

RESEARCH RESULTS

Education Financing Survey

*Minnesota State Colleges and Universities
St. Paul, Minnesota*

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Executive Summary

“Our strength as a system, and what really differentiates us from all other higher education providers in the state, is our commitment to providing access.”

– MnSCU Chancellor James H. McCormick, September 2004

Across the nation, state governments are struggling with questions related to the funding of higher education. Is a college education a personal privilege or a public good? Who should bear the primary responsibility for the cost of providing an education? If the greater burden shifts to individuals and families, are there unforeseen – and perhaps negative – consequences?

This study captures a picture of the ways in which MnSCU students finance postsecondary education and how they view college costs. Surveying more than 600 MnSCU students across the state, we asked about their educational funding sources, resources used to pay for educational expenses, and the impact of educational debt on their studies, work life, and financial situations.

This research can serve as a benchmark for the Minnesota system as it evaluates tuition increases and changes in the way financial aid is allocated. As the findings of this study reveal, the funding of higher education is a persistent and complex issue that will not be solved simply through budget cuts that shift the debt burden to students.

Higher education is the major predictor of lifetime earning potential. The more education the individual has, the higher the lifetime earnings. If increasing tuition costs pose a barrier to enrollment or degree completion, such trends will impact not only the lives of individual citizens but also the tax revenue base for the state of Minnesota.

Because increasing access to higher education is part of MnSCU’s long-term strategic plan, the findings that follow will be of great interest to system leadership and legislators alike.

Key Findings

Observation 1: The paradigm of how most Minnesota students educate themselves has shifted.

“College students have it easy,” or so the thinking goes. But the old paradigm – graduating high school and immediately spending four full-time years in college with substantial parental financial support – is fading. Today’s MnSCU students are generally carrying the financial

burden themselves and are moving in and out of the educational system as their life circumstances dictate. For those who can't absorb tuition increases, the extra expense gets put on personal credit cards or results in a semester or more delay in degree completion.

Observation 2: Cost continues to be a major factor in the decision to attend college.

When asked to rate the reasons they had for choosing to attend a MnSCU institution, cost of attendance ranked behind only the availability of their intended major and the quality of the program students were studying. Rated at the same level as cost were location of the institution and flexible class scheduling. This high ranking of the cost factor mirrors the findings of a 1999 MnSCU research study.

Not surprisingly, first-generation college students rated the cost factor significantly higher in importance than those whose parents had attended college.

Observation 3: Parents are not regularly picking up the tab for college costs.

About 75 percent of all students said that parents are *not* helping them pay for college. Of the 25 percent who are receiving parental assistance, only 25 percent said that their parents are paying all of their tuition and fees.

Fifty-four percent of students under the age of 25 indicated that their parents are not contributing anything toward their college costs, and 95 percent of students age 25 and over were receiving no parental support.

Eighty-two percent of first generation college students said that their parents were not paying college costs, compared with 68 percent of students whose parents had completed at least some college-level study.

In addition, 95 percent of students said that their parents are *not* helping them repay their student loans.

Observation 4: Financial aid is critical to students' ability to pay for college.

About two-thirds of students interviewed had applied for financial aid and, of those, nearly 80 percent received a financial aid award in the current semester. Thirty percent of all students had received a Minnesota State Grant; a quarter of those receiving a grant said that the amount was less than they expected.

Observation 5: Students are tapping into personal savings to pay for college.

While 67 percent of all students are paying for some part of college costs using their current income, more than a third (37%) are taking money from savings or investment accounts.

Observation 6: Private loans are helping many students fill the gap.

Nearly a fifth (18%) of all students are using personal loans from banks or other lenders to help pay for their education. These are loans that fall outside the federally subsidized loan program.

Observation 7: Most students hold at least one job while in school.

More than 81 percent of students are working while in school either in an on-campus (5%) or off campus (76%) job. Fifteen percent of students hold more than one job. The majority of students say they could not afford to attend college without working.

Nine percent of respondents said that their spouse or partner worked extra hours or took another job to help pay their educational expenses.

Observation 8: The pressure to work to meet college expenses affects degree completion time and academic performance.

Forty-nine percent of working students interviewed said that having a job while taking classes will lengthen the time it would take them to complete their college education and 62 percent said it limits the amount of time they have available to study.

In addition, 17 percent of students said that in the past year they have had to stop taking one or more colleges classes to work more hours or take on an extra job in order to pay college costs.

Students who were not performing at the academic level they expected in college are also those who are under financial stress – they are concerned about their personal debt level and about future tuition increases, and are more likely to have dropped classes to work more hours to pay for college.

Observation 9: Many students are turning to credit cards to pay for educational expenses.

A quarter of all students interviewed reported that they used credit cards to pay for some part of tuition and fees, and 37 percent used credit cards to pay for books and other educational supplies. About half of those who used credit cards for this purpose continue to carry a balance on them from month to month. Of this latter group, 62 percent said they will not be able to pay off their balances while taking classes this semester.

Thirty percent are very or extremely concerned about their current total level of personal debt including student loans, credit cards, mortgage, auto, and private loans. Those who used credit cards to pay for educational expenses were more likely to be very concerned about their current total level of personal debt.

Students attending MnSCU's four-year universities were more likely to have used credit cards to pay tuition and fees than students at two-year institutions.

Observation 10: Existing student loan debt affects a fifth of all MnSCU students.

Two-thirds of MnSCU students expect that they will have taken out some amount of student loans by the time they have finished their education and nearly a fifth (18%) indicated that they are already re-paying student loans. Thirty-three percent of students indicated that they anticipate having more than \$10,000 in student loan debt by the time they finish their education.

Students attending non-metro-area institutions were more likely to have existing student loan debt than students in the Twin Cities area.

Observation 11: Students are concerned about future tuition increases at MnSCU schools.

Forty-three percent of MnSCU students indicated that they were extremely or very concerned about future tuition increases at their institution. This level of concern was significantly higher among first generation college students, and among those who rated tuition cost and financial aid as very or extremely important to their choice of a college.

This suggests that there is not a substantial untapped capacity in students' ability to pay for college costs, although this may be the hope of those who must balance the budget. At some point, what may happen is a greater shift to part-time college attendance – resulting in lower per-student revenues.

Observation 12: First-generation college students feel disproportionately more pressure related to college costs.

First-generation college students were more likely than their peers to indicate that concerns about educational costs have led them to scale back their degree goals. They also were more likely than other students to indicate that they would have taken more classes this semester if they could have afforded to, to be receiving no financial assistance from their parents, and to be extremely concerned about future tuition increases at their school.

Methodology

Between February 18 and February 23, 2005, Noel-Levitz conducted a telephone survey of individuals who were currently enrolled at one or more of the Minnesota State Colleges and Universities. Working from a list of names and telephone numbers provided (including local or campus telephone numbers for students living away from home), we interviewed a total of 615 current students.

We established quotas to ensure that we would have sufficiently large samples of respondents representing full-time and part-time students, students attending two-year institutions and students attending four-year institutions, and students attending one of the institutions in the Minneapolis – St. Paul metropolitan area. The final distribution of interviews in each of these subgroups was:

- Student status:
 - 311 full-time students
 - 304 part-time students
- Type of institution attending:
 - 306 students attending four-year institutions
 - 309 students attending two-year institutions
- Location of institution attending:
 - 304 students attending an institution in the Minneapolis-St. Paul metropolitan area
 - 311 students attending a MnSCU college or university located outside of the Minneapolis-St. Paul metropolitan area
 - (NOTE: In this report, we will abbreviate the Minneapolis-St. Paul metropolitan area as simply “the metro area.”)

Reasons for Choosing This School

Students were asked to rate the importance to them of various enrollment decision factors when deciding to take classes at the school where they are currently enrolled.

Rate importance of this factor when deciding to take classes at this school		
Enrollment Decision Factor	% Rating “5” or “4”	Mean Importance
Quality of the program you are studying	83%	4.23
College offers your major	81%	4.36
Flexible schedule (evening, weekend classes)	70%	3.99
Location	69%	4.03

Cost	66%	3.94
School is close to home	63%	3.76
Success rate of graduates	61%	3.74
Scholarship and/or financial aid	57%	3.50
General reputation	54%	3.57
Size of the college	29%	2.69
Campus life and/or housing	15%	1.98

Availability of the program they are seeking to study and the quality of that program are the top two considerations for these students in general. Flexibility of the class schedule, location of the school, and cost are high in importance for at least two-thirds of the students.

Scholarships and or financial aid are not as important for these students as cost is. This suggests that when considering policies to make postsecondary education affordable, managing cost will be more influential than will investments in financial aid.

Sources to Help Finance Education

A primary focus of the survey was to identify the sources of funding that students rely on to finance their educational expenses. For the purposes of this research, educational expenses include tuition, fees, room and board (for those students living away from home), books, and supplies.

Just over a quarter of the students interviewed said that their parents are helping them to pay for their expenses while in school. These are predominantly younger students (24 years of age or younger) and about twice as likely to be attending school full-time as part-time. They are no more likely to be attending a two-year school than a four-year school, and as likely to be enrolled at a school in the metro area as at other schools in Minnesota.

Of these students who are receiving financial support from their parents, only a quarter (25%) said that their parents are paying 100 percent of their tuition and fees. A smaller percentage (13%) of these students are not receiving any help from parents for tuition and fees, but are receiving help for other educational expenses. Most of these students (40%) are receiving help from their parents for up to half of their tuition and fees.

Almost a fifth of these students (18%) report that their employers are paying for some portion of their tuition and fees. Only 6 percent of all students report that their employers are completely covering the cost of their tuition and fees.

We then asked students if some percentage of their tuition and fees were being paid for by someone other than parents, guardians, spouses, partners, or employers. A very small percentage (5%) of students receive help for some portion of their tuition and fees from someone other than a parent or guardian, spouse or partner, or employer. Most of the responses were some kind of agency or military service related (e.g., Minnesota Workforce center, Veterans benefits, etc.). Only 1 percent of these students are relying on relatives (grandparents, aunt/uncle) or friends to help pay for their tuition and fees.

Use of Financial Aid

Federal, state, local and institutional financial aid and scholarship programs are obviously an important means available to many students to help make the cost of education affordable. To access these funds, students must apply for financial aid.

About two-thirds (64%) of the students interviewed had applied for financial aid to help pay for their education expenses this semester. Of those who hadn't, the most frequently cited reason (by 10% of all students) was that they didn't think they would be eligible. Sometimes their assumption is correct (for example, they are in default on a student loan). Only a small percentage (6%) indicated they didn't need to, didn't want to, or that they had the cash.

Reason For Not Applying for Financial Aid

Reason	% of all students
Didn't think would be eligible	10%
Didn't need to/didn't want to/had cash	6%
Make too much money	5%
Have other sources (family, government agency, etc.)	5%
Have applied before and been turned down	2%
Didn't complete application in time	2%
Didn't know it was available	2%
Application process was too complicated or too hard to understand	1%
Other	3%

Five percent of students did not apply for financial aid because they thought they made too much money. When asked what they thought the most they could make and still qualify for financial aid, three percent thought that if they made \$25,000 or more they would not qualify for financial aid, and four percent thought that if they made \$50,000 or more they would not qualify for financial aid.

Of those who applied for financial aid, nearly 80 percent received a financial aid award to help pay their educational expenses this semester. (This represents half of all of the students surveyed.) Of those who applied and did not receive a financial aid award, almost a third (30%) indicated that they expected to receive a financial aid award. (This represents 4% of all of the students surveyed.)

Most of the students who received a financial aid award indicated that the award they received was at least as much as they expected. A fifth of the students who received a financial aid award (21%) indicated that the amount of aid they received was less than they expected.

We also specifically asked students if they received a Minnesota State Grant this semester. Almost a third (30%) of all students received a Minnesota State Grant. A small percentage of all students (6%) did not receive a grant but expected to.

Nearly three-fourths of those who received a Minnesota State Grant (74%) indicated that the amount of the grant they received was at least as much as they expected. A quarter of those who received a grant indicated that the amount of the grant they received was less than they expected.

Other Resources

In addition to support from family, employers, and government or institutional financial aid programs, we asked students whether or not they used other resources to pay for their educational expenses.

In paying for your college expenses this year, have you used:

Source	% of all students
Current income	67%
Money withdrawn from your personal savings or investment accounts	37%
A personal loan from a bank or private organization	18%
Parents used current income	18%
Aid from some other source (excluding family and friends)	12%
Parents used money withdrawn from personal savings or investment accounts	10%
Grant or scholarship from a private organization	9%
Money withdrawn from the savings or investment accounts of your spouse or partner	6%
Veteran's benefits	3%
U.S. Savings Bonds	2%
A home equity loan	1%
Parents used a home equity loan	1%

While two-thirds (67%) of all students are paying for some portion of their educational expenses using current income, just over a third (37%) are taking money out of savings or investment accounts. For about a fifth of these students (18%) their parents are using current income to pay their educational expenses, and 10 percent are getting help with their educational expenses from their parent's savings or investment accounts. A small percentage (6%) of students also rely on withdrawals from their spouse's or partner's savings or investment accounts. Home equity loans (either borrowing by the student or by their parents) are only used by less than two percent of students.

There is a perception that some students are using personal loans (either from banks or from private organizations) or private scholarships. In fact, nearly a fifth of all students (18%) are using personal loans to help pay for their education, while a tenth (9%) are using money from a private grant or scholarship.

For these other sources of funding, we asked students to indicate the amount of money (in ranges) that they used from these sources. In all cases, the amounts used are mostly under \$1,000.

However, about a third (34%) of students are using between \$1,000 and \$2,500 from one or more of these sources: current income, personal savings or investments, parent’s income, parent’s personal savings or investments, or personal loans.

Percent of all students using this resource, by ranges of amount used:

Resource	Less than \$1,000	\$1,001 to \$2,500	\$2,501 to \$5,000	More than \$5,000
Current income	34%	18%	9%	3%
Money withdrawn from your personal savings or investment accounts	20%	9%	3%	2%
A personal loan from a bank or private organization	2%	7%	8%	2%
Parents used current income	6%	6%	3%	1%
Parents used money withdrawn from personal savings or investment accounts	3%	3%	1%	1%

Working While Taking Classes

A substantial portion of students depend on employment in various forms to finance their educational expenses. Just over a third of all students (37%) describe themselves as “an employee who decided to enroll in college classes.” The balance of the students who work (63%) regard themselves primarily as students who are “working to meet expenses.” In either case, the obligations of employment compete with their obligations as students.

For those students who regard themselves primarily as students who are working to meet expenses, the majority (60%) say they are working while taking classes in order to “help pay tuition, fees or living expenses while in college.” (This represents 38% of all MnSCU students.) An additional 16 percent of these students say they are working “to earn spending money.” (This represents 10% of all students.)

For those students who regard themselves primarily as students who are working to meet expenses while in college, 58 percent indicated that they could not have afforded to attend school if they had not worked. (This represents 36% of all MnSCU students.)

A small percentage (8%) are working at a job through school (internship, apprenticeship, or work-study job), with about half of these being on-campus and the other half off-campus. (Five percent of the students are working in work-study jobs on-campus.)

About a fifth of all students interviewed (17%) indicate that they are not working in any job. Most students (61%) indicate that they are working at least one job, and 15 percent indicate that they are working two or more jobs.

In jobs that are not part of their education or a work-study job, 27 percent of students are working 20 hours per week or less; 21 percent are working 21 to 30 hours per week; 35 percent are working 31 to 40 hours per week; and 17 percent are working over 40 hours per week while taking classes this semester.

A much more common way that students use employment to finance their education is to take a summer job or to work at times when school is not in session. Just over half of all students interviewed (55%) reported that they had worked at a job either this past summer or at other times when school was not in session to earn money to help pay for their classes this semester. These are more likely to be students who are 24 years of age or younger, although 43 percent of students 25 or older report that they had worked a summer job or while school was not in session.

One way that work can hinder a student's educational achievement is when a student decides to drop one or more classes so that they can work extra hours or an extra job as a way of financing their education. At best this delays when a student ultimately achieves their educational objectives, and research on student persistence documents that many students who stop out ultimately do not return to continue their education.

Of the students interviewed, 13 percent reported that they had stopped taking one or more college classes in order to work an extra job or more hours to pay for their education. About half of these students (51% of those who had stopped taking one or more classes) only dropped one in the past year. However, just over a quarter (28%) had dropped two classes during the year, and 18 percent reported dropping three or more classes.

Altogether, 17 percent of the students interviewed have stopped out to earn more money for college at some point during all of the time they have been taking classes.

There are other effects, both positive and negative, that working while taking classes can have on students. We asked students whether or not they felt that having a job while taking classes this semester had affected them in any of the following ways:

- Prevent you from taking a class that you would have taken if you were not working
 - (39% said “Yes”)
- Limit the time you spend at school
 - (50% said “Yes”)
- Limit the amount of time you have available to study
 - (62% said “Yes”)
- Help you with class work
 - (27% said “Yes”)
- Help you prepare for a career
 - (52% said “Yes”)
- Have a positive effect on the grades you will earn this semester
 - (35% said “Yes”)

- Have a negative effect on the grades you will earn this semester
 - (30% said “Yes”)
- Lengthen the time it will take you to finish your program
 - (49% said “Yes”)

Credit Cards and Other Forms of Debt

There is anecdotal evidence that some students are using various forms of debt to finance their education, other than student loan programs. Financing an education through borrowing can discourage students from completing their educational objectives, or discourage them from pursuing further education or from studying in a field they would most like to study. Concern about debt levels may also affect their academic performance while in school.

A quarter of all of the students we interviewed reported that they used credit cards to pay some portion of their tuition and fees. Nearly two-fifths (37%) used credit cards to pay for other educational expenses such as books, supplies or special equipment needed for classes.

About half (47%) of those who used credit cards to pay for their educational expenses (tuition, fees, books, supplies, or equipment) indicate that they do not pay off their balances each month, but instead carry a balance on their credit cards. This generally leads to a situation where they must pay interest at very high rates in order to fund these expenses. Of those who are using credit cards to finance some portion of their education expenses, and who are carrying balances from month to month, most (62%) indicate they will not be able to pay off their balance while they are taking classes this semester. These students (12% of all MnSCU students) are more than likely financing their education at interest rates far above the rates for both government subsidized student loans as well as non-subsidized loans.

Nearly a fifth of all students currently enrolled at MnSCU schools (18%) indicate that they are already re-paying student loans. Of those students who are repaying student loans already, 43 percent have monthly payments of under \$50, 38 percent are making monthly student loan payments of between \$51 and \$100, and 14 percent are already repaying more than \$100 each month on their student loans. Some of these students who are already repaying loans are getting help from their parents or guardians to repay the loans (15% of those who are already repaying student loans).

Two-thirds of all MnSCU students expect that they will have borrowed some amount of student loans by the time they have finished their education. A fifth (20%) of all students anticipate having borrowed \$10,000 or less. Another fifth (22%) anticipate having borrowed more than \$10,000 but less than \$25,000, and 14 percent anticipate they will have borrowed over \$25,000 by the time they have finished their education. Additionally, 13 percent of the students did not know the total amount of the student loans they will have borrowed by the time they graduate.

Three in five MnSCU students report that in addition to student loan debt and a home mortgage (if applicable) there is additional debt that they are carrying. A quarter of all MnSCU students are also carrying up to \$5,000 in other debt, but more than a third of all MnSCU students (36%) are carrying over \$5,000 in other debt. Almost a third (30%) of these students who are carrying this

additional debt indicate that they are either “extremely” or “very” concerned about their current level of debt. Students carrying less than \$5,000 in debt are less likely to say they are “extremely” or “very” concerned about their level of debt. Students above this debt level (more than \$5,000 in debt other than student loans or home mortgage) are equally likely to express this level of concern, regardless of the level of debt they are carrying.)

Concerns about Financing Education

In addition to quantifying the extent and variety of means that students at Minnesota’s colleges and universities are using to finance their education, we also sought to document if concerns about financing education, or students who have higher financial burdens (e.g., more debt, working extra jobs or overtime) might have some influence on their academic performance.

One possible effect that financial concerns may have on students is on the grades they earned, and specifically whether or not they are earning the grades they expected to earn when they first started taking classes.

Altogether, 17 percent of MnSCU students report that they expected they would be earning higher grades than they are actually earning. This percentage is statistically the same regardless of type of school (two-year vs. four-year), location of school (metro vs. non-metro), the student’s attendance status (full-time vs. part-time), age, parental education, whether or not they received any financial aid, whether or not they received a Minnesota State grant, the level of importance they placed on cost and the level of importance they placed on financial aid in their decision to enroll.

However, various indicators of financial burden do appear to make a difference to whether or not students reported that they expected to earn higher grades than those that they are actually earning:

- Students who report that they are “extremely” or “very” concerned about future tuition increases at their school are twice as likely to have expected to earn higher grades;
- Students who report that they dropped one or more classes so they could work an extra job or more hours to pay for classes are almost three times as likely to have expected to earn higher grades; and
- Students who report that they are “extremely” or “very” concerned about their current debt level are twice as likely to have expected to earn higher grades.

Another indicator of concern we explored was whether or not concerns about the cost of further education leads students to scale back their degree goals. A quarter of all MnSCU students indicated that these concerns have led them to scale back their degree goals. These concerns are somewhat more pronounced in students enrolled at institutions in the metro area, among students over 24 years of age, among first-generation students, and among students who indicated that their parents are not helping to pay for any of their expenses while in school.

There is a significant relationship between whether a student reports that concerns about the cost of further education have led them to scale back their degree goals and other indicators of financial burden:

- Students who anticipate total student loan amounts upon graduation of \$10,000 or more are somewhat more likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals;
- Students who say that they are either “extremely” or “very” concerned about future tuition increases at their school are more than twice as likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals;
- Students who have dropped one or more classes so they could work an extra job or more hours to pay for classes are more than twice as likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals;
- Students who report that they stopped out at least one semester to earn more money to pay for classes are twice as likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals;
- Students who say that they expected to earn higher grades than they are actually earning are more likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals;
- Students who have used credit cards to pay for some portion of their tuition, fees, books, supplies or equipment needed for classes are twice as likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals; and
- Students who are “extremely” or “very” concerned about their current debt level (outside of student loans and mortgages) are more than twice as likely to also indicate that concerns about the cost of further education have led them to scale back their degree goals.

Another hypothesis that we sought to test is to see whether or not concerns about financing education are related to expected withdrawal from school. To measure this, we asked all students in the interview to indicate whether or not they will re-enroll this fall at the school where they are currently taking classes. Only 11 percent of the students indicated that they will either “probably not” or “definitely not” re-enroll. When asked to indicate their reasons for not re-enrolling, most indicated that they were either transferring to another institution or will have finished their degree program. Since we would not count these “leavers” as students who are failing to achieve their educational goals, there were too few students who could be reasonably classified as “withdrawals” to test the hypothesis.

Finally, we asked students “How concerned are you about future tuition increases at . . .” (and inserted the name of the school they were attending.) Just over two in five (43%) of MnSCU students indicated that they were either “extremely concerned” or “very concerned.” This level of concern was more likely among:

- Students who are over 24 years old;
- First-generation students;
- Students who indicated that their parents are not helping to pay for any of their expenses while in school;
- Students who rated cost as an important factor in their decision to enroll at the school; and

- Students who rated financial aid or scholarships as an important factor in their decision to enroll at the school.

This level of concern about future tuition increases is also significantly related to other indicators of financial burden:

- Students who anticipate having borrowed over \$25,000 in student loans are somewhat more likely to be “extremely” or “very” concerned about future tuition increases;
- Students who reported having dropped a class in the past year to work an extra job or more hours to pay for classes were more likely to be “extremely” or “very” concerned about future tuition increases;
- Students who have stopped out at least one semester to earn more money to pay for classes are more likely to be “extremely” or “very” concerned about future tuition increases;
- Students who expected to earn higher grades than they are actually earning are more likely to be “extremely” or “very” concerned about future tuition increases;
- Students who used credit cards for some portion of their education expenses are more likely to be “extremely” or “very” concerned about future tuition increases; and
- Students who are “extremely” or “very” concerned about their current debt level (outside of student loans or mortgages) are twice as likely to be “extremely” or “very” concerned about tuition increases.

Profile of Independent Students compared with Dependent Students

The profile of students who were identified as financially independent from their parents (73.5% of the population) compared with those receiving parental financial support (26.5%) supplied some interesting contrasts. Independent students demonstrated a much higher level of financial stress and saw the clear effects of that stress on their educational plans.

Financially independent students were more likely to . . .	Dependent students were more likely to . . .
Have a parent whose highest level of education was elementary school	Have a parent whose highest level of education was master's degree
Have a household income of \$25,000 to \$75,000	Have a household income of less than \$25,000
Be married or divorced	Be single
Fall in the 25 – 54 years old category	Be under the age of 25
Be extremely concerned about future tuition increases	Be only somewhat concerned about future tuition increases
Have more than \$10,000 in consumer debt	Have no outstanding consumer debt
View themselves as employees who are enrolled in college classes	View themselves as students who work to meet expenses

Project a longer timetable for degree completion than dependent students

View work obligations as a barrier to taking additional classes

Carry revolving credit card debt

Be very or extremely concerned about their current level of all forms of debt

Have applied for and received a financial aid award this semester

For dependent students whose parents were helping them with college expenses, the household income levels were higher when compared with the total survey population:

Household income for dependent students with help from parents	N	% -	N – total respondents	% – total respondents
Less than \$25,000	8	4.9%	239	39%
\$25,000 to under \$50,000	28	17.2%	141	23%
\$50,000 to under \$75,000	37	22.7%	99	16%
\$75,000 to under \$100,000	19	11.7%	35	6%
\$100,000 or more	22	13.5%	25	4%
Don't know or refused	49	30.1%	76	12%

First-generation College Students

First-generation college students presented a distinct profile in this research survey. They were most likely to be females attending a metro area MnSCU institution on a part-time basis, and to view the availability of evening and weekend classes as an extremely important reason for choosing a college. Other significantly more important college choice factors to this group were the success rate of graduates and availability of financial aid. They also were more likely to be students of color.

Increased MnSCU tuition costs are likely to have a disproportionately negative effect on this population.

First generation college students were more likely than their peers to:

- Have a two-year or associate's degree as their ultimate educational goal
- Indicate that concerns about the cost of further education has led them to scale back their degree goals

- Indicate that they would have taken more classes this semester if they could have afforded to pay for them
- Be receiving no financial assistance from their parents
- Be extremely concerned about future tuition increases at their school
- Have *not* stopped out for a semester to earn more money to pay for classes
- Describe themselves as an employee who decided to enroll in college classes
- Be over 25 years old and married or divorced rather than single
- Have two or more children

Using Credit Cards to Finance Educational Costs

Forty-two percent of MnSCU students use credit cards to pay for at least some of their educational expenses. Nineteen percent of the total population indicated that they used credit cards for educational costs – and at the same time carry a balance from month to month rather than paying their bills in full. Of those, 52 percent used their credit cards to pay tuition and fees and the remainder use their cards for books, supplies and related educational expenses.

The revolving credit group (19%) was more likely to be female, over the age of 25, not receiving help from parents toward educational expenses, and had not received grants or scholarships from private organizations. They tended to fall in the \$25,000 - \$50,000 income bracket, and there were no significant differences based on marital status, parental education or race/ethnicity. Their sense of financial pressure is illustrated by the fact that they are more likely to have:

- Stopped taking one or more college classes so they could work an extra job/hours to earn money for college
- Indicated that they could not have afforded to attend school if they had not worked
- Indicated that working prevents them from enrolling in classes they otherwise would have taken and limits the time they have available to study for current classes
- Observed that having a job while taking classes will have a negative effect on the grades they will earn this semester
- Have other consumer debt in the \$5,000 - \$25,000 range and be very concerned about it
- Said that working will lengthen the time it will take to finish their degree program
- Have scaled back their degree goals because of concerns about the cost of further education
- Be very concerned about future tuition increases

The Impact of Educational Costs on Students' Future Plans

The MnSCU telephone survey closed with an open-end question: "How is the cost of your education affecting your future plans?"

Two-thirds of the students responded that the cost of education has had little or no effect on their future plans. One third of the responses fell into the following categories:

How is the cost of your education affecting your future plans?	N	%
Take fewer classes / take longer to complete degree	26	4.7%
Watching what I spend	25	4.5%
Will have lots of debt / harder to get out of debt	24	4.4%
Will need to get a good job to pay off loans	13	2.4%
Extremely (not specified)	12	2.2%
Scale back degree plans	12	2.2%
Defer home purchase	11	2.0%
Put family on hold	11	2.0%
May not be able to continue education	11	2.0%
Defer/put off other expenses (not specified)	9	1.6%
Work more hours or an extra job	9	1.6%
Take fewer or no family vacations	6	1.1%
Not able to buy a car or buy a less reliable car	4	0.7%
Save less money	4	0.7%
Take more classes to get done sooner	4	0.7%
Hard to move to the right location	4	0.7%