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Borrowing and Working of Low-Income Students: The Impact of a Summer Transition Program

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This study focuses on how low-income students determine employment and student loan borrowing options before they begin college, as part of the final stages of their college choice process. More specifically, this study asks, “during a six-week summer transition program, what choices are made by low-income students with employment or borrowing student loans at a public, four-year urban university?” Results of the study demonstrate low-income students are less likely to expect support from parents, more likely to commit themselves to employment and minimal borrowing and yet, view financial challenges as less difficult.

A persistent challenge to low-income students’ college participation and educational attainment are increased costs and growing reliance on self-help forms of aid, namely, student loans and employment. An NCES analysis (Chang Wei, 2010) of the 2007 price of college and out-of-pocket expenses indicated at four-year institutions, low-income students “can’t afford” to be enrolled based on net price (i.e., student budget minus financial aid). The average unmet need for dependent, low-income students attending full-time, full-year at four-year public universities was \$6,000. This finding is significant because perceptions of the availability of financial aid positively influence thoughts of matriculation (Choy & Ottinger, 1998). Staklis (2010) found among dependent students entering four-year institutions, 29.6% have parental family income of \$40,000 to less than \$20,000, which is the same definition of low-income used in this study. Are these low-income students able to ask for financial support from parents or guardians? Should they borrow a student loan, and/or turn towards employment?

The formation of perceptions and timing of these choices are critical in shaping students’ college experience and academic success. This takes place among three interrelated process stages of development: 1) predispositions to attend college; 2) search for potential institutions; and 3) choice among competing institutions (Hossler, Braxton & Coopersmith, 1989). In this final choice stage, students form a commitment to a certain institution, have an awareness of institutional attributes and admission standards, and develop perceptions about the quality of the institution and campus life. The choice stage is also when students ponder options for financing college.

This study focuses on self-help aid, or employment, and student loan borrowing and investigates how low-income students determine their options, as part of their college choice process. While the students in this study have made a commitment to the institution they plan to attend, they have yet to develop an awareness of their ability to pay for college expenses and how to use financial aid. This study examines the question, “during a six-week summer transition program, what choices are made by low-income students with respect to employment or borrowing at a public, four-year urban university?” This study hypothesizes that students will form choices about student loans and employment while in a summer bridge transition program.

Review of the Literature

As state and federal policies increase access to higher education, many institutions have experimented with summer bridge programs to aid new populations in transitioning from high school to college. These programs vary widely across institutions, based on each institution’s goals and perceptions of its needs (Kezar, 2000). Most programs are geared toward improving students’ academic and study skills, and easing the transition from high school to college by orienting the students to college life. Some programs, in particular, serve academically under-prepared, low-income students. Summer bridge students may be first-generation or the first in their family to attend college, have different expectations about the college environment, and great financial constraints. Hicks (2003) stresses that the transition from high school to college is a time of great challenges and changes for these students.

In addition, certain sociocultural aspects of college choice indicate that learning and acting on financial aid knowledge is a complex task for low-income and first-generation college students (Luna De La Rosa, 2006). When it comes to student loan borrowing, research demonstrates that there is an aversion to being in debt among low-income student populations. For example, Perna (2008) used data from descriptive case studies of fifteen “high” to “low” resource high schools based on student achievement and socioeconomic status. Most students at the low-resource schools and some students at the middle-resource schools typically view loans as a risky decision. In a representative comment, a student at one-low-resource schools says, “I’m not worried about the money, unless I have to get a loan because I certainly don’t want to get out of college someday in debt,” (Perna, 2008, p. 15). Hart and Mustafa (2008) examined student loans to cover net costs at a four-year public university. Their results indicated that for very poor students, net costs and the availability of family resources are substantially more important determinants of student borrowing than the costs of borrowing. Most telling, low-income students in their sample did not increase borrowing because of increased loan availability (Hart & Mustafa, 2008).

In comparison, some studies explain important motivations for employment among low-income student populations and what leads students to work. According to the American Council on Education (King, 2006), there is predictable variability in the amount of time students spend

working. Part-time students, older students, and low-income students spend more time at work. For example,

among dependent students, those from lower-income families are 66% more likely than higher-income students (41%) to state their primary reason for working is to pay tuition, fees, or living expenses and are less likely to name earning spending money or gaining work experience as their primary motivations (King, 2006, p. 3).

Bozick (2007) found that when compared with high-income students, low-income students are 74% more likely to state that they are working to pay for college and 73% more likely to forgo dormitory life to live with their parents. It is this work and living contexts that shape the transition to college. A British qualitative study that conducted 49 semi-structured interviews (Christie, Munro, & Rettig, 2001) revealed a group of “independents and strugglers” who received grants and had no or very low financial support from parents. They were acutely aware of their financial circumstances and had no choice but to generate essential living costs by seeking employment and using student loans.

Empirical efforts to date explain important dispositions towards self-help aid among low-income student populations and the context of their choices. Perhaps, there is more interconnection between employment and borrowing from the student perspective than the literature suggests. Thus, the present study will add to the current understanding on how employment and student loan borrowing are viewed from the perspective of low-income students and the impact of a summer transition program on these perceptions of self-help aid.

Methodology

The institution in the present study implemented a summer bridge program for students who demonstrate low family income and remedial scores in math and English. Low-income for this campuses' program ranges, for a family of two, \$30,500 to a family of eight, \$58,000 based on completion of the Free Application for Federal Student Aid (FASFA). In this six-week, day program, participants take four subject areas that include math, English composition, an ethnic studies course, and a summer bridge seminar. Students receive course credit for the ethnic studies course and also receive supplemental instruction that includes tutorial sessions for writing, critical reading and math.

This summer bridge seminar provides information and strategies to transition successfully into the university. By the fourth week, a financial literacy session is scheduled for two, two-hour sessions for a total of four hours. In conjunction with the financial aid office, the students learn how to access their financial aid status. They learn the campuses' financial aid process and satisfactory academic progress guidelines. They learn the difference between types of financial aid such as grants and student loans. They learn strategies on how to create and follow a budget. All in all, while the emphasis is mostly on academic and transition skills, students may ask about financial concerns as they arise during the program and have class time on financial aid.

This study examined a part of a larger program evaluation effort to determine to what extent participants not only gain skills to transition to college, but also to assess gains in college-level math and English. While the program offered a range of summer bridge activities to evaluate, this study focused on the participants' financial needs while taking into consideration participants' low-income backgrounds, which was the purpose of the financial-related questions in the student survey. The Summer Bridge Student Survey was developed by the institution and given twice, at the beginning and the end of the six-week summer bridge program in 2007 and 2008. The analysis was on responses to the questions regarding financial challenges with respect to asking parents for financial support and willingness to borrow; then, projected or estimated working hours if they planned to work; and finally, reasons for working. Data analysis proceeded in three stages: description of the sample, descriptive statistics of the financial questions and t-tests were conducted to measure the effect of the program on student's perceptions and potential behaviors regarding self-help components of paying for college.

Sample

The combined sample from 2007 and 2008 consisted of 375 entering first-year students who participated in a six-week summer bridge program at a four-year, public urban university. Average SAT score was 749 and the average GPA was 2.89. Women comprised a large majority of the sample (62.7%) and all participants were historically underrepresented minority students, most of whom were Latino/a (71.3%) and African American (12.8%). Fifty-nine percent were first-generation and 85.8% had a yearly family income of \$40,000 and below. This sample is overrepresented in comparison to the general campus population which consists of: 59%, women; 51%, Hispanic; 6%, Black; and underrepresented, 18%, Asian American/Pacific Islander. Table 1 shows the characteristics of the students in the study.

The summer bridge program started the first week of July and ended in mid-August. In week one, 28.4% or over one-fourth of the 375 program participants had a financial aid offer letter. By week six, 43.7% received an offer letter from the campus. Ninety-eight percent of the participants enrolled in the subsequent fall term.

Financial Challenges

Descriptively, participants were aware of financial challenges during the program. Table 2 shows the percentage changes from the beginning of the program to the end of the program. Results show in week one, less than one third or 31.5% were unwilling to borrow and by week six, 45.6%. Over one fourth of the students or, 27.6% in week one, indicated they would not ask their parents for additional financial help and by week six, 36.9% agreed. Interestingly, by the end of the program, participants were less likely to see financial challenges as a difficulty. In week one, 47.1% perceived that financial difficulties would be a challenge and by week six, 38.6% were less likely to agree with a percentage decrease of 8.5%. Taken

Table 1: Background Characteristics of Summer Bridge Participants, 2007-2008

Characteristic	Frequency	Percentage
High School GPA		
1.00 – 1.99	7	1.9
2.00 – 2.99	225	62.0
3.00 – 3.99	127	33.9
3.00 or more	4	1.1
SAT		
699 or less	107	29.5
700 – 799	149	41.0
800 – 899	87	24.0
900 or more	20	5.5
Gender		
Male	136	36.3
Female	229	62.7
Born in the United States		
Yes	325	90.5
No	34	9.5
First in family to go to college		
Yes	216	59.2
No	149	40.8
Race/Ethnicity		
American Indian	1	0.3
African American	47	12.8
Asian American/Pacific Islander	33	9.0
Latino/a	261	71.3
White	1	0.3
Multiracial/Other	23	6.3

Table 2: Percent Changes in Financial Challenges

Financial Challenges Statements (N = 375)	Percentage who “Agreed” to “Strongly Agreed”		Percent Change
	Week 1	Week 6	
I am not willing to borrow a student loan.*	31.5	45.6	14.1
I cannot ask my parents/guardians for additional help for college.*	27.6	36.9	9.3
Financial difficulties will be a challenge for me during my first year.**	47.1	38.6	-8.5

Notes:

*Mean differences between Week 1 and Week 6 were statistically significant at $p < .05$ level

**Mean differences between Week 1 and Week 6 were statistically significant at $p < .001$ level

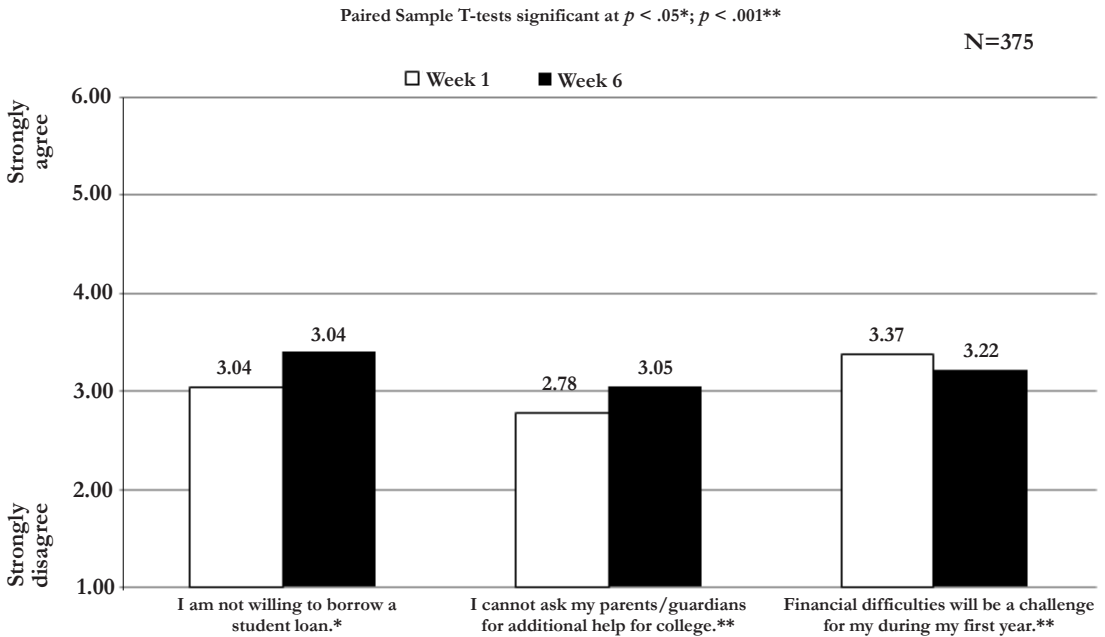
together, almost half of the students became more unwilling to borrow, over one-third would not ask their parents for financial help and yet, over one-third viewed financial difficulties as less of a challenge.

For financial challenges, t -tests analysis indicated that the group means were higher at the end of the six-week program than at the beginning. A paired samples t test revealed that the differences in pre-and post-test means were statistically significant for all statements. Results indicated that students’ “unwillingness to borrow” were significantly higher than prior to the program, $t(324) = -4.74, p < .001$. The standardized effect size was smaller than typical, $d = 0.05$. The 95% confidence interval for the mean difference was $-.526$ and $-.217$. In addition, students’ “cannot ask parents/guardians for help” were significantly higher than prior to the program, $t(332) = -4.02, p < .001$. The standardized effect size was smaller than typical, $d = 0.03$. The 95% confidence interval for the mean difference was $-.389$ and $-.133$. Finally, students’ view of financial difficulties lessened than prior to the program, $t(331) = 2.42, p < .05$. The standardized effect size was smaller than typical, $d = 0.04$. The 95% confidence interval for the mean difference was $.029$ and $.283$. Figure 1 shows the t -test analysis.

Projected Work Hours

Table 3 shows the descriptive percentage changes that occurred with projected work hours. Percentages show an increase in the hours per week, especially in the larger range categories of hours. In week one, 29.8% indicated “16 to 20 hours” and by week six, this increased to 31.3%. In week one, 8.3% indicated working “more than 20 hours” and by week six, this increased to 13%. Thus, by week six, 44.3% of this group projected they would work sixteen hours per week or more. For projected work hours, t -test analysis showed that the group means for projected working hours were higher at the end of the 6-week program than at the beginning.

Figure 1: Financial Challenges: Mean Changes and T-test Analysis



A paired samples t test indicated that the projected work hours were statistically significant. More specifically, the pre-test mean for “hours per week working” was 3.38 ($SD = 1.76$), while the post-test mean was 3.60 ($SD = 1.78$). The pre-and post-means for “hours per week working” in each category was statistically significant or $t(324) = -2.52$, at the $p < .05$ level. The standardized effect size index was smaller than typical, $d = 0.14$. The 95% confidence interval for the mean difference was $-.389$ to $-.047$.

Reasons for Work

Of the 375 participants, 265 participants or 70% were planning to work during their first year of college. To understand more what employment represented to these students, an analysis on the reasons for working was conducted on the 265 who specified they were going to work. Similar to King (2006), it is important to note that these reasons do not account for all student behavior and their employment choices. Respondents were asked to indicate whether it was a “major reason” (3), “minor reason” (2) or “not a reason for me” (1).

Table 4 shows the descriptive percentage changes from the beginning of the program to the end of the program. “Helping pay for college expenses” was a “major reason” or 60.5% with little change from the beginning of the program to the end. Similarly, “taking care of personal/family obligations” was “a major reason” or 46.7% and minimal change as well. In comparison, “earn extra spending money” had considerable change with

Table 3: Percent Changes for Projected Work Hours

During the coming school year, how many hours in a seven-day week do you think you will spend working for pay? (N=375)	Week 1	Week 6	Percent Change
None*	25.3	21.8	-3.5
1 – 5 hours*	10.7	9.7	-1.0
6 – 11 hours*	12.4	14.5	2.1
12 – 15 hours*	13.2	9.7	-3.5
16 – 20 hours*	29.8	31.3	1.5
More than 20 hours*	8.3	13.0	4.7

Notes:

*Mean differences between Week 1 and Week 6 were statistically significant at $p < .05$ level Pre-test Mean = 3.38 ($SD = 1.76$) and Post-test Mean = 3.60 ($SD = 1.78$) $t(324) = 2.52$; $d = 0.14$

45.5% indicating “minor reason” in week one and by week six, 56.1% indicating a “major reason.” By week six, this reason gained a larger percentage of responses over “taking care of personal/family obligations.” From the results, gaining work experience in some form had less importance compared to meeting immediate college needs for the working respondents.

For reasons for work, t -test analysis showed that the group means were higher at the end of the 6-week program than that at the beginning. However, a paired samples t test indicated that only the differences in the pre-and post-means for “earn extra spending money” was statistically significant or $t(242) = -3.30$, $p < .001$. The standardized effect size was smaller than typical, $d = 0.21$. The confidence interval for the mean difference was $-.249$ to $-.063$. More specifically, the pre-test mean for “earn extra spending money” was 2.33 ($SD = .656$), while the post-test mean was 2.49 ($SD = .632$). Figure two illustrates this change over six weeks.

Implications

Several important conclusions can be drawn from the study’s findings. First, the results provide some support for the main hypothesis that participation in a summer transition program can form perceptions and choices about student loans and employment. Throughout the six-week program, participants had the opportunity to ask about financial-related concerns and, by the end of the program, there was an increased number of participants who received their financial aid offer letter that contributed to their understanding. As part of the specific transition strategies provided by the program, class time spent on financial aid information helped to formulate perceptions about paying for college including student loan borrowing.

Table 4: Percent Change in Reasons for Work

Reasons for Work (N = 375)	“Not a Reason for Me” (1)			“Minor Reason” (2)			“Major Reason” (3)		
	Week 1	Week 6	Percent Change	Week 1	Week 6	Percent Change	Week 1	Week 6	Percent Change
	Help for college expenses	8.5	8.0	-0.5	31.5	31.4	-0.1	60.1	60.5
Take care of personal and family obligations	17.4	18.4	1.0	35.6	34.9	-0.7	47.0	46.7	-0.3
Earn extra spending money (clothes, snacks, gas, etc.)**	10.2	8.0	-2.2	45.5	35.9	-9.6	44.3	56.1	11.8
Gain general job experience	24.7	22.1	-2.6	40.7	42.0	1.3	34.6	35.9	1.3
Gain general job experience related to my anticipated major	27.5	35.7	8.2	39.1	42.2	3.1	33.3	22.2	-11.1
Career exploration	35.7	32.8	-2.9	42.2	39.6	-2.6	22.2	27.6	5.4

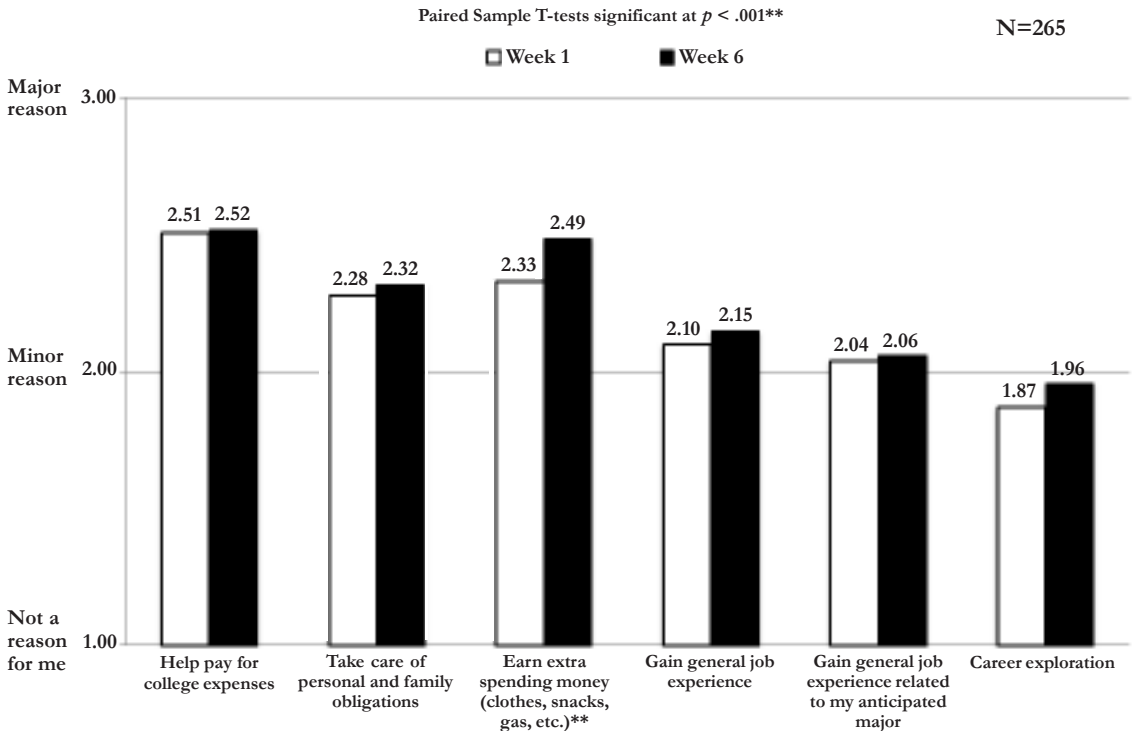
Notes:

**Mean differences between Week 1 and Week 6 were statistically significant at the $p < .001$ level

Pre-test Mean = 2.33 ($SD = .656$) and Post-test Mean = 2.49 ($SD = .632$)

$t(242) = -3.30$

Figure 2: Reasons for Work: Mean Differences



Results from the study provide evidence of the formation and timing of low-income students' choices of self-help aid, weeks before starting their first fall term. Understanding this process as part of the final stages of their college choice process provides much-needed evidence to enhance strategies and practices to advise low-income students in their choices of borrowing and employment. Assessment of their perceptions and expectations yielded statistically significant results in how options of self-help financial aid were perceived.

Second, results may point to an underlying mechanism that may explain a low-income student's predisposition towards employment and how they view their ability to afford college costs. The findings suggest that direct costs were of major concern (60.5%), followed by having some spending money (56.1%) and then, personal or family obligations (46.7%). Changes related to "earn extra spending money" were statistically significant. This is additional evidence for those who direct support programs or advise low-income students that specific costs are compelling predictors of financial choices. The standardized effect size suggests that the impact of this summer bridge program on the students' perceptions of paying for college is somewhat small. Still, these findings can be used to justify improving existing programming around these financial aid and college affordability issues.

The assessment conducted in this study has limitations since it is focused on one student population, or low-income students. Riggert, Petrosko, and Rude-Parkins (2006) suggested that smaller studies across varied settings with more homogenous groups can obviate at least some need for extensive use of statistical control strategies. However, consistent with Tinto's concerns, more homogenous groups may result in more institution-specific outcomes and likely some loss of generalizability. For this study, outcomes from a well-defined population can increase confidence in a study's validity and add to the discussion on a specific student population, namely, low-income students.

Based on the findings of this study, it is plausible low-income students choose employment as the better solution than loan borrowing to meet their immediate needs and to avoid long-term debt. It should be pointed out that there are positive aspects of employment and students who work have sharpened social skills, self-confidence, good time management and enhanced career interests (Cheng & Alcantara, 2008). With previous studies, there is a tendency to think of loans and employment as two distinct options and most studies discuss either only one or the other. It may be that student perceptions and behaviors towards these forms of self-help are interconnected and consequently, students are placing different values and choices on each. It would be worthwhile to investigate such perceptions as a potential direction for future research.

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