free afternoons, which I do homework, my readings, and what not. So it's

just about being as organized as you can be. I think you just have to be really organized and try to do your best. Sometimes, of course, weekends have been more difficult because on Saturdays I work all day, and then Fridays I work late evening. So I make sure on the afternoons that I don't have to work that I do homework. So it's just trying to be as organized as you can be, I guess.

Civic participants who worked on their campus – including, but not limited to work-study positions – consistently reported being advised by their employers that academics should be every student's priority, and that they should be forthright with their employers if they need to reduce their hours or change their work schedules to accommodate academic demands such as exams or class projects. This kind of messaging was not reported either by participants at other schools or from most students who worked in off-campus jobs. In fact, students who worked in retail and other service positions were more likely than those working in offices and other work-study positions to cite conflicts between work shifts and academic demands. The following Civic student, who worked two jobs, spoke about how her employer's lack of attention to her other demands impacted her academic and personal life:

That's why I'm having an issue with all of this. We have a set number of hours. It's a part time job. We don't go over 30 or so hours a week, but our hours change every week and not only do our hours change every week, the days that we work also change every week...which is the hassle in, a) planning anything, because you can't plan if you don't know what days that you work; b) It's really inconveniencing my study life because I'll get out of class at 4, I have to be at work at 5. I might not get off until 10:30. I'll be home by 11:30, gotta get right back up in the morning to be at class at 11, so it's really no time for me to focus on my school work. So, that's the biggest concern that I'm having right now, that I'm trying to get my boss to see that either a) cut me down the hours, or b) give me a set schedule.

This student, like three other participants (one at Pathways, two at Civic), worked more than thirty hours per week, struggled to makes ends meet. This heavy work schedule

compromised her ability to balance school and work, yet she still reported that she barely made enough money to pay her expenses.

Some students considered factors other than paying their college costs when making decisions about working while enrolled. Some participants either wanted – or were expected – to contribute income to their families. A Civic student spoke about her desire to work extra hours, as well as using her financial aid funding, to prove her adulthood and show gratitude to her parents by giving back:

I try to make sure – that’s why I’m really trying to get back into working, because I want to not be a priority. I’m an adult; you guys have done it all up to this point. It’s my turn. I get a refund check since there’s extra money left over now, and I pay rent every [term] from my refund check. Sometimes when I get my initial refund check, I pay a bigger, a large amount with the rent. Expenses that would be expected to be paid for by my mother, I was doing. She had a lot of stress off of her and a lot less to pay for. And then I was just buying groceries when I could and helping my sister with things when I could. We would always discuss, “Hey, you’re bringing in money too; can you deduct this, that, and the third,” because past 18, I’m not entitled to live there. I can be anywhere else. So I’ve never expected not to pay for things.

This participant’s desire to not rely on her parents and minimize the burden they felt for paying for her education may create some challenges for maximizing academic achievement. Students who worked more than 20 hours per week sacrificed sleep, social engagement, and study time in exchange for working these extra hours. These students also struggled to complete assignments and prepare for exams.

Pathways participants tended to assume loan debt rather than assume additional hours at work, likely because the terms of their work-study employment and the Pathways budget cuts constrained the number of hours they could work. Although the federal government pays approximately half of work study students’ hourly wages, Pathways was experiencing difficulty in paying its share, according to several

participants. Other Pathways students reported having a difficult time finding employment and/or being able to schedule both school and work. The eight Pathways participants who had dependent children expressed a need and desire to be in the home with them in the evenings and on weekends.

Family Resources. Although all participants came from families or households that are defined as “low-income” by the student’s eligibility for the Federal Pell Grant, many were able to rely on family resources to help them pay college costs and thus persist through their degree programs. The most common resource parents provided for students was a rent-free home in which to live. Very few participants who lived with a parent or parents reported being charged any form of rent. Even students who contributed to their parents’ household gave amounts that were not equivalent to the price of renting rooms in similar houses.

For just a few students, parents also provided direct monetary resources. These parents paid part of the students’ tuition and books, and/or provided spending money. One Civic student discussed how her parents had set aside money for her future tuition. Because of this, she did not have to use loans to pay college costs. She was one of only two participants from Civic who planned to graduate without any debt.

While most families were not able to give their students money to pay expenses, some were able to loan money to cover unpaid tuition or books. These personal loans were generally short-term, meaning that the student was expected to repay the family member – or, in some cases, friend – within the same academic term, once the student had worked a sufficient number of hours to earn the money. In other cases, parents

loaned their children money to cover these expenses with the expectation of repayment once the student graduated and started working full-time.

The availability of such resources may be especially important for coping with emergencies or other unanticipated situations. For instance, one Civic student experienced a financial shortfall because her student loan refund check was not processed in a timely manner. She explained how she relied on friends and personal connections to get back on her feet:

I just remember two months that I really couldn't pay the first month and second month [of rent]...I was a little bit late...We don't get our refund check until the end of December so I was late on December as well because I didn't get the refund check at the beginning so I had to wait. For November and December, I couldn't pay rent and then sometimes I just didn't have it and my godmother would give me money or my parents would try to help but they have other kids in college and they have bills of their own so they can't pay my bills and theirs so I really don't ask them for much. If my godmother doesn't help me or sorority sisters don't come in then I'm kind of screwed.

Public Assistance. Many students who were legally financially independent relied on public assistance (including food stamps, welfare) to help pay for basic needs such as rent and food. Pathways participants, almost all of whom were financially independent, and many of whom had spouses or partners and dependent children living in their households, more commonly reported relying on public assistance than participants attending the other two institutions. Of the 19 participants from Pathways, eight reported that they received food stamps, welfare checks, or both. No participants from UC were eligible for public assistance, as they were all financially dependent students, but three reported that their parents received this aid. Only one student at Civic reported receiving public assistance.

Budgeting. As students in this study had to remain enrolled in a bachelor's degree program for at least one full year as a criterion for participation, they are, by definition, managing to make ends meet. The majority of students in the study have been able to cover all of their expenses using grants, student loans, wages from working, public assistance, and/or family resources. When asked about the specific ways they did this, a consistent theme emerged: budgeting. Nearly half of the participants discussed the meticulous planning that they had to do to make ends meet, and the self-discipline they employed to stick to their budgets. A student from Civic stresses this point:

My tuition has been paid for [with grant aid] so I receive my refund checks. The only thing that I did pay for out of the pocket is my books. I use the library to order my books and stuff like that. As far as my expenses, I really don't spend a lot on stuff. I really budget. I keep a good budget. My expenses are like less than \$500 [per month]. I keep a really good budget.

Participants generally limited the money they spent – when available – on leisure activities such as eating out at restaurants with friends, going to the movies, or going shopping for non-essential items. For some students, spending money on items that did not satisfy basic needs was seen as superfluous and unfathomable. Multiple UC students remarked that, while they would have enjoyed spending more time with their friends and classmates, eating out was an unaffordable luxury. Others felt that these kinds of expenses were inevitable, but could occur only in moderation. Like the following student from Civic noted, no participant in the study spoke freely about spending money abundantly, namely because such money was not within their budgets:

Oh Lord, I save [the refund money I receive]. I buy necessities that I need at that moment. I put back into my household. I basically try to be wise, I don't just go clubbing or buy new shoes or buy new makeup, like I literally save it. I think my last refund check I just like diminished a little [portion] that I had of it because it is not really a need for me that to spend it. It's really like my savings.

What is the Knowledge and Understanding of Financial Aid and College Costs for Low-Income Students?

Participants' understanding of financial aid and college costs can be broken down into four distinct phases: understanding how to complete a financial aid application, understanding the different types of aid they received, navigating the process of reapplying for financial aid beyond their first year of study, and understanding how each of the first three phases influences the student's overall perceptions of financial aid. Interwoven into these phases are students' understanding and assessment of the role of financial aid staff at their university and the purposes of financial aid. These understandings varied widely across the three study institutions.

Applying for Financial Aid

Very few participants were able to draw on the experiences of parents who had themselves navigated college and financial aid application processes. Nearly all (51 of the 54) students interviewed were the first in their families to attend college. However, challenging the assumption that parents without college degrees may not be able to help their students prepare for their postsecondary education, a number of students reported receiving advice and assistance from their parents. A Civic student explains:

When I was in high school, I had no idea how to fill out my FAFSA. My mother saved my life [by explaining how to complete the FAFSA]. I was like, "Oh, what do I do?" And now [that I've been guided through the process] I can do it on my own, which is really cool. I just put in my information and I'm like, "Mom, put in yours," and we got it locked in. In high school, they just let me know that you have to apply for that by January 1 every year. When I first came in, I didn't understand that. I was like, "Oh, so every year it'll be covered." No, every year you have to go onto fafsa.gov and fill it out and send it in, just so that you are awarded the same things that you were awarded before. Because in the event that doesn't happen, you could be kicked out of your school because you haven't paid

for it. I felt pretty well prepared because of my school and because of my parents, so that's pretty good.

Few other participants reported receiving this level of assistance, as their parents did not have the time or the required understanding of the FAFSA to be a resource. As such, students turned to their high schools to receive information about and assistance with the application process.

Although all participants attended public high schools in Chicago, the quantity and quality of advising students reported to have received about college and financial aid varied among students who attended different high schools. Chicago has eight “College Prep” high schools; participants from UC and Civic attended four of these schools. These students described the College Prep schools as offering challenging academic curricula, as well as having knowledgeable counselors who provided some level of direct college guidance. For the most part, students cited large student-to-counselor ratios as a reason why counselors did not meet with students more than once or twice during their time at the high school. One Civic student summarized the experience of working with school counselors at a College Prep high school:

There were counselors at our high school; there were three. And there were a lot of us, so...trying to make an appointment for like 20 minutes, it was kind of rough. But pretty much everything was on my own, just a lot of calling to schools. [Counselors at my high school] did help me, once I was accepted to the school, to understand what my package, what the numbers meant, and how much I had to pay or didn't have to pay. So there was some help.

That said, students from these College Prep high schools had substantially more interaction with counselors and other secondary school personnel than students who attended other city schools. The latter group of students – who were represented at all three postsecondary institutions in the study – described fewer opportunities to receive

guidance related to the college and financial aid application processes with some reporting no interaction related to these processes at all. Students attending neighborhood schools (that is, non-College Prep schools) also noted that their school's academic curricula lacked rigor. The following quote from a Civic student expresses the feelings of many of the participants who attended neighborhood high schools:

I would say that my academic life at [my high school] was kind of like non-existent. I mean, it was an inner city high school, so I really did not receive any help from [counselors] at all. I remember in my last year when I was about to graduate from high school, they kept promoting everybody to go to college, but it was not to the degree that I wanted it to be. If somebody is going to help you to go to college, they're supposed to help you, but in my high school, they did not really help a lot of people. They didn't help us with personal statements; they didn't do nothing. A lot of kids, they were robbed with their college education. They didn't know what to do.

In contrast, the one participant from Pathways and the few participants from UC and Civic who attended charter high schools reported that these schools had offered college search and application resources and paid great attention to guiding students through the college and financial aid application processes. These perceptions were not shared by students attending College Prep high schools and neighborhood high schools. A charter school alumna explained the support she received:

[My counselor] helped me with everything. It was like college applications, scholarships, letters, letters of recommendation, that sort of stuff. He did literally everything...I was in his office my senior year probably three or four times a week getting everything together. [My graduating class had about] 180 students. A good portion of us went to college but there was a percentage of us that didn't.

Other study participants who attended charter schools remarked that their counselors were knowledgeable, approachable, and generally available for appointments. Furthermore, the participants who attended charter high schools said that they felt academically prepared when they started college.

A feature of charter high schools that stood out for a few participants was the additional college-related programming that was offered through the school. These programs provided SAT and ACT test preparation, information about the college and financial aid application processes, and individual mentoring for the students as they made the transition from high school to college. A UC participant found great value in this program:

It was a [three-year program] – it went from my junior year [of high school] into my freshman year of college. So, junior year was all ACT and stuff, senior year was learning about the loans, the college applications, the financial aid applications, how to do all that, and then freshman year was more like check-ins, like how are we doing, what do we need help with. [The check-ins were] one-on-one, because the program directors were teachers from my high school, so they would text us or write us on Facebook or whatever.

While participants who attended charter schools more frequently shared positive experiences about preparing for college and applying for financial aid than participants who attended college prep and neighborhood high schools, the number of students who shared these perspectives is too small to draw any broad conclusions about the overall quality of various public high schools in Chicago.

Understanding the Financial Aid Package

Participants noted that affordability – as determined by their financial aid package that resulted from their financial aid applications -- played a major role in their choice of college to attend. Participants described far more interest in the bottom line of the award (e.g., would the amount of financial aid offered, regardless of the source(s), enable them to attend) than the specific details regarding tuition costs or types of financial aid awarded. Participants at each of the three institutions chose their university because, all

else considered, it was the least expensive place to which they were admitted to pursue a bachelor's degree.

Students' perceptions about what they received in their financial aid packages – both the types and dollar amounts of aid – sometimes did not match the information contained in their financial aid documents. For example, as articulated in the following quote, a Civic student had some misconceptions about the contents of her financial aid package:

I have the MAP grant. I think that is the same thing as the Pell Grant... I have two, no I have three loans, two are subsidized and one is unsubsidized. I didn't take out the parent loan because I couldn't. I have the Civic Scholarship, so I get almost \$40,000 a year from [Civic], just kind of distributed throughout the quarters.

In reality, this student received both a Pell Grant and a MAP grant. She also received the Civic Scholarship, though it totaled \$11,000, not the \$40,000 she indicated. Her total cost of attendance was just above \$40,000. She was correct in identifying her Perkins loan and Direct loans. This student, like others, was not concerned with the particulars of her financial aid package, so long as she perceived that the combination of grants and loans was sufficient to cover her college costs.

That said, many other students did acquire knowledge about the types and availability of financial aid during the college search and financial aid application processes. These participants sometimes turned to their parents and peers for information to help them apply for financial aid. However, they mostly relied on personnel at their high schools (counselors and teachers) for guidance. The degree to which participants felt prepared discussing their financial aid packages was, for the most part, closely related to the level of support they received during the application process. Consistent with the

earlier finding, students who perceived that they had knowledgeable, readily available counselors felt better equipped to make informed decisions about how to interpret their financial aid award letters. Some students said that they felt confident in interpreting their college and financial aid offers because their counselors sat down with them to help review their options, while a few others felt that the knowledge they gained from prior counseling sessions empowered to undertake this task independently upon receiving their college acceptance packets.

Most students understood the purposes and policies surrounding grants, scholarships, and loans, while others did not. One of the clearest examples of a student not understanding how financial aid works came from a Pathways student, speaking about student loans and cumulative debt:

Once I get through [my degree program], that \$33,000 [of cumulative debt] is going to be \$33,000 that actually belongs to me. You know, I have to pay them back, but it's more than what I usually got from when I used to work. I wouldn't make that money in a whole year at any other job.

After asking for clarification, I was able to conclude that this student did not realize that the loan funding she was receiving was being retained by Pathways to cover her tuition and fee costs. She thought that she would be receiving payment in the amount of her cumulative debt upon graduation. This is an extreme example of a student's misunderstanding of student loans, though several other Pathways students expressed confusion about the terms of their loans.

While most participants did understand that loans needed to be repaid, not all students knew the difference between subsidized and unsubsidized loans. A Civic participant shared the following misperception:

I believe I've only borrowed subsidized loans. I don't believe I took unsubsidized, because I believe the unsubsidized – I'm not 100% sure – is for a parent. Because all the ones I've taken are on my name. My parents haven't taken anything like that. So I believe they were all subsidized loans that I took.

This kind of misunderstanding was common across multiple interviews, though this student's confusion did not have any real consequences as she only borrowed the least expensive federal student loan. However, had she actually borrowed the unsubsidized loan instead of the subsidized loan, she would have ended up with a loan that started accruing interest immediately. Another student, from UC, misunderstood federal loans in a way that did have potential consequences:

I just have the unsubsidized...I never took out any private loans - I never did get the Perkins. I think I only had two different types. I never did get the Stanford (sic) loan.

This student's misunderstanding of the differences between different types of student loans may be a cause for greater concern, as interest rates and origination fees vary across loan programs. Unsubsidized loans accrue interest upon origination, whereas interest for subsidized loans is not assessed to students until after they graduate or withdraw from the college or university. By taking out an unsubsidized loan, this student will be costing herself more money in the long term than if she had borrowed a subsidized loan first. In this student's case, she actually did receive Federal Direct loans, which are one variation of the Stafford Loan. She was not offered a Perkins loan in her financial aid package. Misunderstandings of this nature did not appear to have a strong influence on participants' decision to borrow. Students at UC and Civic who chose to borrow borrowed subsidized loans first, and only borrowed unsubsidized loans if the subsidized loans did not cover

their unmet need. Students at Pathways borrowed everything that was offered to them through their financial aid packages.

Reapplying for Financial Aid

Participants described receiving very different levels of support in reapplying for financial aid for their second year and beyond. Some reported receiving essentially no guidance, while others described being walked through every step of the process by a financial aid administrator. It is not clear the extent to which these varying levels of support reflect differences in the extent to which individual students proactively sought help with the reapplication process.

Participants at UC predominantly fell into the former group; only two of the 15 students interviewed said that they received support in re-filing their FAFSA other than an e-mail reminder from the U.S. Department of Education. Slightly more (five of 19) students at Civic reported working with financial aid personnel to navigate this process. Thus, the majority of UC and Civic students did not report receiving help in re-filing their FAFSA. The fact that the study participants who said they did not receive assistance successfully resubmitted their FAFSA forms every year without help suggests that they did not need help. This finding could also be a signal of the value students place on this funding and recognize the importance of taking the necessary steps to renew their financial aid each year.

As receiving financial aid was a prerequisite for inclusion in the study, there is no way of knowing how the general absence of reported assistance may have played out for other students attending these institutions. Some of these students likely missed

deadlines and subsequently did not receive a new financial aid package. All UC and Civic students in the study also received MAP grants, which means that they filed their FAFSA forms early enough in the cycle to receive these grants before the available resources were exhausted. The submission of the FAFSA before MAP funding was suspended further suggests that participating students understood the importance of applying for financial aid and made it a priority.

The process of reapplying for aid looked very different at Pathways. According to participants at Pathways, every student is required to meet with a financial aid administrator during every term to review financial aid paperwork. Included in these multi-annual visits is oversight of the FAFSA application. The financial aid director at Pathways confirmed that students visit the financial aid office frequently and stated that, if she and her staff did not directly manage this process for the students, none would remember to do it on their own. Without filing a FAFSA, Pathways students would not be eligible to receive federal financial aid, which provides a substantial proportion of the institution's revenues.

Students' Perceptions of Financial Aid Administrators

As illustrated in many of the examples above, there are numerous opportunities for financial aid administrators to assist students in applying for financial aid, understanding their financial aid packages, selecting among student loan options, reapplying for aid, and demystifying the financial aid process. Participants, however, had mixed feedback when asked about the helpfulness of the financial aid personnel at their institutions. The observed differences in students' experience appeared unrelated to

students' background characteristics and other non-institutional contextual factors but did vary across the three study institutions. Students at UC had limited interactions with financial aid administrators; participants who did have interactions generally did not find them to be helpful. Students at Civic, on the other hand, shared mostly positive interactions with their financial aid personnel. Pathways students had mixed views of the helpfulness of their financial aid staff.

Of the 54 students participating in the study, 38 mentioned having at least one interaction with financial aid personnel, in person, by phone, and/or by email, not including annual financial aid award notifications. At UC, two students reported positive experiences, five reported negative experiences, and eight reported no interaction. At Civic, 10 students reported positive experiences, two reported negative experiences, and eight reported no interaction. It is possible that the students at UC and Civic who did not report interactions with financial aid administrators had experiences that were not memorable. At Pathways, seven students reported positive experiences, nine reported negative experiences, and three reported having both positive and negative experiences. The most common complaints about financial aid administrators were that they were not helpful, readily available, and/or respectful. This perceived poor service was a common theme that arose from UC students. A student at UC expressed the thoughts of other participants when she reflected on her visits to the financial aid office:

I actually hate communicating with the financial aid office. They actually have poor service...every time you go in there and you want to sit and talk to somebody they want to hassle you. They're like, "Oh well, what is it that you want to talk about? What do you really need?" Like, what if I wanted to just sit and talk to somebody about me, you know? What I'm saying it's like they have a hard time explaining stuff to you if you don't know what kind of loan this is. It's like they expect you to know this is the kind of loan and this is the interest you're

going to pay and that. They can be really rude sometimes, at that office, but usually I try to do my research before I go in there. I would recommend to younger students, if you have a problem with financial aid, I would suggest talking to an academic adviser or going to one of the academic support programs or something and actually sit down and talk to somebody first because they're busy in the financial aid office and you can tell.

On the other hand, a Civic student spoke about the work of one particular financial aid administrator, who invested great effort to assist multiple participants:

I was lucky to find [the associate director of financial aid], because I almost didn't go [to Civic]. I had just enough money and then my financial aid wasn't clearing in the amount of time needed, so my financial aid package wasn't complete. So they basically said, "You're not going to be able to go, you're not going to be able to dorm," and I was literally, two weeks before school, looking for a new place to go. Then my mother was like, "Let's try one more thing. Let's contact the Dean of Students." He referred us to [the associate director of financial aid]. He was like, "Hi, I'm who you should've been talking to all along. Let's see how we can get you into a dorm this weekend." From then on, he had been my financial piggy-backer.

This student's comments suggest that the financial aid office at Civic is equipped to meet the needs of students who have financial aid-related emergencies. No UC or Pathways participants discussed seeking help from the financial aid office. The extent to which Civic students are and are not reaching out to their financial aid officers to resolve urgent matters is also not known. One Civic participant shared a perception that may shed some light on students' hesitation to reach out to financial aid administrators:

I think a lot of students with a similar [low-income] background as mine, they come in thinking, "I have to do everything on my own." They don't really want to ask for help or don't know how to ask for help. But once you realize that in order to succeed, you have to ask questions, it gets better. But I would say not enough students [ask for help].

The frequency with which students at Pathways met with their financial aid administrators may partially explain why their experiences with the financial aid office have been a mix of positive and negative. Participants' negative feedback expressed

frustration with the financial aid administrators' inability to clearly explain loan policies and repayment terms. Other Pathways students found the financial aid personnel to be helpful. This student lauded her financial aid officers:

Yeah they've been pretty great. I'll see them often. Sometimes, it's just to make a payment, or they'll call me after class if they need to talk to me. Basically filling out the PEAK, filling out papers and all that. Letting me know if I'm late on something. They've been pretty helpful here.

How do students perceive financial aid to promote and limit their ability to persist through their educational programs?

Participants' perspectives on the ways that financial aid promoted and/or limited their ability to persist depended largely on the types and amounts of aid they received. Students' impressions also were somewhat dependent on their understanding of how financial aid works. Many of the students at UC and Civic, whose financial aid packages consisted primarily of grants, felt that financial aid was a positive force without which they would not still be enrolled. Most of these students knew the difference between grants and loans. The students at UC and Civic who borrowed generally characterized student loans as an investment in their future and felt that borrowing was worth the risk. Students at Pathways, for whom loans constituted the majority of the financial aid package, also typically felt that financial aid promoted persistence. However, some of the Pathways participants did not demonstrate a strong understanding of how student loan borrowing and repayment worked.

The few students, mostly from Pathways, who felt that inadequate financial aid limited their persistence, seemed to be more focused on the overall cost of attendance and the magnitude of unmet need. Some Pathways students felt overburdened by their heavy

reliance on borrowing to pay college costs. Thinking about their cumulative debt left them with an especially negative view of financial aid.

Because all study participants received financial aid and all – at the time of the interview – were still enrolled and on track to graduate, financial aid very likely played some positive role. Some participants did not isolate financial aid as a specific force that promoted their persistence, but reflected on how their overall college experience and post-college career aspirations fueled their desire to continue.

Financial Aid Promoting Persistence

Most students felt that financial aid played an important role in their ability to remain enrolled. The degree to which students found financial aid to be a critical element varied across the three institutions and based on the types of financial aid they received. Students at UC and Civic who received grants tended to have positive perceptions of the ways financial aid helped them to pay college costs. When asked about their financial aid packages, these UC and Civic students frequently described their federal, state, and institutional grants using words such as “good” and “generous.” Participants who felt that student loans – and the amounts that they borrowed – were a good investment also perceived financial aid in a favorable light.

Students at UC had generally positive things to say about receiving financial aid. This tendency may be attributable to the fact that most UC participants received only grant aid, and that those students who did use loans had financial aid packages with a substantially greater proportion of grants than loans. Participants at UC also appeared to feel less dependent upon financial aid to persist than their peers at the other two study

institutions. No participants at UC said that they absolutely would not have enrolled and persisted without financial aid and none reported having ever considered stopping out or dropping out of school for financial (or any other) reasons. Though many UC participants struggled to pay living expenses, they did not pay tuition or fee costs directly to the university; their Pell, MAP, and institutional grants were paid directly to their student bills, covering all of these costs.

Similarly, participants from Civic also reported that they never had seriously considered leaving school for financial reasons. This finding may be a result of my sample selection criteria. However, unlike UC students, Civic participants seemed to be more acutely aware of the role financial aid played in their ability to continue in their degree programs, mostly because the cost of attendance at Civic was approximately \$20,000 greater than the cost of attendance at UC. One Civic participant shared her perceptions of financial aid as a force that promotes persistence, stating:

Civic has given me a really good award package composed of scholarships, grants, and loans. I cannot afford to pay anything out of pocket, so the rest outside of what Civic has given me in scholarships and grants, the loans have covered the rest...I chose Civic because of this funding, and I'm able to stay here because of it. They gave me more funding than other schools.

The majority of Civic participants assumed student loan debt, though their financial aid packages also consisted of more grants than loans. Although some Civic students assumed substantial debt, they felt that student loans are a worthwhile investment in the long run. Civic participants possessed a strong determination to persist and earn their bachelor's degrees.

Participants from Pathways were understandably less enthusiastic about financial aid, as the only grants they received were Pell Grants, which only made a small dent in

their overall cost of attendance. The maximum \$5,550 Pell Grant covered approximately 23% of Pathways' annual tuition, meaning the overwhelming majority of students' financial aid packages consisted of federal and private loans. Still, fewer than half of the Pathways participants interviewed stated that they had ever considered dropping out despite continually taking out loans. A Pathways student put the costs of high levels of loan debt and the benefits of completing her degree into perspective:

I know I'm going to get out of school and owe the government hundreds of thousands of dollars, yeah, about \$100,000, I think...It doesn't overwhelm me, because I know that whatever I do, I'm going to work. I'm not going to graduate and try to get this fabulous house or fabulous car. I'm going to live where I'm living, drive what I'm driving. You know, if the car still works. And then I'm going to save my money to be able to pay monthly on that. Until I can do better.

Although this student did not have a strong understanding of her cumulative debt or the various lenders to whom she will be required to direct repayment, she felt that taking on the debt was a worthwhile investment in her future. This was a commonly held view among students at all institutions who borrowed to finance the costs of their education.

Financial Aid Limiting Persistence

Whereas almost all participants said that financial aid was crucial to their ability to remain enrolled in their bachelor's degree programs, and that they had never seriously considered dropping out of school, a number of students at Civic and Pathways expressed the toll that financial struggles were taking on their ability to persist. Students at UC likely did not experience this struggle as acutely because their tuition and fees were fully covered by grant aid. There were two ways in which students at the other two institutions

perceived financial aid to challenge their persistence: their difficulty making PEAK loan payments while enrolled and their unmet need.

With little or no income, making the compulsory \$75 monthly payments for the PEAK private loan was difficult for all Pathways participants, impossible at times for some. All 19 Pathways students I interviewed spoke negatively about the PEAK loan program and the monthly payment. One participant expressed the collective perspective of the group:

- Jamey: Do you know offhand how much money totally you've borrowed to this point?
Participant: No.
Jamey: Don't want to think about it?
Participant: No. Not right now.
Jamey: Are you required to pay \$75 a month while you're enrolled?
Participant: Yes.
Jamey: How is that going?
Participant: I owe them right now.
Jamey: How are they responding?
Participant: That was just someone who called.
Jamey: There are people who call you?
Participant: Yes and harass.

Some Pathways participants shared experiences of being pulled out of class sessions by financial aid administrators to inquire about payment, a practice that may have contributed to some Pathways students' negative perceptions of their financial aid administrators. A few participants spoke of instances in which Pathways withdrew them or their peers from their classes due to non-payment of the \$75 monthly PEAK fee.

Stopping out was a more frequently employed strategy for students at Pathways than it was at the other two institutions in the study. Of the 19 Pathways participants, four had stopped out once and one had stopped out twice. Two participants from Civic stopped out, and no participants from UC stopped out. The length of students' absence

from Pathways was only one or two terms, accounting for approximately two to five months. The Civic students who stopped out returned to school within two quarters. All students who stopped out cited financial reasons for their decision. In addition to struggling with living expenses, Pathways participants reported being unable to make the compulsory payments toward their PEAK loans. Although the PEAK loan was designed as a resource to cover unmet need, these monthly payments became an additional expense that students needed to find resources to pay. In some cases, the student chose to stop out; in others, the institution dropped the students from their classes until they were able to make the PEAK payment. One of the Civic students who stopped out noted a consequence to stopping out that she had not considered when making her decision to stop out, namely that her student loans would begin their full repayment schedule. This is what motivated her to find the resources to return to school:

It was my 3rd year [when I stopped out for the first time]. I had to work. There was just no way for me to get around that. I just had to work. I needed to take out some time for myself, get myself together. And then, I took some time off this past winter because my father passed. And he didn't have any insurance, so I had to...come up with the money. [So I took one quarter off.]...the good thing is that nothing ever caught up with me, because I was gone for only two semesters [and I was able to get back into school before my loans went into repayment].

CHAPTER 5: Conclusions, Recommendations, and Future Research

The purpose of this phenomenological study was to understand how low-income students attending three different Chicago universities were able to secure the financial resources required to persist beyond the first year of their bachelor's degree programs. The research questions examined the resources and strategies students employed to pay college costs, the ways that they used financial aid, and their perceptions of how financial aid promoted and limit persistence. This chapter provides a summary of findings, identifies contributions to the literature on low-income students and students' uses of financial aid, and offers recommendations for policy and practice.

Numerous reports show that students from low-income families are less likely to earn bachelor's degrees than their higher-income peers (Rumberger, 2010). However, national goals set by President Obama call for the United States to once again have the greatest proportion of adults with at least some college education (Kanter, 2011). These goals are unlikely to be met, let alone by their target date of 2020, if the rate at which students from low-income families complete college does not increase substantially. Furthermore, employment projections – both nationally and in Chicago – suggest that we will need to produce a greater number of bachelor's degree holders within the next decade to fill hundreds of thousands of anticipated job openings that require advanced skills and expertise (Carnevale, Smith, & Strohl, 2013; Illinois Department of Employment Security, 2011).

Previous studies (Geelhoed, Abe, & Talbot, 2003; Ishitani & DesJardins, 2002) have examined the characteristics of students who drop out of college. Some quantitative

analyses (Alon, 2007; Chen & St. John, 2011; Dubrock, 1999; Fenske, Porter, & DuBrock, 1999; Heller, 2003; Kim, 2007; Thomas, 1998) have explored factors related to persistence. Yet, prior to this dissertation, little was known about the characteristics and behaviors of students who persist through bachelor's degree programs despite expected financial obstacles.

This dissertation addresses that knowledge gap. Learning from the experiences of 15 students attending a public four-year institution, 20 attending a private not-for-profit four-year institution, and 19 attending a private for-profit baccalaureate-granting institution (at which students' normal time-to-degree is approximately three years), this study advances understanding of the ways that students from low-income families made use of available resources to remain enrolled in their programs. Probing deeply into the ways in which students experience paying for college on their road to persistence offers useful insights for theory, policy, and practice.

Summary of Findings

Much of the prior research reviewed in Chapter 2 (Alon, 2011; Chen & St. John, 2011; Dezhbakhsh and Karikari, 2009; Dynarski, 2002; Fenske, Porter, & DuBrock, 1999; Heller, 1997; Heller, 2003; Kim, 2007; Leslie & Brinkman, 1987; Mundel & Rice, 2008; Seftor and Turner, 2002; Thomas, 1998) suggests that some forms of financial aid – namely need-based grants – promote persistence, whereas loans often limit persistence in bachelor's degree programs. The perspectives of participants in this study are consistent with these earlier findings. While all 54 students in the study were still

enrolled at the time of their interview, the degree to which they felt they were able to consistently make ends meet varied.

This study sheds light on the financial challenges that students from low-income families may face in their efforts to pay the costs of their bachelor's degree programs. First, participants faced a number of costs – both college-related and non-college-related. These costs, along with the magnitude of their unmet need, drove their decisions to work and borrow. Participants utilized several strategies to try to reduce costs, with some living with their parents and others seeking to borrow or illegally download course books and other materials. Some participants had added dimensions of cost that challenged their ability to remain enrolled, including unexpected health problems, financially supporting dependent family members, and contributing to their parents' household.

The nature and magnitude of participants' financial challenges also varied based on the characteristics of the financial aid package received – particularly the proportion of aid awarded as grants versus loans and the amount of unmet need that remained after accounting for grants. Students whose financial aid packages consisted primarily of grants were more readily able to pay college costs than students for whom the primary form of aid received was loans. Students who did not receive much in the way of grant aid felt that they had no choice but to either borrow or work more than their peers. Most participants used income from work to help pay college costs, though the types of jobs and number of hours students varied within and across institutions.

Need-based grant aid promoted persistence for all students.

Previous studies (Alon, 2011; Dezhbakhsh and Karikari, 2009; Dynarski, 2002; Heller, 1997; Leslie & Brinkman, 1987; Mundel & Rice, 2008; Seftor and Turner, 2002) illustrate that receipt of need-based grant aid is associated with an increased likelihood of college persistence for low-income students. My findings, while not intended to infer causation, support this research. Each participant received at least one need-based grant, the Federal Pell Grant. Students' Pell Grants were immediately applied to cover some portion of their tuition, and thereby reduced the need to rely on other financial resources for this central and essential college cost. The Pell Grant was particularly important for students attending Pathways, the for-profit institution in this study, as the Pell Grant was the only available source of grant aid for these students.

For students at UC, a public university, and Civic, a private-not-for-profit university, grant aid had a larger impact on the amount of loan debt acquired. Students at UC received the maximum Pell Grant and maximum Illinois MAP grant of \$4,720, which brought the total of federal and state grant aid to \$10,270, within \$3,000 of the institution's tuition and fees. On top of federal and state aid, students also received need-based grants from UC. These grants covered the remainder of tuition and fee costs for all participants from this institution. For some students, these grants also covered some or all costs of books and living expenses. As a result of sum of these grants, most UC participants did not have to borrow student loans.

Students at Civic also received the Pell Grant, MAP grant, and institutional grants. Tuition at Civic was over \$30,000 per year – much higher than at UC – and Civic provided more generous grants and scholarships, ranging between \$5,000 and \$17,000

per year. Civic students who lived with their parents did not have to pay rent. Most Civic participants, regardless of living arrangement, still required other resources to pay the proportion of their total cost of attendance that was not covered by grants. However, the majority of Civic participants' tuition and fees were paid for by grant aid.

Loans promoted persistence for some students and limited persistence for others.

Unlike the literature on need-based grants, the literature on student loan borrowing is less conclusive. Some studies found that borrowing promoted persistence for some groups (Kim, 2007), while others found that borrowing limited persistence, especially for low-income students (Fenske, Porter, & DuBrock, 1999; Kim, 2007; Thomas, 1998). My findings suggest that borrowing influences persistence differently for different students. The fact that all participants – including those who borrowed – were still enrolled and on track to graduate at the time of their interview suggests that borrowing promotes persistence. However, the students who appeared to be in the greatest jeopardy of dropping out, as evidenced by previous stopout and self-reports that they may stop out in the future, had accumulated more debt than other participants. Students at Pathways, who were required to make monthly payments on their private PEAK loans while enrolled, cited this burden as a reason for potentially not being able to complete their bachelor's degree program.

My findings suggest that some students strategically borrowed less than the maximum loan amounts they were offered and maintain strict budgets, while other students felt that they had no other available resources and took out every loan they were offered, as they needed all of these funds in order to pay college costs. Borrowers at UC,

for example, did not borrow the maximum amount of federal loans offered to them and did not use private loans. Civic borrowers took out greater amounts of federal loans, but did not use private loans. Pathways students, on the other hand, used every loan that was offered to them, including the private PEAK loan. The participants at UC and Civic who did not borrow or borrowed sparingly were those who lived in rent-free arrangements, either at home with their parents or on campus as resident assistants. These students, among others, spoke about the meticulous budgets that they maintained, cutting out all non-essential expenses, in order to maximize the limited financial resources they had. I found no evidence that any student borrowed more than the total cost of attendance identified in their financial aid award letters.

The tendency of some low-income students to live at home with their parents to save money may suggest that some participants had an aversion to borrowing. However, there are a myriad of reasons why students may choose to not live on campus, including a desire to be close to their families, have privacy in their living spaces, and maintain separate school and home lives. Some participants who lived with their parents explicitly expressed an aversion to borrowing. Consistent with prior research (Perna, 2008) some participants felt that student debt was not worth the risk, while others noted that their parents did not want them to have to assume debt.

Students who borrowed generally did not think – or want to think – about their cumulative debt. The few participants who were able to estimate the amount they expected to owe by the time they graduated did not describe any strategies to repay their loans. However, these students hoped to get jobs upon graduation that would allow them

to live comfortably and repay their student debt. The students who did not have any idea of how much they had borrowed felt overwhelmed by the discussion of cumulative debt.

Working promoted persistence for some students and limited persistence for others.

Literature on students who work while enrolled in college has found that these jobs help some students build skills and prepare for post-college careers while earning income, though factors such as working off-campus and working more than 20 hours per week have been found to limit persistence (Baum, 2010; Bozick, 2007; Kim, 2007; Perna, 2010). Most study participants worked while they were enrolled, and their experiences paralleled much of what is known from this prior research.

Though most students' primary reason for working was to earn money to pay college or college-related costs, many reported that they gained helpful skills from their work experiences. While building career-oriented skills through work has not been clearly linked to college persistence in prior research (Lynch, Gottfried, Green, & Thomas, 2012), perhaps the feeling that what students are gaining from their jobs is meaningful provides motivation to remain enrolled. The students who expressed greatest satisfaction with their jobs tended to work in paid internship positions or in other offices, labs, or centers on their campuses. Most of these positions were not work-study positions. In fact, participants who were in clerical, retail, and service positions – many of which were work-study – felt that the only positive outcome of the position was the money. Even then, students were not always satisfied with aspects of these positions, particularly their wages, even if they were making well above minimum wage.

Students who worked more than 20 hours per week or multiple jobs generally made more money than their peers, but this extra income came with other non-financial costs. Consistent with prior research (Rowan-Kenyon, Swan, Deutsch, & Gansneder, 2010), these students described struggling to balance the demands of work and school. The biggest challenge was finding enough hours in the day to work, attend classes, study, spend time with their families, and sleep. Virtually all participants who worked more than 20 hours per week or two jobs discussed the negative impact work was having on their academic performance. Some students who worked longer hours or multiple jobs did so in lieu of borrowing student loans, while some borrowed and worked. Students who chose to work instead of borrowing cited the influence of their parents, insofar as the students were expected to contribute money or goods to the household or their parents did not approve of their assuming debt. Some students who worked fewer hours or did not pursue working while enrolled did not have expectations of providing income back to their parents.

The ways in which institutions packaged financial aid influenced students' decisions and behaviors.

Students made a number of choices about how to use financial resources to pay college costs, but their institutions structured their ability to pay through the ways in which they charged tuition and packaged financial aid. UC, a public institution, has relatively low in-state tuition and offered participants a generous combination of federal, state, and institutional grants. Civic's tuition is substantially higher than UC's, though Civic offset this to some extent by offering students a similarly generous grant package,

with even larger institutional grants than those offered by UC. Both Civic and UC state on their websites that they created their need-based institutional grant programs because of their commitment to increasing access for students from low-income families. Both institutions also offered student loans in their aid packages, though loans constituted less than half of the average aid package offered to Civic participants and less than one-third of the average aid package offered to UC participants. Pathways, on the other hand, is a for-profit institution. It does not offer grant aid to its students other than the Pell Grant. Tuition at Pathways is slightly lower than tuition at Civic, but substantially higher than tuition at UC. As a result, financial aid packages offered to Pathways participants were approximately 80% loan and 20% Pell Grant.

Participants responded to the challenge of paying college costs based on what financial aid was made available to them. Students who received a large amount of grant aid not only were not heavily dependent on student loans, but they also did not feel as much pressure to work. Students who had greater unmet need borrowed greater amounts and worked more hours than their peers. The latter group of students, understandably, felt more stress and less confident in their ability to persist than students who were not borrowing or working as much.

Students' knowledge about financial aid varied within and across institutions.

Prior research (Romano & Millard, 2006) suggests that students from low-income families often do not understand the financial aid system and lack the prior knowledge and support to take advantage of financial aid opportunities. Most participants in this study had at least a basic understanding of how financial aid works and how to apply for

financial aid, which may be a result of my sample selection criteria. Students who had no understanding of financial aid most likely would not have filed a FAFSA and thus would not have been eligible for participation in the study. Notwithstanding, participants relied on a variety of different sources to get the information they needed.

Findings suggest that elements within each of the contextual layers of the Perna (2006) model contribute to students' understanding of the financial aid system and financial aid process. Many participants said that they were made aware of financial aid by family members before they applied to college. While prior research suggests that having college-educated parents or other family members who are equipped to help the student with college and financial aid applications increases a student's likelihood of applying for and receiving financial aid (Luna De La Rosa, 2006), some students who were the first in their families to apply to college received support from these sources. Some participants also received assistance in the financial aid application process from high school counselors. However, the availability, frequency, and quality of information delivered by school counselors varied from high school to high school, with charter school and college prep high school counselors generally being more available and helpful than counselors from neighborhood high schools. Participants who graduated from the charter and college prep schools, for the most part, reported a greater understanding of financial aid, a greater preparedness to complete the FAFSA, and more support in interpreting the initial financial aid packages they received than the students from the neighborhood schools. Participants' perceptions of school counselor effectiveness also were related to the amount of time the counselors were able to spend with students. Participants from some high schools – especially the neighborhood schools

– received just minutes of counseling during the college search and application processes. This limited counseling time, while not ideal, is consistent with much of the literature and data that cite challenges to effective high school counseling (College Board, 2011b; McDonough & Calderone, 2006).

After enrolling in college, the level and perceived quality of support that students received from financial aid office varied across institutions. Students from UC did not report much in the way of interaction with their financial aid administrators, but when they did, they found their experiences to be negative, though not in a way that deterred persistence. Civic participants, conversely, found their financial aid administrator to be readily available, knowledgeable, and equipped to provide solutions to both routine and emergency financial aid-related issues. Students at Pathways had the greatest amount of interaction with their financial aid staff, as these interactions were institutionalized. Pathways participants reported both positive and negative experiences with their financial aid administrators. Some students did not feel that the Pathways financial aid office explained aid policies clearly, while others appreciated the frequency of contact to make sure the students were on track. Regardless of whether their experiences were positive or negative, Pathways students were still finding ways to pay their college costs.

Not every student brought a financial aid letter to the interview as I requested; of the 54 participants, 40 (10 at UC, 19 at Civic, and 11 at Pathways) provided this documentation. The fact that these students said they did not have this information or did not have access to it may have several possible explanations. First, students may not have the time or interest to keep track of their financial aid documents, perhaps because once they have paid their college costs, they don't perceive that they need to understand the

details. Also, students' not having financial aid documents – and not knowing how to retrieve them – may reflect the institution's lack of communication about how students can manage their financial aid information while enrolled. For example, students at Civic who did not know how much they had cumulatively borrowed could retrieve this information from their online student portal. Students also may have just forgotten about their financial aid documents. The students who did provide financial aid documentation during the interview allowed me to conclude that most participants knew the overall amount of aid they received, though many were not concerned with the individual line items, such as the names of the grants and loans. Some students had inaccurate perceptions of the types and amounts of aid they received. However, there were no known consequences of these misunderstandings, as students borrowed subsidized federal loans before any other type of loan, where applicable.

Characteristics of the institution a student attended had an impact on their perceptions of financial aid.

The participants in this study attended three very different institutions, and these institutions' characteristics shaped the ways in which students perceived financial aid to promote or limit their persistence. While none of the three study institutions boasts exemplary completion rates (56% of students at UC and 68% of students at Civic graduate within six years), only 24% of Pathways students graduate within six years. In essence, while UC and Civic students may enter with a realistic expectation of earning their bachelor's degrees, the Pathways participants persisted within a culture of non-persistence. Students at Civic – and to a slightly lesser degree, UC – spoke about

institutional supports that were in place to help create a culture of persistence. These supports included attentive and knowledgeable financial aid officers and academic supports. Though some Pathways participants spoke about available tutoring, they generally did not perceive the institution to provide additional services to help them progress through their programs.

Most of the participants from UC and Civic discussed multiple factors that led them to choose their respective institutions. The most commonly cited factor was available financial aid, especially need-based grants. However, some UC and Civic students also spoke about the campus environments and academic quality as influential in their college choice decision. Pathways participants, for the most part, did not address college choice. A few students said that they had applied to other institutions, but felt that Pathways was the most affordable. Others perceived that they had no other options, suggesting that these students felt either academically under qualified or uninformed about the full range of college costs and existing financial aid opportunities.

In short, the participants in this study were doing any and everything they could to pay the costs required to remain enrolled in their degree programs. For some, this meant leveraging generous grant aid, living at home, and cutting leisure expenses. For others, it meant working long hours and sacrificing study and sleep time. Yet for others, it meant borrowing tens of thousands of dollars in student loans. Many participants did all of the above.

Contributions to the Conceptual Model

This study used Perna's (2006) conceptual model for studying college access and choice. Grounded in human capital theory, the Perna model asserts that a student's college choice process is influenced by four nested layers of context – (1) habitus; (2) the K-12 school and community context; (3) the higher education context; and (4) the social, economic, and policy context. The results of this study provide insights into how the Perna model can be extended to study college persistence, as its contextual layers – individually and in interaction with each other – can help to explain how students use financial aid and other resources to persist through college completion.

The first layer, habitus, focuses on the role of a student's demographic characteristics, social capital, and cultural capital. Social capital is the individual's development of relationships through social network, and cultural capital is a collection of cultural knowledge, language skills, and other attributes generally acquired from the individual's parents and upbringing (Perna, 2006). As all participants found ways to fund their education, it appears that they believe that earning a bachelor's degree is a worthwhile investment of time and finances. This predisposition is what led them to apply to college. Most participants were willing to accept the risk that comes with borrowing student loans, the loss of sleep and study time that comes with working long hours, or both. These decisions were a reflection of their values. Students often described decisions not to work or borrow as being influenced by their parents, who did not want them to assume debt or additional demands on their time. When finding ways to minimize college costs, many participants thought about location, knowing that staying near their families in Chicago would save them money. While many students chose to

live with their families to reduce college costs, some also did so because their parents needed them to contribute to the family.

The second layer examines the ways in which a student's K-12 school and community influence choices. This layer did not play as prominent of a role in students' perceptions of how they financed their college persistence than the other three dimensions of context. Participants noted the role of their school counselors in advising them about financial aid opportunities and guiding them through the initial financial aid application process when they were in high school. The finding that most students did not report receiving much assistance from their high school counselors is consistent with prior research (McDonough & Calderone, 2006; Perna, Rowan-Kenyon, Thomas, Bell, Anderson, & Li, 2008). While school counselors seemingly have greater potential to influence students' college choice process than they do students' college persistence, the information they deliver to students – especially about financial aid policies and application processes – can carry through the student's entire college career. A few participants who received help with financial aid issues from their counselors noted that they were able to reapply for financial aid in subsequent years without any assistance.

The third layer explores the ways that higher education institutions influence students' choices. Institutions influenced students' ability to finance the costs of their persistence in many ways. First, UC and Civic promoted persistence by providing institutional grants that reduced participants' unmet need, whereas Pathways limited its' students persistence by not offering any grants to mitigate its high tuition. Second, financial aid administrators at each of the institutions were a resource to students, though they were utilized to varying degrees and with varying levels of satisfaction. The extent

to which participants felt that their financial aid administrators clarified financial aid policies and provided assistance when needed varied across institutions. Civic students felt that their financial aid office helped them with routine financial aid processes and with emergency financial aid needs, while participants at UC and Pathways had more mixed feelings.

The fourth layer addresses the ways that social, economic, and policy factors influence students' choices, assuming that these factors may change over time. These factors were illustrated through federal and state financial aid policy. At the federal level, though the purchasing power of the Pell Grant has declined in recent years (Zumeta, Breneman, Callan, & Finney, 2012), all participants received \$5,550 in Pell funding, the maximum amount available in the 2012-13 academic year. Participants perceived the Pell Grant to promote persistence, especially those students at Pathways, as the Pell Grant was the only grant they received. The federal government also offers subsidized student loans. Subsidized loans do not accrue interest until after the student graduates or withdraws from the institution, thus reducing the long-term cost of the loan. The Illinois need-based MAP grant also reduced college costs for all participants at UC and Civic. However, like the Pell Grant, future funding for the Illinois MAP grant is in jeopardy, as the state's commitment to funding the program has diminished in recent years. As recently as 2000, the state's investment in need-based grant aid per pupil exceeded that of the federal government (National Center for Public Policy and Higher Education, 2000). By the time of this study, the state's investment in need-based financial aid had eroded considerably, more a result of poor state planning for higher education and unstable political leadership

than any funding shortfall (Perna, Finney, & Rorison, 2014). Notwithstanding, most students received the maximum \$4,720 grant, which helped to defray their college costs.

Layers 3 and 4 interact substantially when considering that institutions were responsible for packaging financial aid for students, while state and federal governments provide a large share of the financial aid funds that students received. Also, institutions, most notably in the public sector, are often influenced by states when setting tuition. Institutional resources and priorities shaped the ways in which they set tuition levels and crafted students' financial aid packages. UC and Civic expressed a commitment to access, which, along with ample financial resources, explains why they offered need-based grants to students. Pathways, a for-profit institution, appeared to be less committed to keeping students' costs low. This is evidenced by Pathways' higher cost of tuition and less generous financial aid packages, which consisted almost exclusively of loans.

Recommendations for Policy and Practice

Federal, state, and institutional policymakers can learn from this study's findings. Even though my sample included only 54 students attending three institutions, this study illustrates the importance of need-based financial aid to these low-income students, suggesting that financial aid is a worthwhile investment. Grant aid, in particular, helped to promote persistence. Considering that college costs continue to rise at a pace far greater than family incomes, it is important for current financial aid programs to maintain their current funding levels, expanding if at all possible.

The maximum Federal Pell Grant was raised to \$5,635 for the 2013-14 academic year, its first increase in three years. The maximum award is slated to increase to \$5,730

for the 2014-15 academic year (U.S. Department of Education, 2014). These increases roughly equate with the increase in the Consumer Price Index. However, college costs continue to rise at a greater pace than the Pell Grant, making college increasingly unaffordable for the students with the greatest financial need. In the 2003-04 academic year, the maximum Pell Grant covered 87% of tuition and fees at four-year public institutions and 21% of tuition and fees at four-year private not-for-profit institutions. Just 10 years later, these percentages have dropped to 63% and 19%, respectively (Baum & Payea, 2013). President Obama and Congress should reexamine the potential to increase Pell funding more substantially for future years, perhaps following recommendations from organizations such as the Institute for Higher Education Policy, which recently suggested that Pell become an entitlement that increases annually with the Consumer Price Index (Huelsman & Cunningham, 2013).

Students attending public and private not-for-profit institutions in Illinois rely on MAP grants to reduce their overall college costs. Given recent trends in MAP funding and the current political climate in the state, it is highly unlikely that Illinois will prioritize increasing its investment in need-based grant aid in the near future without a renewed statewide commitment to using available state fiscal resources to advance a public agenda for higher education (Perna et al., 2014). However, if the state wants to educate the workers it will need to meet future employment projections, it will have to figure out a way to meet the needs of its low-income college students. Additionally, 11.1% of all Illinois undergraduates in 2010 were enrolled in for-profit institutions and thus were not eligible to receive MAP grants. These students also have the potential to contribute to the state's economic growth. As such, state leaders may want to reconsider

whether students attending for-profit institutions have a right to receive state need-based grants. One policy option – at both the state and federal level – is to tie eligibility for need-based grant aid to institutional outcomes, such as completion rates and post-graduation employment rates. Using performance-based criteria would ensure that, regardless of sector, these limited need-based grant funds would be directed to students attending the institutions that are most likely to graduate them and prepare them to contribute to the workforce. Illinois policymakers have a cumbersome task on their hands, as they need to carefully examine the state budget and gain political consensus that higher education – and funding MAP – must become a state priority.

Institutions also have a responsibility to control their costs. As was the case with Civic, many institutions choose to practice tuition discounting (Breneman, Doti, & Lapovsky, 2001) and use tuition revenues from higher-income students to fund need-based grants for the neediest students. This strategy appears to work for Civic. However, not all institutions base their tuition discounting decisions on students' financial need (Heller, 2008). Need-based grant aid should be a priority for institutions moving forward, as non-need-based grant aid generally ends up supporting students who would be able to afford to enroll without the aid (Heller, 2006). Another option that would greatly benefit low-income students would be for more institutions to adopt no-loan policies. No-loan policies are not a feasible policy option for most institutions, as they require institutions to have the available financial resources to cover the entire sum of all eligible students' unmet need. Most institutions – especially those that enroll high numbers of low-income students – do not have these resources.

Regardless of the direction the federal government, states, and institutions take, it is essential that policies designed to promote low-income students are transparent and heavily promoted to the targeted students. While the participants in this study were able to access the information they needed to apply for financial aid, many other students are not enrolling in college – or are choosing the least expensive institutions – because they do not think that they can afford to pay college costs (Paulsen & St. John, 2002). The experiences of the participants in this study show that coming from a low-income family does not prohibit a student from pursuing a bachelor’s degree. Publishing information about college costs and financial aid is important. However, the federal government, states, and institutions still have great potential to more proactively reach out to K-12 schools, students, and families to ensure that this information is easy to understand and is getting into the hands of the students who need it in order to make their college enrollment and choice decisions.

Financial aid administrators can also learn from this study’s findings. Many participants, especially at UC and Pathways, expressed a need for clarification of financial aid policies. Even after students successfully applied for financial aid and enrolled at their university, they still had questions. Participants from Civic lauded one financial aid administrator as exemplary, as they felt that he handled ordinary and emergency financial aid issues quickly and easily. The main takeaway is that students value administrators who are accessible, knowledgeable, and willing to take the time to explain financial aid policies clearly.

Financial aid administrators and other campus administrators can improve the ways in which work-study jobs are advertised, as many students in the study received

work-study awards but did not know how to go about finding available work-study positions. Some of these students found employment elsewhere, though their jobs were often off-campus and low paying. Other students who couldn't find work-study positions simply did not work, despite wanting to earn income to pay college costs. The participants who were not able to find jobs had no choice but to increase their student loan borrowing or identify other means to cover their unmet need.

Future Research

The findings of this study create opportunities for further inquiry. First, future studies should focus on the experiences of students from low-income families who complete college. All of my participants had persisted beyond the first year of their bachelor's degree programs; most were more than halfway through. At the time of the interview, none of them had yet been confirmed to graduate. Studying recent college graduates from low-income families will add to the literature by further understanding any additional obstacles that students face in their final years of study.

We also need to better understand employment outcomes for college graduates from low-income families, such as their post-college occupations and salaries. Are these graduates benefitting from the wage premiums that are expected to come with a bachelor's degree (Baum, Ma, & Payea, 2013), or are they accepting positions in lower-paying occupations? Graduates' work patterns are especially important for those who borrowed student loans. Many of the students from Civic and Pathways, in particular, had amassed tens of thousands of dollars in student loan debt. They will need steady income upon graduation in order to repay these loans. Future research should explore the

resources borrowers use to repay their student loans, and the forces that promote or limit on-time repayment. Beyond looking at graduates' financial characteristics, gaining low-income students' perceptions of whether they felt college was a worthwhile investment after graduating and being in the workforce would be another contribution to the literature.

Institutional grant aid played a major role in the persistence of students at UC and Civic. However, not all public and private not-for-profit institutions have the financial resources to fund need-based grants to meet 100% of students' need. How do students at institutions with fewer resources – or less of a commitment to access for low-income students – experience the same phenomena of paying college costs? On the other hand, Pathways did not provide institutional grant aid, which seems to be consistent among for-profit institutions. However, there may be other ways for for-profit providers to defray student costs, if they have the desire to do so. There would be value in applying the research questions and methodological approach used in this study to students at other institutions, including liberal arts colleges, community colleges, and career schools, as these institutions are also expected to produce the educated citizens our nation needs to meet attainment goals and to fill available jobs.

While phenomenology was the best methodological fit for my research questions, using an ethnographic approach to further examine the cultural phenomena of low-income students would add an important dimension to the literature, especially when considering how the first and second layers of the Perna (2006) model shape students' decisions. Spending time observing participants in their home, high school, and college communities, learning first-hand about the role of their families and the other people with

whom they interact, an ethnographic study could potentially further develop our understanding of how students are influenced by their environments.

Finally, the literature on low-income student persistence would benefit from further quantitative inquiry. At the time of data collection for this study, the National Center for Education Statistics had yet to release the third follow-up wave to the 2002 Educational Longitudinal Study. This most recent wave includes variables related to college persistence. Now available, the ELS:02/12 data set can be used to test my application of the Perna (2006) model to college persistence, as many of the contextual factors within the four layers have corresponding variables in the ELS.

APPENDIX I: Sample Participant Recruitment Email

Dear [NAME OF STUDENT],

I hope that you are well. I am a Ph.D. candidate in higher education at the University of Pennsylvania, currently completing my dissertation. I'm writing to invite you to participate in a research study I'm conducting to better understand the experiences of undergraduate students who receive financial aid. More specifically, I want to know how students like you use financial aid and other resources to pay college costs. I'm planning to be on the [NAME OF INSTITUTION] campus the week of [DATES] and am hoping you'd be willing to meet with me for an interview. The interview would take approximately one hour. Participation is completely optional, and your identity will be kept confidential.

Students selected for the study interview will receive a \$10 cash stipend for their participation.

I appreciate your help with this important research. If you have any questions about your rights as a study participant (protocol #2013-xxxx), please contact [NAME OF INSTITUTION]'s Office for the Protection of Research Subjects, [xxx-xxx-xxxx](tel:xxx-xxx-xxxx). If you have any other questions about the study, please contact Jamey Rorison at jrorison@upenn.edu.

Best,
Jamey Rorison

APPENDIX II: Interview Protocol

Notes:

Must ask (bolded)

Bullets: Probes and/or alternative ways to engage in the same discussion.

Any directions embedded in the script are in italics.

Anything not in italics is something to be said out loud.

OVERVIEW OF THE STUDY:

I want to start by describing what I'm doing in this project. Prior research suggests that for a lot of college students, getting through college can be tough—plenty drop out every year – and I'm trying to learn more about how students use financial aid and other resources to make their way through college. So thanks for agreeing to talk with me!

CONSENT:

I've brought my recorder so I can give you my full attention but also remember what you've said. Is it okay if I use it? Thanks. Remember that if you're ever uncomfortable, tell me to turn off the tape recorder – that's perfectly fine. Also remember that you don't have to answer any questions you don't want to answer – we'll just skip them and keep going – and if you decide you don't want to participate in this project any more, that's totally fine too – there are no hard feelings if you don't want to be interviewed any more, and of course, if you don't want to participate in the study any more, it won't affect your financial aid or anything like that.

Go over the consent form.

Do you have any questions?

Do you want to be interviewed?

Have the consent form signed

Great. Let's get started...

COLLEGE ACCESS/CHOICE

What factors led you to choose [NAME OF INSTITUTION]?

- What made you decide to come here?
- Did anyone help you with your college application/choice process? If so, who?

What has college been like so far?

- What year are you in? How many years have you been at [NAME OF INSTITUTION]?
- How is this place like what you expected? What's different?
- What are some things that you really like here?

What would succeeding here mean to you?

What kinds of challenges are there to you succeeding here?

- What are some examples?

Do you think that this place is a good fit for you? Why/why not?

- Do you feel like you were prepared to be here? In what ways—what prepared you? Can you give me some examples?
- What has surprised you most about this place?

Can you see yourself here next semester?

If not, where do you think you'll be?

- If not, would you consider transferring, dropping out?
- Where would you transfer and what would be different, what would you do?

COLLEGE EXPERIENCE

Do you live on campus or off campus?

- Challenges of living on vs. off? Commuting time? How hard is it to get here?
- Would you want to live on campus if you could? Do you think the experience would be different?

Say a little bit about your friends and other people you spend time with, both here at [NAME OF INSTITUTION] and at home.

- Do you have good friends on campus? How did you meet them?
- Are most of your friends in college like you? Do you feel like you can talk to them about personal matters or concerns?
- What about your friends from home? Do you keep in touch with them? How has coming here changed your relationship with them?

How are things going academically? How are your classes?

- What are you studying? What is your major?
- Do you like your classes? What are you taking out of them?
- Have you thought about what you want to do after you graduate?

What are the kinds of things you do when you're not in class?

- With friends?
- Organized activities? (e.g. *religious group, sports teams, club, etc.*)

MONEY AND AID

Tell me about your expenses.

- What are your college costs? Other costs?

How do you pay for these expenses? What resources do you use?

- What are all the creative ways you make it happen?
- Do you work? (If yes, skip to “work” section.)
- Have you borrowed student loans? (If yes, skip to “loans” section.)

Where are the first places your money has to go?

- I know some people have to help their parents or other family members. Are you expected to contribute money back to your family?

At this point how are you feeling about paying for college?

- Does it feel doable, affordable to you?

What's your aid like now? What's in your package?

- Did you receive any grants or scholarships?
- Have these awards changed your perceptions about being able to complete college? Why or why not?

When you were a first-year student, how did you think that you were going to pay for college?

- How has your experience of paying for college been different than what you expected? Why do you think your expectations were different than the reality?

Some people say that going to college is going to college, and that how much money you have shouldn't really make a difference in the college experience you have – Do you agree with this?

- How does money—or not having money—matter for you right now?
- Do you think college would be different if you had more money? If so, in what ways?
- How would having access to more money affect your life right now?
 - What are you willing to do to get more money?
 - How would you go about getting more money?

LOANS

What types of loans do you have?

- There's been a lot of talk about "private" loans lately—do you have any of those? How did you get them?

What other forms of borrowing have you used to pay for college?

- Do you use credit cards? If so, how do you use them? What do you purchase with them?
- Have you borrowed money from family members? Friends? Others?

How did you come to decide to take out a loan?

- Who helped you with this decision?

Have you gone through the new student loan counseling program? What was the experience like?

WORK/WORK-STUDY

Do you have a job right now?

(If yes)

- How many hours per week do you work?
- What's it like?
- Do you like it?
- How did you find it?

Do you work or have you worked during the summer?

(If yes)

- What has that experience been like?
- How many hours per week did you work?
- Did you like it?
- How did you find it?

(If job=yes)

Did you receive a work-study award? Do you know how to use it?

What is it like dividing your time between work and school? How do you do it?

Do you think you'll have to work the whole time you're in college? Why?

What do you think are the benefits and consequences of working while you're enrolled?

- Do you think that working while enrolled is preparing you for entry into the workforce after you graduate? If so, in what ways?
- What kind of impacts has working had on your schedule and time use?

HOME AND FAMILY

(if not captured in earlier section)

How does your family help you with paying for college?

How do you help your family? Do you contribute income or other resources back into the household?

Wrap-Up

We've covered a lot today, but is there anything else you'd like to share so I can understand better how college is going for you?

It's been really great getting to know you...I look forward to hearing more in the future about how things go for you.

[End of interview – stop recording.]

APPENDIX III: Informed Consent Form

Jamey Rorison
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Philadelphia, PA 19104
412.414.5328
jrorison@dolphin.upenn.edu

VOLUNTARY INFORMED CONSENT FOR INTERVIEW

UNDERSTANDING HOW BACHELOR'S DEGREE-SEEKING STUDENTS FROM
LOW-INCOME FAMILIES USE FINANCIAL AID AND OTHER RESOURCES TO
PERSIST BEYOND THE FIRST YEAR

You are invited to participate in this study because you have been identified as a Pell Grant recipient who is in or has completed her/his second year of study in a baccalaureate degree program.

We ask that you read this document and ask any questions you may have before beginning the interview.

This study is being conducted by Jamey Rorison, a Ph.D. candidate at the University of Pennsylvania, under the supervision of Laura W. Perna, Ph.D.

PURPOSE: The purpose of the study is to understand more about how students from low-income families use financial aid and other resources to pay college costs and persist beyond the first year of a bachelor's degree program.

PROCEDURES: If you agree to participate, the interview will be conducted at a time and place that is convenient for you. Interviews will last approximately 60 minutes. With your permission, the conversation will be audio taped. I will also be asking that you provide, if available, a copy of your financial aid award package/letter. This will help guide the discussion.

RISKS AND BENEFITS: There are no known benefits associated with participation in this study. The only known risk is a potential breach of confidentiality. However, as all interview audio recordings and transcripts will be password-protected and destroyed upon completion of the study, this risk is minimal.

COMPENSATION: Participants will receive ten dollars for their participation in the interview.

CONFIDENTIALITY: You understand that all information collected in this study will be kept strictly confidential, except as may be required by law. If any publication results from this research, you will only be identified by a pseudonym and other information that could reveal your identity will be disguised.

WITHDRAWAL: Your decision whether or not to participate will not affect your current or future relations with your school or the researchers. If you decide to participate, you are free to withdraw from the study at any time without affecting those relationships. You are also free not to answer any question during the interview and to end the interview at any time.

Statement of Consent

I have read the above information. I have asked any questions I had, and I have received answers to my satisfaction. I consent to participate in the study. I have received a copy of this consent form.

Signature of Participant _____

Date _____

Name of Participant (Please print) _____

Signature of Researcher _____

Date _____

APPENDIX IV: Code List

ACADEMICS: Academic Advising and Support
ACADEMICS: Classes
ACADEMICS: Major
ACADEMICS: Perceptions of Academic Calendar
ACADEMICS: Perceptions of Academic Progress
ACADEMICS: Perceptions of Rigor
ACADEMICS: Post-College Aspirations
AID: Aversion to Borrowing
AID: Borrowing - Not Student Loans
AID: Cumulative Debt
AID: Decision to Borrow
AID: Federal Loans
AID: Financial Aid Logistics
AID: Financial Aid Package
AID: Financial Literacy and Awareness
AID: Grants
AID: Non-Federal Loans
AID: Other Aid Sources
AID: Perceptions of Aid
AID: Perceptions of Financial Aid Personnel
AID: Scholarships
AID: Work-Study Grant
BACKGROUND: Family/SES
BACKGROUND: Home Neighborhood
COLLEGE EXPERIENCE: Activities
COLLEGE EXPERIENCE: Challenges to Success
COLLEGE EXPERIENCE: College Fit
COLLEGE EXPERIENCE: Definition of Success
COLLEGE EXPERIENCE: Friends - College
COLLEGE EXPERIENCE: Friends - Home
COLLEGE EXPERIENCE: Living Situation
COLLEGE EXPERIENCE: Navigating Campus
COLLEGE EXPERIENCE: Perceptions of College
COLLEGE EXPERIENCE: Racism
COLLEGE EXPERIENCE: Using Campus Resources
COLLEGE EXPERIENCE: Wanting to Live on Campus
FINANCES: Books and School Materials
FINANCES: College Expenses
FINANCES: Family Role in Paying for College
FINANCES: Money Use - Where Does the Money Go First?
FINANCES: Non-College Expenses

FINANCES: Perceptions of Paying for College
FINANCES: Role of Finances in College Experience
FINANCES: Student Contributing to Household
PERSISTENCE: Time to Degree
PERSISTENCE: Transfer/Dropout/Stopout
PRE-COLLEGE: Academic Preparation
PRE-COLLEGE: College Access
PRE-COLLEGE: College Choice Process
PRE-COLLEGE: Gap Between High School and College
PRE-COLLEGE: Other Institutions Attended
TIME USE: Balancing Work and School
TIME USE: Classes and Studying
TIME USE: Commuting to Campus
TIME USE: Outside of Class
WORK: Benefits of Work
WORK: Consequences of Work
WORK: Finding a Job
WORK: Job Logistics and Responsibilities
WORK: Past Employment
WORK: Perception of Future Need to Work
WORK: Perceptions of Job
WORK: Salary and Wages
WORK: Work Hours and Times

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