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Coping with the Costs: How Adults Pay Their College Expenses

by James W. Augustin and Carol Mishler

The financial concerns of college students, especially of adult college students, have been much in the news during the past year. The U.S. House of Representatives Subcommittee on Postsecondary Education has held hearings on financial aid. Various legislative proposals have been made for expanding the types of aid available to non-traditional students, as well as for decreasing aid as part of deficit reduction efforts. Interest in students' financial arrangements for attending college has caused many policy makers, adult educators, and financial aid professionals to ask what we really know about how nontraditional students finance their college education.

Not surprisingly, most studies of how students finance their college education have focused on traditional age students who are full time and dependent on their parents. The American Council on Education has recently studied how low and middle income families pay for their children's college costs (Miller & Hexter, 1985; Miller & Hexter, 1985). Higgins (1984) studied the relationship between knowledge of financial aid opportunities and traditional aged students' college attendance. Gillespie & Carlson (1983) have explored trends in aid to full time students over the last twenty years. Realizing that not enough is known on this topic even about traditional aged students, the U. S. Education Department recently announced plans to survey 70,000 students about how they pay for college ("U.S. to Survey College Students . . .," 1985).

Few studies of how students finance their education have featured the older or nontraditional student. A publication issued by the College Board and the College of New Rochelle (1983) suggested that adult students finance their college expenses differently than do traditional age students. The report contains a table of students' methods of payment derived from several sources, some of which are unpublished. This information reveals that 62% of adult students rely primarily on themselves or their families for funding, compared to only 50% of traditional age students. According to this publication's figures, only 18% of adults receive public funding and approximately 22% rely on support from their employers. Adult students were defined in the study as students 25 years and over and included degreed adults continuing their education, as well as those actually pursuing a degree. Unfortunately, the categories of support (employer, self, public funding, etc.) were not mutually exclusive nor thoroughly defined. For instance, it was not clear whether support from "employer" referred to tuition reimbursement an adult might have received from an employer or to wages/salary earned from an employer — or both. No major published studies were found that had surveyed degree seeking adult students directly about the sources they used to meet college costs, except for studies of specific groups like graduate students who were veterans (Baggett & Jones, 1974) and married students (Bergen, Bergen & Meisner, 1977).

James W. Augustin served as a Research Specialist and Carol Mishler as Associate Director of the Wisconsin Assessment Center that conducted studies from 1976 to 1986 of the adult student on the 26 campuses of the University of Wisconsin.

In spite of the absence of data on how adult students are financing college, there is no lack of data showing that financial concerns are important to them. One recent study conducted by the Opinion Research Corporation revealed that 67% of potential adult students believed they would not be able to attend college without financial aid or loans (cited in "Forty Percent of Adults Want Further Education . . .," 1985). Also, financial concerns are frequently expressed by adults who have dropped or "stopped" out of college (Davila, 1985; Mishler, 1983). The well documented importance of finances to adult students has led Apps (1981), a noted authority on adult education, to conclude that more adults would attend college full time if more aid were available. Arbeiter (1979) has suggested that some adults would use loan money extensively if it were more readily available. Melecki (1984) has described new issues which the presence of adult students has created for the financial aid administrator. Among these are the need for better treatment of adult students in the dissemination of financial aid information and the importance of revamping non-traditional students' eligibility for financial aid (AAUW Public Policy Department, 1985; "Coalition Seeks More Aid for Adult Learners" 1985).

Considering the importance of finances to adult students and the lack of data about their current means of support for college, there seems to be a need for research on how adults, particularly those seeking a degree, cope with the cost of their college expenses. What sources do they use? What is their reliance on loans, on college based financial aid, on employer tuition aid, and on their spouses? What impact — if any — does their financial situation have on the rate at which they are pursuing a degree? These are a few of the questions addressed by the present study conducted by the Wisconsin Assessment Center (WAC), a University of Wisconsin System resource center that conducted studies of adult students from 1981-1986.

Method

Participants

University of Wisconsin campuses at Eau Claire, River Falls, Milwaukee, and Madison, and the UW Center System (13 two year campuses) participated in this study. The campuses were selected to provide geographical variety and a mix of doctoral and non-doctoral institutions. A staff member at each institution was asked to select a random sample of approximately 150 degree seeking adult undergraduates from the population of students who were 25 or more years of age as of September 1, 1985. Students enrolled in the fall 1985 term, whose records indicated status as matriculated undergraduates, were selected for the sample. Only U.S. citizens were included. Each institution provided the Wisconsin Assessment Center with a list of its student sample and sets of address labels for a mail survey.

Instrument

The Student Financial Support Survey was developed by WAC staff for this study. The three page questionnaire contained both closed and open ended items which elicited information on:

- a. sources used to finance course work and related expenses — tuition, books, supplies, fees, child care, transportation — for the Fall 1985 term,
- b. reliance upon loans,
- c. preferences regarding information on sources of financial aid, and
- d. personal background (e.g., sex, marital status, employment status, and gross annual family income).

A pilot version of the Student Financial Support Survey was completed by 84 adult students enrolled in several classes at UW-Green Bay. Accompanying the survey was a critique form which asked respondents to comment on items they found unclear or difficult to answer and instructions which were confusing. This in-

formation and their suggestions on how to improve the items were used to make modifications before the survey was used in this study. The items were also reviewed by financial aid officers and representatives from participating campuses.

Procedure

A copy of the survey, together with a cover letter and prepaid return envelope, was mailed to each adult in the sample in early November, 1985. Individuals who did not respond were sent a second letter and questionnaire in early December. A third letter and questionnaire were mailed to all remaining nonrespondents in early January, 1986.

A total of 560 (73%) of the 764 adult students surveyed returned completed questionnaires that could be used in the data analyses. Response rates for the individual institutions ranged from 66% to 81%.

Results

Characteristics of the Respondents

Several items on the Student Financial Support Survey asked respondents to provide general descriptive and background information about themselves. Results revealed that approximately two thirds (62%) of the respondents were women. Almost three quarters (74%) of the adult students were under 35 years of age, with 44% between the ages of 25 and 29. Most often the respondents were married and had children (40%) or were single without children (34%). Only 14% were single parents. The respondents were fairly evenly divided across the freshman (19%), sophomore (25%), junior (20%), and senior (31%) classes. About half were full time students taking 12 or more credits. Most (95%) were paying Wisconsin resident tuition. A majority (61%) were employed outside the home, with 27% working full time. All family income levels, from less than \$5,000 to more than \$35,000, were represented with a median family income falling in the \$15,000-24,000 range. The majority (59%) had applied for financial aid at some time at the UW campus they were attending.

Sources of Financial Support

One of the principal items on the survey asked the adult students to indicate which of 11 different sources they were using to pay for course work and related expenses — tuition, books, supplies, fees, child care, and transportation — during the Fall 1985 term. They were instructed to check all sources that were used. The largest number of adults (40%) checked two sources. Three sources were checked by 27%, and 17% checked only one source. Sixteen percent checked from four to six sources. Respondents were also asked to identify the *one* source of money that was their "most important." The percentage of adults checking each source is reported in Table 1.

A majority (57%) indicated that income from their off-campus employment was a source of financial support. Almost one third (29%) of all respondents designated their off-campus employment as the most important source. Personal or family savings were used by 44% to pay college expenses, but only 11% indicated that it was their most important source. About one out of three adults used a student loan (36%), income from their spouse's employment (34%), and/or college grants/scholarships (31%) to cover the cost of tuition and related expenses. Student loans were the second most frequently (17%) identified "most important" source.

One in seven (14%) adults reported using other government support such as Social Security, Department of Vocational Rehabilitation, Bureau of Indian Affairs, or Veterans Administration funds. Half as many (7%) said this was their one "most important" source.

TABLE 1
 Adult Undergraduates' Use of Sources to Finance
 Course Work and Related Expenses (N= 560)

Source	% Using Source ^a	% Designating Source Most Important ^b
Personal off-campus employment	57	29
Personal or family savings	44	11
Student loan	36	17
Spouse's employment	34	12
College grants or scholarships, (e.g., Pell, WHEG, SEOG, etc.)	31	15
Other government support (e.g., Social Security, Department of Vocational Rehabilitation, Bureau of Indian Affairs, Veterans)	14	7
Contributions from parents or relatives	10	3
Employer tuition aid plans	8	5
On-campus job	8	1
Grants or scholarships from private sources (e.g., community, fraternal or religious groups)	4	0

Note. Students responded for Fall 1985 term

^a Students could check all that apply.

^b Only one source could be checked.

Only one in ten adults obtained contributions from parents or relatives for college related expenses. Employer sponsored tuition aid plans were a source of money for college expenses for 8% of the adults. Few rated contributions from parents or relatives (3%) or employer tuition aid plans (5%) as "most important."

Just 4% obtained a grant or scholarship from a private source such as a community, fraternal, or religious group. The fact that no one designated this as the "most important" source of finances suggests that the dollar amounts received from these groups are relatively small supplementary amounts.

Borrowing to Pay Expenses

All adult students were asked to report the total amount they had borrowed (including loans already paid off) to pay for course work and related expenses for the degree they were pursuing. Respondents who had not obtained loans to finance their

studies were instructed to indicate that fact. Results revealed that almost half (46%) of all the adults had never borrowed to pay for college related expenses at the time of the survey. However, almost one out of four (23%) had borrowed \$5,000 or more. About one in three (31%) had borrowed some amount less than \$5,000.

Table 2 provides additional information on responses provided to survey questions regarding indebtedness. Only one third (34%) of the seniors had not borrowed to pay for their college education. While few freshmen (5%) and sophomores (11%) understandably have incurred large debts, for juniors and seniors that portion increases substantially to 35% and 39% respectively. Respondents who were not married were more likely than married respondents to have borrowed money for educational expenses.

TABLE 2
Amount Borrowed for College Expenses by Sex, Classification,
Family Status, Income, and Employment Status

Characteristic	Total Amount Borrowed			n*
	\$5000+ %	\$4999 or less %	\$0 %	
<u>Sex</u>				
Male	28	29	43	212
Female	20	33	47	348
<u>Classification</u>				
Freshmen	5	38	57	105
Sophomores	11	31	58	138
Juniors	35	33	32	112
Seniors	39	27	34	175
<u>Family Status</u>				
Married, with children	14	27	59	221
Married, no children	24	30	46	67
Not married, with children	31	44	25	80
Not married, no children	30	31	39	191
<u>Gross Annual Family Income</u>				
Less than \$5,000	46	37	17	99
\$ 5,000-\$ 9,999	29	47	24	93
\$10,000-\$14,999	29	30	41	56
\$15,000-\$24,999	20	33	47	133
\$25,000-\$34,999	11	23	66	94
\$35,000 or more	4	11	85	74
<u>Employment Status</u>				
Employed full time	10	26	64	150
Employed part time	35	33	32	189
Full time homemaker	20	23	57	64
Not employed	23	38	39	147
<u>Total Group</u>	23	31	46	560

* Total n's for variables may be slightly less than 560 due to non-response to particular items.

A majority of adults employed full time outside the home or as homemakers had not borrowed for their college education. When viewed together, adults who were not employed or worked part time (less than 35 hours per week) were more likely to borrow and borrow large amounts (\$5,000 or more). As might be expected, respondents with lower family incomes were more likely to borrow, particularly large sums, to finance their college studies.

Financial Resources and Credit Load

When asked if financial resources influenced the number of credits they were taking, 50 percent of the adult students answered "yes." A total of 249 individuals wrote comments in response to this question. Their comments were content analyzed, and eight themes directly related to the question emerged. Table 3 lists these themes and the percentage of comments classified under each. The most frequent comment students made was that their financial situation forced them to work full or part time and, therefore, prohibited them from taking a heavier credit load. Their need to work was sometimes related to their family responsibilities. As one adult said: "I have to work to support my family - if not, I'd take out a loan and go full time." Another frequent comment, made by about one in six adults (18%), simply stated that they were forced to take fewer credits than they preferred to because of their financial situation. Some students (10%) said they only took as many credits each term as their personal budget would allow.

TABLE 3
Themes of Comments Concerning How Financial Resources Influence Credit Load

Influence on Credit Load	% of Comments (N = 249)
Need to work full or part time prohibits greater credit load	31
Financial situation forces taking fewer credits than would like to	18
Can only take as many credits each semester as can be financially afforded	10
Must take 12+ credits each term to qualify for aid or to defer loan repayment	10
Must take heavier work load each term to finish as soon as possible/with less expense	10
Tuition reimbursement policy of employer governs credit load	3
Lack of financial resources has or will force stop out(s)	2
Grant allows heavier credit load than could otherwise be afforded	2
Other related responses	14

On the other hand, others (10%) had found themselves taking *heavier* course loads than they would like each term in order to finish their degrees as soon as possible and with less expense. As one student put it: "I have to graduate before I run out of money — therefore, I'm dancing as fast as I can." Another ten percent reported that they were forced to take 12 or more credits each term to qualify for aid

or defer repayment of educational loans. Several comments in this category had the flavor of one student who assumed the need to maintain a full time credit load of 12 credits to avoid immediate repayment of a Guaranteed Student Loan (GSL): “. . . so I keep 12 but I also work 32 hours per week and would really like to take about 8 or 9 credits but I can't afford GSL payments.”

Financial Aid Information Preferences

All adult students were asked to rate their personal knowledge of financial aid opportunities on their campus as either “adequate” or “inadequate.” About half (53%) rated their knowledge as inadequate, while 47% rated their knowledge as adequate. Each respondent also was given a list of types of financial support and asked to indicate all of those about which more information was desired.

Approximately one out of six (16%) answered “none,” but there was a high level of interest in several types of support, particularly grants or scholarships from private sources (71%) and campus based financial aid programs (38%). About one quarter of the respondents indicated their interest in learning more about employer sponsored tuition aid plans (29%) and long term loans (27%). Relatively few (12%) said they would like to be more informed about short term (90 days or less) loans.

The adults were also asked to check the two methods, from a list of ten, by which they would most prefer to get information on financial aid opportunities. The most preferred method (48%) was through mail from the university. Other preferred channels were the financial aid office (40%), the adult services office (29%), and the university catalog (19%). There was little interest in information channels such as classroom announcements, campus bulletin boards, and student and community newspapers. These latter channels were preferred by less than 8% of the respondents, as were the graduate office and short workshops. Nineteen percent of the adults checked “no need” for information.

Discussion

This study sought to explore the sources upon which degree seeking UW adult students rely in paying for college tuition and related expenses, including books, supplies, fees, child care, and transportation. As such, it is broader than a study of adult students' reliance upon financial aid. The findings should be of interest to and have implications for financial aid administrators, as well as other university personnel who work with adult students.

It is apparent that adult students draw upon a variety of sources to finance their college educations, and no one source is overwhelmingly identified as the most important. Many adults are quite self-reliant. That is, 52% designate earnings from their own or their spouse's employment, and/or personal or family savings, as their single most important source of funds for college. For the remaining 48%, college costs are offset principally by financial aid in the form of loans, grants, scholarships, and contributions from parents and relatives. Since no previous research on this specific topic was located, it is difficult to interpret this data and discuss possible policy implications. Nevertheless, the results do add to the knowledge base that Stampen (1984) believes must be improved if student aid advocates are to have any effect on financial aid policy decisions. This information on adult students will complement data being collected for the U.S. Education Department's study of how traditional age students are paying for college (“U.S. to Survey College Students . . .,” 1985).

Debts incurred by the adult students were not as heavy as we expected they might be. About half the adults had not assumed educational loans. Among those who had borrowed, the majority borrowed less than \$5,000. Those with larger debts of \$5,000 or more were likely to be further along in their degree work (junior or senior

standing), not married, and employed part time. They also reported a relatively low gross family income. There was little difference in the patterns of borrowing for men and women. Writing on the market for adult education loans, Arbeiter (1979) noted the lack of evidence that low income adults will borrow to finance their education. In this study, those most likely to borrow were individuals with gross family incomes below \$10,000.

Financial resources affected the credit loads of half the adults. The response of a larger number of adults support Apps' (1981) statement that if financial aid were more readily available to them, many adults now studying part time because of their financial situations would attend full time. Also apparent from the results of this study is that a large group of adults are forced to take a heavier credit load than they would like. Some must take 12 or more credits in order to qualify for the financial aid necessary to attend at all. As financial aid policies are forged, the diverse needs and circumstances of adults should be recognized and addressed.

Most adult students indicated some interest in learning more about various types of financial aid. Receiving information by mail is the most appealing method, perhaps because of the busy schedules of adult students. This may reassure university personnel who have used or are considering use of a direct mail approach to disseminating information on financial aid. Many adults do want this information. Financial aid may be, in the words of Ronald Pollack, financial aid director of the College of New Rochelle, a "silent mechanism" for attracting students ("Colleges Making Aid . . .," 1986). Some mass communication methods unpopular with enrolled adults may have more appeal to prospective adult students in the community.

Adults most often reported being interested in information about grants and scholarships from private sources. But this study revealed that only 4% of adults were using this form of support, and no adult designated it as the most important source. Students may be overestimating the potential of these sources for providing financial support. The experience that 59% of the adults had in applying for college grants, scholarships, and loans may explain the respondents' more limited interest in these types of aid.

The increasing population of adult students on many college campuses brings with it a challenge to find new and creative ways to help nontraditional or older students finance their education. Further research on how adults are paying for college would provide valuable information for several types of activities, ranging from the development of government policies on financial aid for adults to counseling individual adults on ways of overcoming financial barriers in returning to college. This might prove especially interesting if other kinds of institutions were included, such as private colleges and vocational/technical schools.

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