

Student Perceptions of Loan Debt

Baum, S., & O'Malley, M.. (2003). College on credit: How borrowers perceive their education debt. *Journal of Student Financial Aid* 33(3), 7-19. Retrieved from http://www.nelliemae.com/library/nasls_2002.pdf

This article analyzes the National Student Loan Survey (NSLS) of 2002 to capture student attitudes about their debt. The survey revealed that 56% of borrowers felt burdened by their student loan debt. Although the feeling of burden in student borrowers is high, the researchers state that 66% of borrowers knew that the loans were very/extremely important for allowing them to obtain a degree. The authors focus on the idea that although students borrow because they believe it is important for them to finish their education, that the burden of debt may be becoming excessive. Further in-depth study on examining groups of students likely vulnerable to repayment is necessary before an attempt can be made to solve the problem.

Burdman, P. (2005). *The student debt dilemma: Debt aversion as a barrier to college access*. Berkeley, CA: Center for Studies in Higher Education. Retrieved from <http://cshe.berkeley.edu/publications/docs/ROP.Burdman.13.05.pdf>

Burdman argues that although the current economic situation has put focus on those students who are increasingly buried in student debt, the issue of students who choose not to attend college due to an aversion to debt is another large issue. The article outlines the different student perspectives of loans that avert them to borrowing, which can often prevent degree completion. The article takes the approach of further analyzing the source of debt aversion (i.e., society, parents of traditional-aged students, dependency status, and several other "special situations"). Ultimately, the article links student perceptions of debt to their decision to 1) attend college and 2) complete a degree.

Cunningham, A., & Santiago, D. (2008). *Student aversion to borrowing: Who borrows and who doesn't*. Washington, DC: The Institute for Higher Education Policy and Excelencia in Education. Retrieved from <http://www.ihep.org/assets/files/publications/s-z/studentaversiontoborrowing.pdf>

The Institute for Higher Education Policy (IHEP) outlines the need to research the aversion to borrowing based upon demographic information, arguing that this information can aid high school guidance counselors in identifying students who potentially have an aversion to debt. In identifying these students (who are often found to be of Asian or Hispanic descent) the article recommends that the U.S. financial aid system be reevaluated to reduce the need for borrowing, along with numerous other recommendations, (i.e., developing financial literacy and emergency financial support programs to help those students with an aversion to borrowing). IHEP, in their numerous conclusions to help these students, also sets forth further research questions that must be answered before a true solution to the borrowing averted student can be found.

Shook, M., Webster, J., & Fletcher, C. (2010). *Digging deeper: An analysis of student loan debt in Texas*. Round Rock, TX: TG Research and Analytical Services. Retrieved from <http://www.tgslc.org/pdf/Digging-Deeper.pdf>

TG Research and Analytical Services examines the loan debt incurred in the state of Texas, and the possibilities that the student loan debt of Texans affects their graduation rates. One possibility that is focused upon is the aversion to borrowing, and how this aversion prevents otherwise capable students from attaining a degree. The study argues that the high-risk aspects of student loans are the main deterrents for low- and middle- income students, and the aversion to these risks is often times engrained with the students. Citing a study by the Institute for Higher Education Policy (IHEP), the article states that the students with an aversion to debt prefer to “pay-as-they-go” resulting in a borrowing behavior of not having to worry about completion.