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The Effect of the July 1, 2012 Federal Student Aid Changes on the Annual Student Debt of Community College Students in Mississippi

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The effect of the July 1, 2012 federal student aid changes on the annual student debt of
community college students in Mississippi

By

Albert L. Collins, Jr.

A Dissertation
Submitted to the Faculty of
Mississippi State University
in Partial Fulfillment of the Requirements
for the Degree of Doctor of Philosophy
in Community College Leadership
in the Department of Leadership and Foundations

Mississippi State, Mississippi

December 2014

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2014

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community college students in Mississippi

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The purpose of this study was to examine the effect of the changes to federal student aid, which were implemented on July 1, 2012, on student loan debt in Mississippi's publicly-supported community colleges, particularly the change in the Estimated Family Contribution. The literature indicates a national epidemic of student borrowing. This research could provide Mississippi community college administrators the opportunity to observe and evaluate actual changes and to better understand the problem of student loan debt, which is escalating nationally. This study is expected to provide community college leaders a snapshot of the magnitude of the problem so that they can better understand it and how to respond.

8 of the 12 Mississippi community colleges participating in the federal direct student loan program were included in this study. Information on gender, ethnicity, and actual loan amount was gathered from each institution. Comparisons were made of the federal direct student loan debt before and after the July 1, 2012 changes.

A quasi-experimental design was used to perform the study. Secondary data acquired from each institution were gathered on all students participating in the federal

direct student loan program; therefore, random assignment was not used. The researcher utilized one-way ANOVAs for analyzing mean changes in actual loan amount. Chi-square analyses were used to determine significant changes in the number of loans incurred following the July 1, 2012 changes to federal student aid.

Although the study identified significant differences in mean loan debt and numbers of loans incurred by Mississippi community colleges before and after the changes which became effective July 1, 2012, the changes were not in the direction anticipated. Annual student loan debt in the participating community colleges and the number of loans acquired, in the form of federal direct student loans, actually declined while the Estimated Family Contribution increased.

Considerations for further studies are discussed.

DEDICATION

I would like to dedicate this project to my family, especially my wife, Sungja, who encouraged and supported me throughout the entire process.

ACKNOWLEDGEMENTS

First, without the encouragement, support and understanding of the ICC Family, this project would never have been completed. Secondly, I would like to acknowledge my Mississippi State University instructors and committee members for their excellent guidance through the program.

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CHAPTER I INTRODUCTION

Introduction

This chapter establishes the foundation for the study of changes in federal student aid and their effects on mean annual loan debt of Mississippi community college students. This chapter includes the statement of the problem, purpose of the study, research questions, limitations and delimitations, and definition of terms.

Since its inception as the Basic Educational Opportunity Grant (BEOG) in 1965, the Pell Grant has provided funds to enable low-income undergraduates to attain a college degree. Over the years, inflation of educational costs has well exceeded the increases in available student aid funds resulting in a large gap between cost and available federal student aid.

Federal regulations which became effective on July 1, 2012 have reduced the benefits available to students seeking access to higher education. Consequently, student loans provide the only option for many to fill the gap between available federal student aid and the educational cost. Coupled with increasing tuition costs, which have exceeded the rate of inflation, loans will be a major contributor to the skyrocketing student debt, which for the first time in history has exceeded \$1 trillion (Hess, 2013).

The purpose of this study was to determine the effects of the changes made to federal student aid on student debt in the form of loans, specifically for students attending

the Mississippi community colleges. Of the 15 Mississippi community colleges, 12 participated in the federal direct student loan program. Of these, 8 provided data for this study.

For the purpose of this study, debt is operationally defined as the amount of federal direct student loans incurred by first-time students. Federal student aid is operationally defined as the Pell Grant. The 2011-2012 school year is defined as the fall semester of 2011 and spring semester of 2012. The 2012-13 school year is defined as the fall semester of 2012 and the spring semester of 2013.

Four changes became effective immediately on July 1, 2012. First, students without a high school diploma, GED, or home school diploma are no longer able to access student aid through the Ability-to-Benefit (ATB) option.

Secondly, the income level, which is one of the variables for calculating an automatic zero Expected Family Contribution (EFC), changed from \$32,000 per year to \$23,000 per year. The EFC represents the amount a family is expected to contribute to the student's educational costs. It is used in determining the student's financial need when he/she applies for financial aid using the Free Application for Federal Student Aid (FAFSA). The EFC serves as a gauge for federal, state, and private institutions in estimating the student's financial need as compared with another applicant. Higher expected family contributions mean that the applicant and his/her family will have to pay for part or all of the college expenses. The EFC is also the determinant of eligibility for the Pell Grant. The EFC for tax filers is calculated by using the adjusted gross income calculated on the appropriate federal tax form for the previous year. Total wages are used to calculate the EFC for those not filing. For applicants under the age of 25, the tax forms

for both the students and the parents are used to determine the amount of educational contribution (Dockery, n.d.). This study focused on the effects of the changes in the EFC calculation.

The third change affected the duration of eligibility for federal student aid. Eighteen semesters were allowed. However, beginning on July 1, 2012, that number was reduced to 12 (“Pell Grants,” n.d.).

The fourth change refers to the elimination of the interest subsidy historically provided to students during the six-month grace period which begins the day following a student’s graduation, withdrawal, or enrollment less than half time. Students now must pay the interest accrued during the grace period (“Pell Grants,” n.d.).

Bridging the gap between reduced Pell Grant awards and increasing costs in tuition/fees leaves students no alternative but to access necessary funds through student loans or to reconsider the potential worth of the college degree. In June 2010 student debt surpassed outstanding credit card debt for the first time, and by 2013 student debt totals increased to more than \$1 trillion. Since the early 1990s borrowing for educational expenses has almost quadrupled (Avery & Turner, 2012). Current students are accumulating debt at an alarming rate. Some believe the answer is to forgive all student debt, but other movements are encouraging students to take out loans and to plan to default. The reckless borrowing for college is actually being compared to the recent housing market crash (Doyle, 2012).

If large debts are incurred and a degree obtained, the dilemma still exists as to will it be enough to afford the graduate the necessities to maintain health and well-being while paying off the student loans. It is estimated that 59% borrow to enroll in college. The

average student debt is more than \$25,000, which results in a monthly payment of almost \$300 for 10 years (Thaden, 2013). For most this is an amount of money that would be better spent on transportation or housing investments.

The community college student remains highly dependent on the Pell Grant Program with nearly 3 million being awarded nationwide (Baime & Mullin, 2010). Recent changes in the Pell Grant calculations, specifically the EFC, have placed these students in a position of having to decide if the college education is worth the debt. Young Americans are now faced with critical decisions at a young age, including whether to assume the responsibility for taking out these loans in order to bridge the gap between increasing costs and available federal student aid. It is the purpose of this study to determine if the July 1, 2012 changes in the federal student aid calculations adversely affected the average annual student debt of Mississippi community college students. If my hypotheses are correct, annual student debt will have shown to increase following the July 1, 2012 changes.

The hypotheses for the study are:

$H_{01} : \mu_1 = \mu_2$ There is no statistically significant difference between the mean annual loan debt of Mississippi community college students before the July 1, 2012 changes and the mean annual loan debt after the changes.

$H_1: \mu_1 \neq \mu_2$ There is a statistically significant difference between the mean annual debt of Mississippi community college students before the July 1, 2012 changes and the mean annual debt after the changes.

$H_{02}: \pi_1 = \pi_2$ There is no statistically significant difference between the total relative number of Mississippi community college students taking loans before and after the July 1, 2012 changes to the federal student aid program.

$H_2: \pi_1 \neq \pi_2$ There is a statistically significant difference between the relative number of Mississippi community college students taking loans before and after the July 1, 2012 changes to the federal student aid program.

The dependent variable for this study was annual student loan debt. The independent variable was school year: first-time freshmen for the 2011-2012 school year before the July 1, 2012 changes vs. first-time freshmen for the 2012-2013 school year following the July 1, 2012 changes. Results were also generated and compared separately for the individual Mississippi community colleges participating in the federal direct student loan program, gender of the students participating in the federal direct student loan program, and the ethnicity of the students participating in the federal direct student loan program.

A second analysis was conducted to determine significant changes in the relative number of students acquiring federal direct student loans. The dependent variable was the number of students acquiring loans. The independent variables and disaggregation variables were the same as the previous analysis although a different statistical analysis was used.

Statement of the Problem

Literature indicates more college students are bridging the gap between cost and available funds through the use of student loans. Significant changes, which became effective on July 1, 2012 as mandated by the Consolidated Appropriations Act of 2012

(Davidson, 2013), have increased the EFC for millions of college students. With less federal funds available, students are being forced to take out loans and assume more debt to complete their degrees. Coupled with increasing tuition costs, which have exceeded the rate of inflation, loans will be a major contributor to the skyrocketing student debt, which for the first time in history is more than \$1 trillion. This study was conducted to determine how the changes in the EFC are affecting Mississippi community and junior college students, who historically have been dependent upon federal financial aid, particularly Pell Grants, to attain a college degree since data indicate that nationally more are seeking loans to complete their studies.

Purpose of the Study

The purpose of this study was to examine the effect of the extensive changes in federal student aid, particularly the Pell Grant, which were implemented on July 1, 2012, on students in Mississippi's 15 publicly-supported community and junior colleges. This research could provide an opportunity for administrators of these 2-year institutions to better understand this problem of student loan debt, which is escalating in the nation, and to enable students to attain a degree and a better future without sacrificing future income to staggering loan debt repayment. This study can be used as a catalyst for community and junior college leaders to better educate first-time freshmen to select more viable options to pay for college. This study includes a quantitative analysis of data including selected school year, institution attended, gender, ethnicity, and loan amounts from the Mississippi community and junior colleges participating in the federal direct student loan program. Cohorts participating in the federal direct student loan program before and after the changes were used to determine if the federal student aid changes, which became

effective July 1, 2012, affected the mean annual loan debt of students participating in the federal direct student loan program.

Research Questions

1. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of Mississippi community and junior college students?
2. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of each institution?
3. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each gender?
4. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each ethnic group?
5. Did the July 1, 2012 changes to the federal student aid program significantly affect the total number of loans incurred by Mississippi community and junior college students?
6. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by students at each institution?
7. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by gender?
8. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by ethnicity?

Limitations and Delimitations

The researcher acknowledges the following possible limitations and delimitations of this study:

1. The effects of the recession began to surface in fall 2007. The effects of the recession cannot be measured through this study.
2. Previous research specific to this topic was difficult to locate because of the recent nature of the dilemma and recent application of the treatment.
3. Private loans are excluded because of inability to accurately identify and gather data.
4. The terms selected for comparison in this study are the school year prior to the changes, 2011-2012, and the school year following the changes, 2012-2013. This was determined necessary to avoid history threats to the internal validity of the study.
5. Reducing the baseline group to one year was to control for threats from history.
6. Only students completing the selected school year were used to avoid internal threats to validity due to maturation.
7. Only students completing the FAFSA were used for the study.
8. Only students participating in the federal direct student loan program were used in the study.
9. Incomplete information of student gender, ethnicity, institution, and loan resulted in exclusion from the study.

Definition of Terms

The following terms are defined for the purpose of this study:

Ability-to-Benefit: a test which determines a financial aid applicant's ability to benefit from a college education. It is required of students who did not graduate from high school ("Ability to Benefit," n.d.).

Community college: two-year government-supported college that offers an associate degree ("Community College," n.d.).

Cost of attendance: (also known as the price of attendance) is the estimated full and reasonable cost of completing a full year as a full-time student. The cost of attendance is published by each educational institution and typically includes tuition and fees payable to the institution, books and supplies, room and board and personal costs, transportation ("Cost of Attendance," n.d.).

Direct Subsidized Loans: made to eligible undergraduate students who demonstrate financial need to help cover the costs of higher education at a college or career school ("Direct Subsidized Loans," n.d.).

Direct Unsubsidized Loans: made to eligible undergraduate, graduate, and professional students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan ("Direct Unsubsidized Loans," n.d.).

Expected Family Contribution: a measure of the financial aid applicant's family's financial strength and is calculated according to a formula established by law. The family's taxed and untaxed income, assets, and benefits (such as unemployment or Social Security) are all considered in the formula as well as the family size and

the number of family members who will attend college during the year
("Expected Family Contribution," n.d.).

Free Application for Federal Student Aid: To apply for federal student aid, such as federal grants, loans and work study, students must complete the Free Application for Federal Student. ("FAFSA," n.d.).

Federal direct loans: include subsidized and unsubsidized loans ("Loans," n.d.).

Financial aid: funding that is intended to help students pay education-related expenses, including tuition, fees, room and board, books, and supplies for education at a college, university or private school ("Financial aid," n.d.).

First-generation student: one who comes from a family with a low income or higher-income family without a college-going tradition. Some have parents who support their plans for higher education; others are under family pressure to enter the workforce right after high school ("First-generation student," n.d.).

Freshman: a student in the first year of the course at a university or college ("Freshman," n.d.).

Millennials: are the demographic cohort following Generation X. There are no precise dates when the generation starts and ends. Researchers and commentators use birth years ranging from the early 1980s to the early 1990s ("Millennials," n.d.).

Pell Grant: a need-based grant to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education. Grant amounts are dependent on the student's expected family contribution, the cost of attendance, the student's enrollment status, and whether the student attends for a full academic year or less ("Pell Grant," n.d.-a).

Private loans: nonfederal loans made by a lender such as a bank, credit union, state agency, or school (“Private loans,” n.d.).

Student debt: a form of debt that is owed by an attending, withdrawn or graduated student to a lending institution (“Student debt,” n.d.).

Student loan: designed to help students pay for university tuition, books, and living expenses. They may differ from other types of loans in that the interest rate may be substantially lower, and the repayment schedule may be deferred while the student is still in education (“Student loan,” n.d.).

Tuition: the charge or fee for instruction at a college or university (“Tuition,” n.d.).

Undergraduate: a college or university student who has not yet received a bachelor’s or similar degree (“Undergraduate,” n.d.).

United States Department of Education: a Cabinet-level department of the United States Government. It oversees, among other responsibilities, financial aid (“United States Department of Education,” n.d.).

Chapter Summary

This chapter provided the foundation for the study by identifying the statement of the problem, purpose of the study, the hypotheses, research questions, limitations and delimitations, and definition of terms. In summary, the study was intended to provide information as to whether the July 1, 2012 change in the federal student aid program resulted in a difference among Mississippi community college students either in the average dollar amount of the student loans or in the proportion of enrolled students taking loans.

CHAPTER II

REVIEW OF THE RELATED LITERATURE

Introduction

This chapter encompasses a review of literature that is categorized from broad to specific. The categories include research of the community colleges, the Pell Grant, student loans, the 2012 Pell Grant changes, student loan debt, the Mississippi community colleges, and the Mississippi community college students, and the Pell Grant. The combination of these categories initiated the focus of this study on the effects of the changes in federal student aid on annual loan debt of Mississippi community college students.

Community Colleges

The first community, or 2-year, college, Joliet Junior College, opened in Joliet, Illinois in 1901 (Vaughan, 2006). Since that time, many community colleges serve as cultural, social and intellectual hubs. Every community college has its own culture, all serving unique geographic areas and clientele although they share many of the same values. Most offer associate's degrees, but a few award bachelor's degrees.

Community was used to describe the two-year institutions in 1947 because they were close to home, charged little or no tuition, served as cultural centers, offered continuing/technical and general education, controlled locally and part of the states' and

nation's higher education system (Vaughan, 2006). The same is true today. Community colleges provide open, affordable access to higher education as well as comprehensive services to individual communities as well as a commitment to teaching and learning.

Among the options offered today by community colleges include university-transfer, vocational-technical training, credit/non-credit courses, developmental or remedial, continuing education, cultural, and social activities.

Two-year colleges have evolved from their start as general educational programs for students planning to transfer to four-year institutions. Now their programs train and educate people based on community and workforce needs (Bunn, 2012).

According to Seymour (2013), community colleges are mission-driven. He said that although open access and community involvement continue to be integral to the mission, stakeholder expectations and their challenges have slowly evolved and that access has been stretched in numerous directions (Seymour, 2013).

Today every state has one or more community colleges. Since 1960, the numbers of community colleges nationwide have increased 200% and enrollments by 800% (Cohen & Brawner, 2008). Community colleges enroll more than 8.36 million credit students, or half of all U.S. undergraduates ("Pell Grants," n.d.).

Community college students represent the largest sector of higher education, serving the highest percentage of first-generation, low-income and minority students (Ashford, 2011). In addition, community college students, on average, have the lowest incomes, and they also pay the lowest average tuitions ("Pell Grants," n.d.).

Community colleges generally provide a more affordable avenue to obtain a college degree and skills for the workforce. They are excellent choices for middle-class

students who are exploring options to cut costs. However, for low-income students who comprise most of the community college population, affordability is still a concern. Most likely, students at the 2-year institutions need financial aid as much as students at other colleges, but they have fewer options to obtain it (B. Lee, 2011).

Since there have been significant cuts to state and local funding over the years, the availability of federal student aid has been a significant factor in many of the nation's community colleges' ability to remain affordable, according to Katsinas (personal communication, 2012). State budget cuts also mean greater dependency on tuition. Katsinas said that in the past 30 years, as state funding has been cut, community colleges have been more reliant upon tuition. Tuition can only be raised so far without damaging student access, resulting in spiraling decreases in enrollment. "As Pell goes, so goes America's community colleges," Katsinas said. "Pell must be expanded if community colleges are to train traditional aged students and young adults for high wage jobs." If Pell is reduced, the impact on tuition is "sharp and negative" for all two-year institutions throughout Mississippi and the nation (S.G. Katsinas, personal communication, 2012).

The Pell Grant

In 1965, the United States Congress passed the Higher Education Act of 1965, including the Educational Opportunity Grant program, which was a precursor to the Pell Grant, to assist and improve higher education, especially to benefit those students whose families were lower- and middle-income. In 1972, the Basic Educational Opportunity Grant (BEOG) utilized the first federal need analysis formula, and the maximum grant was \$452 (Park, 2012).

In 1978, the BEOG was renamed for U.S. Senator Claiborne Pell of Rhode Island, who was instrumental in the reformation initiative for the Higher Education Act. The Pell was established as the foundation of the student financial aid package to which other aid, including loans would be added until the limit was reached. That same year, the eligibility income requirement was increased to \$25,000 (“Pell Grant,” n.d.-b), and 2 million students received Pell Grants. That number doubled by 1992, and then remained flat until 2000, according to College Board data. The number grew from 4.8 million in 2002-03 and to 8.8 million in 2012-13 (Baum & Payea, 2013).

Mullin (2012) said that in 2011, the U.S. Department of Education reported that four factors influenced the dramatic growth in the Pell Grant program since 2008:

. . . 40% of the growth was due to an increase in the number of eligible students; 14% of the growth was due to legislative changes in the needs analysis formula; 22% of the growth was due to the new, year-round Pell Grant program; and 25% of the growth was due to the \$619 increase in the maximum Pell Grant award (p. 8).

The United States Department of Education sets eligibility requirements and a standard formula for the receipt of Pell Grants, which are exclusively for the attainment of an undergraduate degree and do not have to be repaid (“Pell Grant,” n.d.-b). According to the official website of the Midwest Association of Student Financial Aid administrators, most changes to the federal student aid program result from a process called reauthorization, through which Congress examines the status of each program and decides whether to continue that program, and whether a continued program requires

changes in structure or purpose. The programs have been reauthorized every 5 or 6 years beginning in 1972 (Midwest Association of Student Financial Aid Administrators, n.d.).

Annually, the Pell Grant program enables more than 3 million economically disadvantaged students in two-year institutions to pay for tuition, books, and living expenses (“Pell Grant” n.d.-b). “The Pell Grant remains a valuable investment in a better-educated workforce, higher wages, and a stronger economy,” according to the website of the Association of Community College Trustees.

Through these hard economic times, community colleges are leading the way to allow millions of students and workers to gain the valuable education and workforce training they need to meet the demands of the 21st Century. Continued funding for the Pell Grant program is a vital component to our nation’s long-term economic strength and global competitiveness (“Pell Grant,” n.d.-b).

One-third of all Pell recipients attend two-year institutions, according to data from the AACCT. Some 3.45 million community college students receive \$11.3 billion in Pell funds, which are awarded annually to community colleges (“Pell Grant,” n.d.-b).

Although community colleges provide the ultimate value in higher education, the \$5,550 maximum Pell Grant covers significant costs such as tuition and fees and only 29 percent of all of the expenses of a nine-month academic year, including transportation and housing. The average cost of attending community colleges nationwide is \$10,500 per year, which includes housing, food, healthcare, transportation, textbooks, and supplies, 40% less than the national average for all postsecondary institutions (Cohen & Brawer, 2008). “Paying that difference is especially hard for such students. Most community college students receiving Pell Grants – nearly 80 percent – live in

poverty...About 78 percent of community college students with Pell Grants work while attending college” (Times Staff, 2011, para. 10).

Researchers have concluded that students who are enrolled at community colleges, which are situated in rural areas, have higher non-tuition related expenses than do those attending suburban or urban institutions, and this population segment is more reliant on student aid. The expenses include, but are not limited to, transportation and child care. America’s rural community colleges represent 64% of all U.S. community colleges (Hardy & Katsinas, 2008).

According to Katsinas (personal communication, 2011), in correspondence to Mississippi community college presidents, “The recently-enacted Pell restrictions produced an immediate cut in enrollment, which resulted in severe reduction in tuition revenue.” Because they are subsidized by state legislative appropriations, the two-year institutions are more tuition-sensitive than they were 20 years ago (S.G. Katsinas, personal communication, 2012).

“Financial aid is critical to community college students. It provides millions of first-generation students access to higher education, and rural community colleges are major portals of access,” according to Hardy and Katsinas (2008, p. 48). Community colleges are the only option for most students in those areas (Hardy & Katsinas, 2008).

Beginning with 2009-10, students were eligible to receive up to two scheduled Pell awards, or double Pell, which included for the first time ever, the summer term. As a result, both 2- and 4-year institutions had record enrollments because the added funding allowed more students the opportunity to enroll full-time in the fall, spring and summer,

thus placing serious financial stress on the program (S.G. Katsinas, personal communication, 2012). The double Pell option is no longer available.

Walter Bumphus, immediate past president and CEO of the AACCT, said in 2011 that community colleges would be extremely different without the Pell Grant Program. “Our colleges, and indeed all of higher education, are unthinkable without the financial support Pell Grants have provided. Here is an example of government really doing something right,” he noted (Ashford, 2011, para. 7).

Student Loans

The first federal student loans were provided by the National Defense Education Act of 1958. This was a program of low-interest student loans, which became the Perkins Loan, in response to concerns that the United States needed more individuals educated in science and engineering. They were direct loans capitalized by U.S. Treasury funds, according to the New America Foundation. The Higher Education Act of 1965 included the Educational Opportunity Grant program, a precursor to the Pell Grant (“Pell Grant,” n.d.-b), to assist and improve higher education. The federal government began guaranteeing student loans provided by banks and non-profit lenders (New America Foundation, n.d.).

In 2010, Congress passed a bill that eliminated the Federal Family Education Loan (FFEL) program for all new loans. Effective July 1 that same year, all federal student loans were made under the direct Loan program (New America Foundation, n.d.).

The William D. Ford Federal Direct Loan program provides low interest educational loans, and the lender is the U.S. Department of Education (“Student loan,” n.d.). Student loans include federal Direct Subsidized and Unsubsidized Loans (formerly

known as Stafford Loans), federal Perkins Loans, state loans, institutional loans and private or alternative loans. Only students with demonstrated financial need may receive Direct Subsidized Loans and Perkins Loans. Direct Unsubsidized Loans may be awarded regardless of need up to the cost of attendance (Radwin, Wine, Siegel, Bryan & Hunt-White, 2013). Direct Subsidized Loans are those which are made for the cost of higher education to eligible undergraduate students who demonstrate financial need. Direct Unsubsidized Loans are made to eligible undergraduate, graduate, and professional students who do not have to demonstrate financial need. Direct PLUS Loans cover education expenses not covered by other financial aid and are awarded to graduate or professional students and parents of dependent undergraduate students (Radwin, et al., 2013). Direct Consolidation Loans enable students to combine all of their eligible federal student loans into a single loan with a single loan servicer (Congressional Budget Office, 2013). In addition, the school-based Federal Perkins Loan Program provides funds for undergraduates and graduate students with exceptional need. In this case, the school serves as the lender. Undergraduates can borrow up to \$5,500 per year based on financial need, the amount of other aid they receive, and the availability of funds at their college. Parents of dependent undergraduate students can borrow the remainder of their child's college costs that are not covered by other financial aid. Financial need depends partially on student and family income and partially on education costs ("Federal Student Aid," n.d.).

The interest rate on federal student loans is almost always lower than that for private student loans, obviously providing a better option for those who need additional funds to enroll in college. Other benefits include no credit check or cosigner, no

repayment until leaving college or dropping below half-time, government payment of interest while in school, flexible repayment plans and forgiveness of a portion of the loan if the student is employed in certain jobs and meet certain conditions (“Federal Student Aid,” n.d.).

The Congressional Budget office reported in June 2013 that \$1.4 trillion in new direct loans will be made to students in the next 10 years, under current law. In 2012-13 students borrowed approximately \$8.8 billion from private, state and institutional sources (Baum & Payea, 2013). Analysts and policymakers have expressed concerns about the jump in the interest rate on subsidized loans, which account for about one quarter of all new student loans, which occurred on July 1, 2013 (Congressional Budget Office, 2013).

On July 1, 2013, the interest rate on subsidized Stafford Loans doubled from 3.4% to 6.8% because of the lack of Congressional action. Subsequent action restored the rate at 3.4% (O’Shaughnessy, 2013).

In 1982, the federal government paid out \$6.2 billion in student loans, which is the equivalent of \$13.6 billion in 2012 dollars. In 2012, the federal government disbursed \$105 billion in student loans, more than seven times the 1982 level after inflation adjustment (Valenti & Bergeron, 2013). In 2012-13, 39% of all student loan debt was in the form of federal loans, the lowest percentage over the past decade (Baum & Payea, 2013). Student loan borrowers carry \$24,803 on average in total student loan debt (United States Public Interest Research Group, 2013). Of 2012 college graduates, seven in 10 had an average of \$29,400 in student loan debt. The national share of seniors graduating with loans increased from 68% in 2008 to 71% in 2012, while their debt at

graduation increased by an average of 6% per year (Institute for College Access & Success, 2013).

With limitations on Pell Grant accessibility enacted July 1, 2012, students are forced to take out student loans and assume more debt or to drop out and enter the workforce. In 2012-13 students borrowed approximately \$110.3 billion in education loans, of which \$8.8 billion was in nonfederal loans (Baum & Payea, 2013). Sanburn (2012) reported in TIME Moneyland that “The Great Recession has pushed student debt to historic levels, and for the first time ever, almost 20% of U.S. households have outstanding educational loans” (para. 1).

2012 Pell Changes

On July 1, 2012 four significant changes in Pell Grant awards became effective. Eligibility changes as outlined by the Association of Community College Trustees include elimination of ATB students, lowering of income levels for zero EFC, elimination of students qualifying for less than 10% of the maximum award and reduction in the maximum number of semesters of grant eligibility (“Pell Grant,” n.d.-b).

Effective July 1, 2012, new students without a GED or high school diploma were no longer eligible for federal student aid. There is no more testing for ATB students, who have not received a high school diploma or GED, but who have demonstrated their capacity to benefit from college access through testing or course completion (“Pell Grant,” n.d.-b).

Also on July 1, 2012, changes were made to income levels for zero EFC, which is the amount that a student or family is expected to contribute toward college costs. The lower the EFC, the more financial aid a student is eligible to receive. Therefore, lowering

the income threshold at which the EFC is non-zero means that fewer students will be eligible for full or higher levels of the Pell Grant. The maximum income determinant for automatic zero EFC has been reduced from \$32,000 to \$23,000. The AACCT reported that as a result, 12,000 students will not be eligible for an average Pell Grant of \$4,098. In addition, 274,000 recipients will receive \$715 less in Pell funding, but they will remain in the program (AACCT, n.d.). Students who are eligible for less than the minimum Pell award of \$555 will no longer qualify to receive the grant, and the maximum Pell eligibility has been reduced from 18 full-time semesters to 12 (“Pell Grants,” n.d.). In an article in Northern Student Online, staff writer Sara Wielenberg said that 550,000 students faced elimination from Pell Grant eligibility in 2012, and by 2017, that number would extend to more than a million (Wielenberg, 2011). The change hits African American students especially hard. African Americans made up to 24% of those receiving Pell Grants in 2007-08 and more than 41% of those who received them more than 6 years (Ferraras, 2012).

J. H. Lee (2011), director of Public Policy for the AACCT, said that as the economy strengthens, the number of those participating in the Pell Grant program will decrease because they will leave college for the employment arena or because their estimated family contributions will be greater. It is still estimated that the cost of the Pell Grant program will exceed \$30 billion per year (Lee, J. H., 2011).

Student Loan Debt

Today, earning a degree costs more than 500% more than it did in 1985. With the rate of tuition increases exceeding inflation (121%), students have no other choice but to take out student loans (Picchi, 2013).

As reported by FOXBusiness in January 2013, student loan debt is increasing at about \$2,853 per second. Although college costs continue to escalate, the economic recession and weak job market have increased the demand for higher education. A better degree guarantees a better job only if the economy recovers to provide adequate opportunities for those individuals (Driscoll, 2013).

Most debt can be absolved through the declaration of bankruptcy. However, this is rare for student loan debt since Congress changed the bankruptcy rules in 1976 to exclude student loans. It can last a lifetime and may result in the garnishment of wages, tax refunds taken and Social Security checks seized (Valenti & Bergeron, 2013).

Experts say several factors are contributing to the student debt problem. First, tuition costs historically inflate twice as quickly as the U.S. dollar, and college affordability becomes an issue. College costs have increased at an average of 8% a year for the past 30 years, well in excess of the inflation rate. Over the years, college has become significantly less affordable with rising tuition, stagnant income growth, and a tighter job market. Sometimes loans seem like free money, and often, students borrow more than necessary without considering repayment time and amount (Driscoll, 2013).

Two-thirds of students graduate from America's colleges and universities with debt. The Institute for College Access and Success reports that the average borrower will owe \$26,600. At an interest rate of 3.8%, the student who owes the \$26,600 average would pay \$38,600 or \$320 per month to retire the debt (Denhart, 2013). According to the latest information available from finaid.org, 37.2% of students in two-year public colleges have a cumulative debt of \$10,444 ("Loans," n.d.).

First-generation college students, according to “The Student Debt Crisis,” a report released by Campus Progress and the Center for American Progress in 2012, are more likely to have limited access to information and knowledge about student loans (Equal Justice Works, 2013). The “Student Debt Crisis” also reveals that minorities have a heavy debt burden.

... 27 percent of black bachelor’s degree holders had more than \$30,500 in loans, compared with 16 percent of white bachelor’s degree holders. More black students who left school without finishing a degree cited student debt as the reason than their white peers – 69 percent versus 43 percent – and 74 percent of Latinos who opted out of attending college finances as the reason (Equal Justice Works, 2013, para. 6).

Borrowing for college, which was once a limited practice, is now the norm for most families (Simpson, Smith, Taylor & Chadd, 2012). It is extremely burdensome for less wealthy households. In 2010, almost 60% of the nation’s debt was owed by households with less than \$8,500 in net worth (Severns, 2013).

In a 2012 Outstanding Association for Financial Counseling and Planning Education Conference Paper, “Debt Burden of Young Adults in the United States,” Kim, Chatterjee, and Kim said that the current generation of students is entering universities when the minimum wage is near an all-time low and college tuition is at an all-time high. College costs have been rising roughly 7% per year for decades. The overall consumer price index has risen 115% while the college education inflation rate has risen nearly 500% since 1985 (Kim et al., 2012). For example, in his book, *Boomerang*, Michael

Lewis noted that in 1980 a [University of California] student paid \$770 a year in tuition; in 2011 he pays \$13,218 (as cited in B. Lee, 2011).

In 2012, the student loan debt of more than 38 million Americans reached \$1 trillion, which for the first time in history exceeds credit card debt. In 2005, there were 23.3 million student borrowers, and in 2012, 38.8 million, an increase of 66%. The average student loan balance increased 49%, from \$16,651 in 2005 to \$24,803 in 2012 (Severns, 2013). Forty-five percent of all American families now have student loans. This includes 29% of families whose heads of households are ages 55 to 64 and 13% of families whose heads of households are ages 65 to 74 (Valenti & Bergeron, 2013). According to Dr. Sandy Baum, independent policy analyst, some compare the student loan debt issue with the housing bubble that devastated the nation's economy in 2008 (National Association of Student Financial Aid Administrators, 2013).

The student loan crisis isn't just about interest rates but more importantly, it is about how the cost of college is no longer affordable for many families, and young adults no longer have the option of advanced education and a competitive income. In community colleges, for example, the average price of 2 years has risen from \$5,580 in 1980 to \$8,734 in 2010, which includes (in 2010 dollars) tuition, room, board and fees (Severns, 2013). Increased tuition has not been the only significant factor in overall student debt. More students are attending college, which means there are more loans and bigger loans (Severns, 2013).

Student debt, which now has the second largest balance after mortgage debt, is the only kind of household debt that continued to increase through the Great Recession.

Between 2004 and 2012, there was a 70% increase in the number of borrowers and a 70% increase in the average balance per person. (D. Lee, 2013)

A study released by Demos, the public policy research organization, found in mid-2013 that the real cost of student loan debt is astounding. A household with \$53,000 in outstanding student debt, the average college loan balance owed by a family headed by two people with baccalaureate degrees, will be about \$208,000 poorer over a lifetime than a similar household with no debt (Weber, 2013).

Student loan debt has become so burdensome that approximately one-third of millennials, persons born in the 1980s and 1990s (“Millennials,” n.d.), regretted going to college, paying tuition and acquiring massive amounts of student debt (Touryalai, 2013). In a survey of 1,414 millennials between the ages of 22 and 32, Wells Fargo found that more than half of them financed their education through student loans and that they would pay down their student loans and credit card debt if they had \$10,000 (Touryalai, 2013).

The significant increase in loan debt has been attributed to rising tuition costs and strained family finances. Usually, borrowers who have high student debt burdens cannot assume new financial obligations (Consumer Financial Protection Bureau, 2013). Those obligations include, but are not limited to, buying a car, purchasing a home, marrying and having children. In a survey by American Student Assistance of 1,000 young professionals who responded, it was found that because of student debt, 73% have delayed saving for retirement or other investments; 43% delayed their decision to start a family; 30% indicated student debt had considerable impact on their choice of career; 29% put off marriage; and 27% found it difficult to purchase daily necessities (American

Student Assistance, 2013). It is even more difficult for adult learners who take out student loans in middle age (National Association of Consumer Bankruptcy Attorneys, 2012). Student loan debt is growing fastest among adults ages 60 and older, and according to the Federal Reserve Bank of New York, more than two million people in that group owe an average of \$19,000. Increasing numbers of retirees, who borrowed in mid-life and who thought that an advanced degree would increase their marketability, have their Social Security checks garnished because they are behind on student loan payments. Consequences of student loan debt for senior citizens have included bankruptcy, home foreclosure, and being forced to move in with their children (Patton, 2013).

Since student loans usually cannot be discharged in bankruptcy, refinanced or modified, David Dayen of Salon has referred to student debt as indentured servitude. Students cannot be free from that debt until it has been repaid since there is no time limit on collection.

This is particularly true for students in states like Mississippi, where 54 percent of students have college loan debt and, on average, graduate with about \$24,000 in student loans. With the national unemployment rate for college graduates holding steady at around 8 percent, our best and brightest are left with a terrible choice: try to start making payments while unemployed or underemployed or go to graduate school, taking out more loans in the process. (Barkley & StudentNation, 2013, para. 4).

At one time, student loans were considered temporary. However, today, they are a lifetime burden, affecting more than just one generation (Jamers, 2013). Americans from 50-59 years of age owed \$112 billion in student loan debt at the end of 2012, according to a report by the New York Federal Reserve. The figure in 2005 was \$34 billion. Those

who are 60 and older owe \$43 billion in student loans, up from \$8 billion in 2005 (Jamers, 2013).

According to CollegeInSight (“Spotlight,” n.d.), in the 2010-2011 school year, 38% of the students enrolled nationally at 2-year schools borrowed an average amount of \$5,247. In 2011-12, 39% borrowed an average of \$5,168. For the nation’s public two-year schools, in 2010-11 24% of the enrolled students borrowed an average of \$4,489, while in 2011-12, 26% borrowed an average of \$4493. For Mississippi’s public 2-year institutions in 2010-11, 28% of the enrolled students borrowed an average of \$3,932, and in 2011-12, 26% borrowed an average of \$3,772 (“Spotlight,” n.d.).

Mississippi Community Colleges

In the first quarter of the 20th Century, Mississippi was among the states that established junior colleges (Mississippi Association of Community and Junior Colleges, 2007).

In Mississippi, there are 15 publicly-supported community and junior colleges (Mississippi Association of Community and Junior Colleges, 2007). The Mississippi Community College Division of Research and Planning reported in October 2013 an audited enrollment total for Mississippi’s 15 community colleges for the 2012 fall semester of 75,662 students (Mississippi Community College Board Annual Report, n.d.). Enrollment figures for Mississippi’s eight public universities during the same period included 81,022 students (Mississippi Public Universities, 2013).

The state’s junior colleges began in 1922 with the passage of the first permissive legislation, Senate Bill 251, authored by Dr. Julius Christian Zeller, who visualized a

network of two-year public colleges organized at locations where boarding high schools were to be deactivated (Young & Ewing, 1978).

The junior college system was an outgrowth of Mississippi's agricultural high schools. The first two which extended their curriculum were Pearl River County Agricultural High School in Poplarville in 1921 with 13 students and Hinds County Agricultural High School in Raymond in 1922 with 30 students (Young & Ewing, 1978).

Mississippi's rural background played a key role in the establishment of the junior colleges in 1922. The legislation which was passed that year in the state senate provided for the "trustees of the separate school district containing a municipality with a population of 10,000 or more to extend the curriculum to include studies of freshmen and sophomores, or both, of college work" (Young & Ewing, 1978, p. 4). The population of Mississippi in 1922 was 86.6% rural and 13.4% urban with 70.9% living on farms, according to the U.S. Census. In 1928, the figures showed a shift in residence from farms: 83.1% rural, 16.9% urban, and 62.7% living on farms.

The first vision of the junior college system included institutions with an abundance of students; dorms where students could be provided room and board for \$10 or less per month; farm and dairy for teaching agriculture; vegetables, meat, milk and butter to supply dining rooms and to provide a work opportunity for students (Young & Ewing, 1978).

Offering a 2-year option beginning in 1925-26 were Holmes County Agricultural High School in Goodman and Harrison-Stone Agricultural High School in Perkinston (now Mississippi Gulf Coast Community College) and in 1926-27, Sunflower County Agricultural High School in Moorhead (now Mississippi Delta Community College).

Beginning in 1927 were Kemper County Agricultural High School in Scooba (now East Mississippi Community College); Jones County Agricultural High School (now Jones County Junior College) in Ellisville and Tate County Agricultural High School in Senatobia (now Northwest Mississippi Community College) followed in 1928 by Copiah-Lincoln at Wesson and Newton County in Decatur (now East Central Community College). In 1929, Pike County (now Southwest Mississippi Community College) was established at Summit. These 11 are sometimes referred to as the original junior colleges (Young & Ewing, 1978). Additional junior colleges which joined the system were in 1937, Meridian Municipal Junior College; in 1948, Itawamba Junior College and Northeast Mississippi Junior College; and in 1949, Coahoma County. Meridian was established in a junior college district coterminous with the Meridian Separate School District, the only municipal junior college district established within the state during this 50-year period (Young & Ewing, 1978).

During the 1940s, the return of American veterans forced junior colleges to make significant adjustments. They had a “new responsibility for providing programs designed to meet the adjustment needs of the veterans,” (Mississippi Association of Community and Junior Colleges, 2007, p. 27) which they did by providing temporary family housing. Surplus buildings and later construction enabled the junior colleges to meet the training needs of the veterans.

Dr. William Scaggs, former President of Meridian Community College, said that “community colleges moved from struggling educational afterthoughts to full participation in our state’s educational landscape” (Mississippi Association of Community and Junior Colleges, 2007, p. 1). Dr. Clyde Muse, President of Hinds

Community College since 1978 and long-time legislative liaison with the Mississippi Community College Board, called community colleges “the people’s colleges” (p. 12).

Mississippi’s community colleges continue to serve more students than the eight public universities (Amy, 2013). In the fall of 2011, 68% of all freshmen in public institutions of higher learning in Mississippi were enrolled in community colleges, 50% of all students taking credit courses were enrolled in community colleges, 77% of all community college students were Mississippi residents; and 63% of community college students in credit programs were women (Barnes, 2013).

At the beginning of the recession in 2007, 10,000 more students were enrolled in the state’s community colleges. The increase is partially attributed to the number of workers who were laid-off and sought to retrain (Barnes, 2013). Since their inception, Mississippi’s 15 community and junior colleges have been ranked among the nation’s best; however, the tough economy and shifting job market trends have caused increased tuition and reduced operating budgets (Barnes, 2013). In the spring of 2013, it was predicted that more than half of Mississippi’s college graduates would have an average of \$23,000 in student loan debt (Hess, 2013).

Mississippi Community College Students and the Pell Grant

Students who are enrolled in the 15 community and junior colleges in Mississippi are highly dependent on the educational funds provided through the Pell Grant. In FY 2010-11, there were 62% of Mississippi community college students who received almost \$251 million in Pell Grant awards (Katsinas et al., 2012). This in itself indicates the magnitude of the low income student’s need as well as the community college’s dependency on the grants to provide educational access to the economically

disadvantaged. Many of the students accessing community colleges are first-generation students living at or below the poverty level. With across-the-board cuts over consecutive years, the Pell award has become even more vital to each college's operations (Katsinas et al., 2012).

Pell Grant recipients in Mississippi's community colleges grew almost 31% from the 2008-2009 school year to the 2011-2012 school year. This is due to the onset of the recession that began in 2007. The recession resulted in higher unemployment, which in turn triggered a double digit enrollment increase for the community colleges. This is a common pattern, increased community college enrollment corresponding to lowered regional employment rates. From the 2008-2009 school year to the 2011-2012 school year, Pell Grant awards increased 42% while Mississippi community college tuition increased 23%. It is quite evident that the Mississippi community college student has become heavily dependent on the Pell award to enroll and remain in college. While the students were receiving the additional award, the community colleges were lagging in the area of tuition revenue (Katsinas et al., 2012). During 2011-12, 72 % of Mississippi community college students were receiving Pell Grants (Amy, 2013).

Although the maximum Pell Grant award has risen from \$5,550 to \$5,820, changes made on July 1, 2012 are believed to have had a negative impact on 14 of the 15 Mississippi community colleges (Katsinas et al., 2012). In the spring of 2013, it was predicted that more than half of Mississippi's college graduates would have an average of \$23,000 in student loan debt (Hess, 2013).

In examining patterns in student financial aid at rural community colleges, which applies to Mississippi, Hardy and Katsinas (2008) concluded that "policy makers should

note that reductions or limitations in Pell, FSEOG, state-provided, and locally-funded student financial aid programs can impair the ability of low-income students in rural America to participate in post-secondary education...” (p. 12).

The tuition increase plays a significant role in the community college student’s ability to afford to pursue higher education without loans because family income and Pell Grants will not cover tuition, fees and other expenses. According to the Southern Regional Education Board, community college tuition cost 3.7 % of the median family income in Mississippi in 2003, and 5.7 % in 2012 (Amy, 2013). In both community colleges and universities, the most common type of tuition is a fixed rate for full-time students and credit-hour rate for all others. In Mississippi, universities and community colleges are increasing tuition, which makes affordability an issue (Amy, 2013).

Less Pell Grant funding for poorer students will force them to end their pursuit of higher education through dropping out or drive them to take out loans to complete the process. Eric Clark, director of the Mississippi Community College Board, said that approximately 3,000 community college students in the state dropped out because they were no longer eligible for financial aid (Amy, 2013). A report from the Education Policy Center at the University of Alabama predicts that some 7,000 students in Mississippi could lose Pell Grant eligibility for future semesters (S.G. Katsinas, personal communication, 2012).

Chapter Summary

This chapter provides a summation of the research supporting the study. Accessibility, has long been a foundational component of the community college mission. The research identified the conception and intent for the both Pell Grants and

student loans programs. Both of which were intended to provide accessibility to higher education.

While the researchers are not in agreement on the actual cost increases of higher education, the common message is that rising tuition coupled with reductions in federal aid is creating a widening gap between tuition cost and available federal funds. The changes have been related to decreases in enrollment, thus restricting accessibility of higher education for many students. Those determined to access higher education, despite the increasing gap, must consider alternatives as their only option for access. This is especially true for the Mississippi community colleges.

Research indicates national two year institution students, including those attending for profit schools, have a higher borrowing rate and average loan amount than the national two year public institution students. Both national groups have a higher loan rate and average loan amount than Mississippi's 2-year public institution students.

CHAPTER III

METHODOLOGY

Introduction

This chapter summarizes the research methodology used in examining changes in mean annual loan debt of Mississippi community college students following changes in federal student aid occurring on July 1, 2012. Data were collected using a quasi-experimental design. This design was chosen because there was no random assignment, and secondary data was collected from the Mississippi community colleges participating in the federal direct student loan program. Included in this chapter are the research design, participants and selection procedures, description of instrumentation, and data collection procedures.

Research Design

A quasi-experimental, nonequivalent control group design was used for this study of Mississippi community college students. The researcher did not use any random assignment techniques, thus according to Fraenkel, Wallen, and Hyun (2012), “quasi-experimental designs do not include the use of random assignment” (p. 275). Fraenkel et al. (2012) stated, “evaluators often use quasi-experimental research designs to assess the hypothesized causal effects of a program” (p. 14). This study is considered a nonequivalent control group design because two preexisting groups were used. With the

nonequivalent control group design groups constitute naturally assembled collectives such as classrooms (Campbell & Stanley, 1966). In this case it would be the 2011-2012 and 2012-2013 cohorts. The design is also considered ex post facto because both the effects and cause are being studied in retrospect.

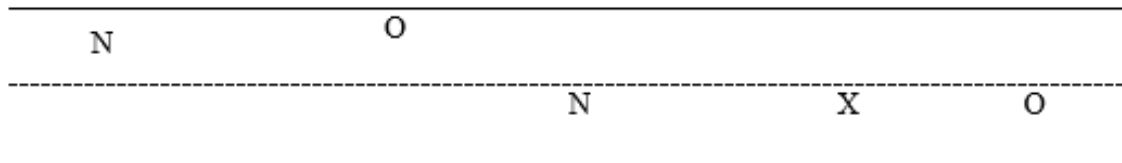


Figure 1. Nonequivalent Control Group Design for ANOVA

Figure 1 provides a visual example of the nonequivalent control group, ex post facto, design for research questions 1-4. The top row represents the non-randomly assigned (“N”) 2011-2012, “pre-change”, cohort. The lower row represents the non-randomly assigned 2012-2013, “post-change”, cohort. The rows are vertically offset to indicate the cohort observations were taken at different times. The letter *O* represents the observation of the dependent variable, mean annual loan debt, for each cohort. The letter *X* represents the treatment or change that occurred on July 1, 2012. The design was used for each grouping or independent variable. The independent variables of school year, institution, gender, and ethnicity had multiple levels. Nominal data were assigned numerical values to represent each level. School year is represented by (1) for the 2011-2012 school year and (2) for the 2012-2013 school year. Each institution was assigned a numeric value of 1-8: College A (1), College B (2), College C (3), College D (4), College E (5), College F (6), College G (7), and College H (8). Numeric values assigned for

gender were: males (1) and females (2). Nine levels of ethnicity were represented by numbers 1-9, the same coding institutions used for IPEDs reports: Non-Resident Alien (1), Black or African American (2), American Indian (3), Asian (4), Hispanic (5), White (6), Unknown (7), Pacific Islander (8), and Multiple (9).

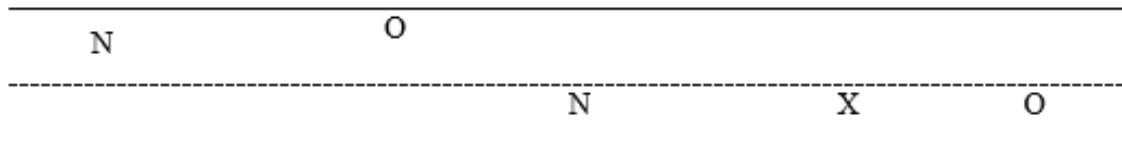


Figure 2. Nonequivalent Control Group Design for Chi-Square Test for Independence

Figure 2 provides a visual example of the nonequivalent control group, ex post facto design for research questions 5-8. The top row represents the non-randomly assigned (“N”) 2011-2012, “pre-change”, cohort. The lower row represents the non-randomly assigned 2012-2013, “post-change”, cohort. The letter *O* represents the observation of the dependent variable, mean annual loan debt, for each cohort. The letter *X* represents the treatment or change that occurred on July 1, 2012. The design was used for each grouping or independent variable. The independent variables of school year, institution, gender, and ethnicity had multiple levels. Nominal data were assigned the same numerical values to represent each level as in the previous design.

This study examined the effects of the July 1, 2012 changes in the federal student aid program. The study represents students from the Mississippi community colleges participating in the federal direct student loan program, of which 8 of the 12 participated.

Four colleges failed to report data by the assigned date, while three institutions do not

participate in the federal direct student loan program. Two separate statistical procedures were used to answer the research questions, a one-way analysis of variance (ANOVA) for research questions 1, 2, 3, and 4 and chi-square test for independence for research questions 5, 6, 7, and 8. The ANOVA was selected because of the ability to observe main effects between mean scores. The chi-square test of independence was selected to compare frequency data across nominal variables. Statistical Package for Social Sciences (SPSS) was used to analyze the data for the one-way ANOVAs and chi-square analysis.

ANOVA outputs for research questions 1-4 were analyzed at the $\alpha = .05$ level for determination of statistical significance. A $p < .05$ level of significance and degrees of freedom were utilized for the ANOVA analysis calculation. This is the level most commonly used in educational research. Tables 5-12 present results of the ANOVA analyses.

The researcher utilized the chi-square test of independence to test research questions 5-8. Tables 13-16 present results from the chi-square test of independence analyses. This provided the information to determine if there was a significant difference in the number of students receiving loans before and after the changes to the federal student aid program. The chi-square test of independence was conducted on each independent variable to determine significant differences in the frequency distribution of the same factors used in the one-way ANOVAs. A $p < .05$ level of significance was chosen for the chi-square test of independence calculation.

The study was performed to address the following research questions:

1. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of Mississippi community and junior college students?
2. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of each institution?
3. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each gender?
4. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each ethnic group?
5. Did the July 1, 2012 changes to the federal student aid program significantly affect the total number of loans incurred by Mississippi community and junior college students?
6. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by students at each institution?
7. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by gender?
8. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by ethnicity?

Participants and Selection Procedures

Participants in the study included all first-time freshmen enrolling into each Mississippi community college participating in the federal direct student loan program for the 2011-2012 school year and all first-time freshmen participating in the federal

direct student loan program enrolling into each Mississippi community college for the 2012-2013 school year. Descriptive data for the groups can be seen in Tables 2, 3, 4, and 5 in Chapter IV. This creates two independent populations. The data requests were made to, and received from, each College's Institutional Research and Effectiveness department (Appendix D). Absolutely no identifiable information was requested or recorded. Participants were then disaggregated by those participating in the federal direct student loan program and those not receiving loans. Only students completing the FAFSA, participating in the federal direct student loan program, completing the respective school year, who had complete information were utilized for Research Questions 1, 2, 3, and 4. Students completing the FAFSA, completing the respective school year, and having complete demographical information were used to address research questions 5, 6, 7, and 8. Original submission of responses resulted in $N = 18,585$ cases. Students not completing the FAFSA were excluded because they were not eligible for federal direct student loans; this reduced the number to $N = 16,773$. After excluding students who had incomplete information in gender, ethnicity, or who did not participate in the federal direct student loan program, the number in the study was reduced to $N = 6,629$. The 6,629 cases participating in the federal direct student loan program were used to address research questions 1-4 concerning changes in mean annual loan debt. The full set of FAFSA completing cases who were eligible for the federal direct student loan program, $N = 16,773$, was used to address research questions 5-8 concerning the number of students taking and not taking loans per year.

The aforementioned procedures of participant selection were to control for threats to internal validity. Reducing the baseline group to one year was to control for threats

from history. Each student in each group started with zero debt. Internal threats of maturation were controlled by excluding the students who did not complete an academic year. Moreover, according to Fraenkel (2012), subject characteristic threats present the major threat to internal validity in the causal-comparative design.

Instrument

The instrument used to gather the data was a modified electronic checklist (Appendix E). This checklist contained the categorical data of school year, institution, gender, and ethnicity as well as the quantitative data of student loan amounts for each school year. Data were collected through each individual college's Institutional Research department. The data gathered on this apparatus were utilized for both the ANOVA and the chi-square test of independence analysis. Table 1 is a sample of the measurement instrument used data collection.

Table 1

Sample of Instrument for Data Collection

School Year	Institution	Gender	Ethnicity	Actual EFC	Annual Loan Amt
1	1	2	4	0	1307
1	1	2	6	20652	4978
1	2	1	2	0	4978
2	2	2	7	6367	7464
2	1	2	2	0	2498
2	1	2	8	2550	2986

The use of archival data resulted in no formal reliability or validity testing procedures.

Data Collection

The project began with permission for research from the President of the College (Appendix A). Secondly, the researcher completed the *Application to Conduct Statewide Research on MACJC Institutions*. Permission was granted via email on December 20, 2013 (Appendix B). All data requests were made through email to each College's Institutional Research and Effectiveness department (Appendix C). No identifiable information was recorded on the electronic checklist (Appendix E). Secondary data were used; no special sampling assignment techniques were necessary since the study was intended to be a census sample involving the entire student population. Students not completing the designated school years were excluded from the study. Incomplete information on students also resulted in exclusion from part of the study. Lists of all first-time students attending the participating college for the 2011-2012 school year and the first-time students attending the college for the 2012-2013 school year were acquired. Once the list of students attending for each year was determined, the data were disaggregated into the appropriate groupings for analysis.

Chapter Summary

Chapter III presented a discussion of the research design used in the study. Participants and procedures for participant selection were identified. The measurement instrument was presented along with the collection process. Since no experimental manipulation took place and the data were extant, a quasi-experimental research design (nonequivalent control group design) was used. The cohort entering community college in 2011-12 was used as the “pre-change” or comparison set, while the cohort entering in 2012-13 was used as the “post-change” or treatment set to determine impact of federal

changes to Pell grants. Statistical methods chosen were one-way ANOVAs for research questions 1-4 and chi-square test of independence for research questions 5-8. The data used came from eight Mississippi community colleges, representing more than 16,000 students who had completed an entire school year as first-time entrants across the target years and for whom FAFSA information was filed, and more than 6,600 students who met the above conditions and who participated in the federal direct student loan program.

CHAPTER IV

ANALYSIS OF DATA

Introduction

Chapter IV presents the results of the statistical analyses used to compare mean amount of federal direct student loans and the number of federal direct student loans incurred by Mississippi community college students before and after the July 1, 2012 changes. The following research questions served as the framework for the study:

1. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of Mississippi community and junior college students?
2. Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of each institution?
3. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each gender?
4. Did the July 1, 2012 changes significantly affect the mean annual loan debt of each ethnic group?
5. Did the July 1, 2012 changes to the federal student aid program significantly affect the total number of loans incurred by Mississippi community and junior college students?

6. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by students at each institution?
7. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by gender?
8. Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by ethnicity?

The variables of school year, institution, gender, and ethnicity served as the independent variables for the respective research questions. The dependent variables were mean annual loan amount for research questions 1-4, and the number of students taking loans for research questions 5-8.

Demographics

Information was requested from the 12 Mississippi community colleges participating in the federal direct student loan program. The request included no identifying information and requested data for gender, ethnicity, and loan amounts for first-time students entering and completing the 2011-2012 school year who participated in the federal direct student loan program and the first-time students entering and completing the 2012-2013 school year who participated in the federal direct student loan program. Eight institutions responded for a total $N = 16,773$ subjects comprising the two cohorts. The $N = 16,773$ population was used to conduct the analyses for research questions 5-8. Samples having incomplete information and not participating in the federal student loan program were removed from the study, thus reducing the total to $N = 6,629$. This sample was used to conduct the analyses on research questions 1-4. The following tables represent the demographical information of the data gathered from the eight

institutions responding to the request. Data included in the study and identified in the following tables represent students with complete information and participating in the federal direct student loan program. Of the four institutions not responding to the study, two were smaller colleges while one was mid-sized, and one, large.

Table 2 presents the total number of participants in the federal direct student loan program by institution. The grand total for both years combined is $N = 6,629$. Colleges C and E had increases in the number of students participating in the federal direct student loan program while Colleges A, B, D, F, G, and H had reduced numbers of students participating in the federal direct student loan program. The total participation in the program declined from the 2011-2012 school year to the 2012-2013 school year among the participating schools.

Table 2

Total Participants by Institution and School Year

Institution	2011-2012(N)	2012-2013(N)	Total
College A	222	174	396
College B	623	385	1008
College C	429	483	912
College D	1164	928	2092
College E	260	286	546
College F	468	316	784
College G	177	84	261
College H	331	299	630
Total	$N=3674$	$N=2955$	$N=6629$

Table 3 displays participation by gender in the federal direct student loan program of institutions included in the study. While the overall number of male participants declined from the 2011-2012 school-year and the 2012-2013 school year, College C

showed an increase in male participants. Both Colleges C and E reported increases in female population over the two-year period. By gender, the 2011-2012 loan recipients comprised 39% male and 61% female students, and remained constant for the 2012-2013 school-year at 39% male and 61% female.

Table 3

Total Participants by Gender

Institution	2011-2012		2012-2013		Total
	Male	Female	Male	Female	
College A	86	136	50	124	396
College B	256	367	164	221	1008
College C	175	254	201	282	912
College D	441	723	353	575	2092
College E	84	176	82	204	546
College F	177	291	150	166	784
College G	57	120	30	54	261
College H	146	185	124	175	630
Total	1422	2252	1154	1801	N=6629

Table 4 reflects the classification of participants by ethnicity. The reporting was provided using the same groups as is required by Integrated Postsecondary Education Data System, IPEDS. The Black or African American and White categories accounted for 69.81% and 26.78% of the participating group in 2011-2012, respectively. In 2012-2013 the same two groups accounted for 68.9% and 26.7%, respectively. Combined, these two ethnic groups represented 96.59% of the participants in the 2011-2012 school-year and 95.6% in the 2012-2013 school year.

Table 4

Total Participants by Ethnicity by School Year

Ethnicity	2011-2012(N)	2012-2013(N)	Total
Non-Resident Alien	1	0	** 1
Black or African American	2565	2036	4601
American Indian	7	6	13
Asian	6	9	15
Hispanic	23	27	50
White	984	789	1773
Unknown	82	84	166
Pacific Islander	6	1	7
Multiple	*	3	3
Total	3674	2955	6629

*Multiple race was not reported in the 2011-2012 IPEDS report

** The researcher found the one Non-Resident Alien had an error in reporting.

Research Question One

Did the July 1, 2012 changes in the federal student aid program significantly affect the annual mean loan debt of Mississippi community and junior college students?

Data for this question was obtained through an electronic spreadsheet requesting data from each institution reflecting school year, gender, ethnicity, Estimated Family Contribution, and annual loan amounts of the students participating in the federal direct student loan program. Eight of the 12 institutions participating in the program provided data for the study. The institutions participating in the study are College A-H.

Table 5 reflects the descriptive statistics for research question one. The total number of participants for this analysis $N = 6,629$. $N = 3,674$ for the 2011-2012 school year and $n = 2,955$ for the 2012-2013 school year. Fewer students participated in the

federal direct student loan program the year following the changes, a reduction of 719 for a 19.6% decrease. The mean loan debt for the 2011-2012 school year was $M = 4,316$ while the mean loan debt for the 2012-2013 school year was $M = 3,958$. While the mean loan debt declined, the variation (standard deviation) was similar across the years.

Table 5

Descriptive Statistics of School Year and Mean Annual Loan Debt

School Year	Mean Loan	Std. Deviation	<i>N</i>
2011-12	4315.59	2173.46	3674
2012-13	3958.01	2124.84	2955
Total	4156.19	2159.09	6629

A one-way ANOVA was conducted to compare the 2011-2012 mean annual loan debt to the 2012-2013 mean annual loan debt. School year served as the independent variable while annual loan debt served as the dependent variable. Table 6 displays the results of the one-way ANOVA. There was a statistically significant difference between years in mean annual loan amounts at the .05 level of significance [$F(1,6627) = 45.22, p < .001$]. The effect size was minimal at $\eta^2 = .007$. Differences due to year explain 0.7% of variance in mean loan amounts, thus providing a very minor degree of explanatory power. The statistical power for this and all tests in this chapter were very high due to the large sample sizes.

Table 6

ANOVA Output for Research Question One

	<i>df</i>	<i>F</i>	<i>Sig.</i>	<i>Partial Eta Squared</i>
Between Groups	1	45.22	< .001	.007
Within Groups	6627			
Total	6628			

The results of the ANOVA indicated that the mean annual loan debt decreased from the 2011-2012 school year and the 2012-2013 school year. However, the effect size was very small, $\eta^2 = .007$.

Research Question Two

Did the July 1, 2012 changes in the federal student aid program significantly affect the mean annual loan debt of each institution?

Data for this question were obtained through the same electronic spreadsheet requesting data from each institution reflecting school year, gender, ethnicity, estimated family contribution, and annual loan amounts of the students participating in the federal direct student loan program. Eight of the 12 institutions participating in the program provided data for the study.

Table 7 reflects the descriptive statistics output of the one-way ANOVA analysis for research question two. The total number of participants for this analysis was $n = 6,629$, $n = 3,674$ for the 2011-2012 school year and $n = 2,955$ for the 2012-2013 school year. The mean loan debt amount declined for each institution with the exception of Colleges C and E. The number of students acquiring federal student loans followed the

same pattern of showing increases as is discussed later in the results for research question six.

The descriptive statistics in Table 7 provided the researcher with the direction and amount of change each institution experienced following the July 1, 2012 changes in federal student aid.

Table 7

Descriptive Statistics for Annual Loan Debt by Institution and School Year

Institution	School Year	Mean	Std. Deviation	N
College A	2011-12	3374.41	1621.86	222
	2012-13	3040.39	1645.09	174
	Total	3227.64	1638.46	396
College B	2011-12	5472.03	2227.56	623
	2012-13	4896.08	2039.45	385
	Total	5252.05	2174.72	1008
College C	2011-12	5193.65	2584.13	429
	2012-13	5222.55	2645.03	483
	Total	5208.96	2615.16	912
College D	2011-12	3748.85	1582.64	1164
	2012-13	3123.45	1342.04	928
	Total	3471.43	1512.67	2092
College E	2011-12	3048.73	1349.38	260
	2012-13	3336.71	1462.25	286
	Total	3199.58	1415.68	546
College F	2011-12	4765.02	2508.15	468
	2012-13	4079.58	2137.31	316
	Total	4488.75	2388.08	784
College G	2011-12	3748.09	2026.77	177
	2012-13	3727.38	1666.08	84
	Total	3741.43	1914.91	261
College H	2011-12	4288.28	2115.16	331
	2012-13	4362.23	2510.97	299
	Total	4323.38	2309.90	630
Grand Total		4156.19	2159.09	6629

A one-way ANOVA was conducted to compare the annual loan debt of each institution in the 2011-2012 school year to that of the 2012-2013 school year. School year served as the independent variable while annual loan debt served as the dependent variable. Table 8 represents the ANOVA output for research question two.

Table 8 provides the output for a one-way ANOVA that was conducted to compare mean annual loan debt of students from each institution between the 2011-2012 school year and the 2012-2013 school year. Significant differences were detected at Colleges A, B, D, E, and F. For College A there was a significant difference between mean annual loan amounts for the 2011-2012 school year and the 2012-2013 school year at the .05 level, $F(1,394) = 4.086$, $p = .044$. College B also showed significant differences between mean annual loan amounts for the 2011-2012 school year and the 2012-2013 school year at the .05 level, $F(1,1006) = 16.954$, $p < .001$. For College D the difference between mean annual loan debt for the 2011-2012 school year and the 2012-2013 school year was $F(1, 2090) = 92.108$, $p < .001$. For College E the difference between mean annual loan debt for the two years was also significant, $F(1,544) = 5.684$, $p = .044$. The analysis also revealed a significant difference at College F with $F(1,782) = 15.835$, $p < .001$. College C, College G, and College H analyses showed no statistically significant differences from the 2011-2012 school year and the 2012-2013 school year with levels of significance being $p > .05$.

Table 8

ANOVAs for Annual Loan Debt by School Year for Each Institution

Institution	<i>df</i>	<i>F</i>	Sig.	Partial Eta Squared
College A		4.09	.044	.010
Between Groups	1			
Within Groups	394			
Total	395			
College B		16.95	< .001	.017
Between Groups	1			
Within Groups	1006			
Total	1007			
College C		.03	.868	.000
Between Groups	1			
Within Groups	910			
Total	911			
College D		92.11	< .001	.042
Between Groups	1			
Within Groups	290			
Total	291			
College E		5.68	.017	.010
Between Groups	1			
Within Groups	544			
Total	545			
College F		15.84	< .001	.020
Between Groups	1			
Within Groups	782			
Total	783			
College G		.01	.935	.000
Between Groups	1			
Within Groups	259			
Total	260			
College H		.16	.689	.000
Between Groups	1			
Within Groups	628			
Total	629			

In reviewing both the descriptive statistics and the ANOVA the researcher concludes that mean annual loan debt actually significantly decreased for Colleges A, B,

D, E, and F, while mean annual loan debt remained static or had statistically negligible increases at Colleges C, G, and F.

Research Question Three

Did the July 1, 2012 changes significantly affect the mean annual debt of each gender?

Data to answer research question three were gathered from the same instrument as research questions one and two. Table 9 provided descriptive statistics to address the research question. The descriptive statistics reveal no missing subjects, $N = 6,629$. The 2011-2012 school-year was represented by $n = 1,422$ male students and $n = 2,252$ female students. Loan recipients, by gender, remained at the same level for both school years. Mean loan amounts for male students decreased by \$198.60 and females by \$458.19 between the 2011-2012 school year and the 2012-2013 school year, representing declines of 4.8% and 10.4% respectively. The descriptive statistics indicate that females were borrowing at a progressively lower rate after the federal loan changes than male students.

Table 9

Descriptive Statistics for Annual Loan Debt by Gender and School Year

Gender	School Year	Mean	Std. Deviation	<i>N</i>
Male	2011-12	4182.09	2122.63	1422
	2012-13	3983.49	2097.26	1154
Female	2011-12	4399.88	2201.26	2252
	2012-13	3941.69	2142.74	1801

Separate one-way ANOVAs were conducted to compare the mean annual loan amount of each gender in the 2011-2012 school year to the 2012-2013 school year mean

annual loan amount for each gender. School year served as the independent variable while annual loan amount served as the dependent variable. Table 10 represents the results from the one-way ANOVAs conducted to compare the mean differences between annual loan for the 2011-2012 school year and 2012-2013 school year for each gender.

Table 10

ANOVAs for Mean Annual Loan Debt by Year for Each Gender

Gender		<i>df</i>	<i>F</i>	Sig.	Partial Eta Squared
Male			5.64	.018	.002
	Between Groups	1			
	Within Groups	2574			
	Total	2575			
Female			44.39	< .001	.011
	Between Groups	1			
	Within Groups	4051			
	Total	4052			

The ANOVAs conducted for the differences in mean annual loan debt by gender between the 2011-2012 and 2012-2013 school years revealed statistically significant differences at the .05 level for both male ($p = .018$, see table 4.9) and female ($p < .001$) students between the 2011-2012 and 2012-2013 school year. The effect sizes, $\eta^2 = .002$ for males and .011 for females were small indicating that the year-to-year change only accounts for, at the most, about 1% of the variance in loan amounts.

Research Question Four

Was the mean annual debt of a particular ethnic group affected significantly following the July 1, 2012 changes in federal student aid?

Data to answer research question four were gathered on the same checklist as for questions 1, 2, and 3. Table 11 reflects the descriptive statistics of the annual loan amount data of the ethnicity groups, by school year, identified in this study. The mean annual loan debt of the Black or African American group decreased 485.37 or 11.7%. The numbers of the same group incurring loans decreased by $n = 529$ or 20.6% (see later discussion of research question eight). The mean annual loan debt of the White group decreased \$116.81 or 2.45%. The numbers of the White group incurring loans decreased by $n = 195$ or 19.82% across the years.

Table 11

Descriptive Statistics for Mean Annual Loan Debt by Ethnicity and School Year

Ethnicity	School Year	Mean	Std. Deviation	N
Non-Resident Alien	2011-12	5474.00	0	1*
	2012-13	0	0	0
Black or African American	2011-12	4143.56	2025.90	2565
	2012-13	3658.19	1844.79	2036
American Indian	2011-12	3567.57	1580.45	7
	2012-13	3639.00	2845.94	6
Asian	2011-12	4216.17	1230.19	6
	2012-13	5233.78	1861.68	9
Hispanic	2011-12	3964.00	2165.01	23
	2012-13	3749.59	1988.26	27
White	2011-12	4766.27	2474.51	984
	2012-13	4649.46	2537.77	789
Unknown	2011-12	4451.55	2172.03	82
	2012-13	4623.64	2527.31	84
Pacific Islander	2011-12	4214.83	1740.70	6
	2012-13	5500.00	0**	1
Multiple	2011-12	***	***	***
	2012-13	5119.33	2744.95	3

* The researcher found the one Non-Resident Alien had an error in reporting.

** SPSS did not calculate standard deviation due to the low number of cases.

*** Multiple race was not reported in the 11-12 IPEDS report.

The most noticeable changes, based on the separated ethnicity subgroups, were for the Black or African American students. The vast majority of students were classified as either Black/African American or White. Combined, these two groups accounted for 96.6% of the total.

One-way ANOVAs were conducted to compare the mean annual loan amount of each ethnic group in the 2011-2012 school year to the 2012-2013 school year mean

annual loan amount of each ethnic group. School year and ethnicity served as the independent variables while annual loan amount served as the dependent variable. Table 12 represents the results from the one-way ANOVA conducted to compare the mean differences between annual loan for the 2011-2012 school year and 2012-2013 school year by ethnicity.

Table 12

ANOVAs for Annual Loan Debt by School Year for Each Ethnicity

Ethnicity	<i>df</i>	<i>F</i>	Sig.	Partial Eta Squared
Black or African American		70.476	< .001	.017
Between Groups	1			
Within Groups	4599			
Total	4600			
Hispanic		.133	.717	.010
Between Groups	1			
Within Groups	48			
Total	49			
White		.954	.329	.020
Between Groups	1			
Within Groups	1771			
Total	1772			
Unknown		.221	.639	.000
Between Groups	1			
Within Groups	164			
Total	165			

*Non-resident/ alien was incorrectly recorded.

**Multiple race was not recognized in the 2011-2012 IPEDS reporting.

***Subgroups with fewer than 10 cases were not compared statistically.

The ANOVAs conducted for the ethnicity groups revealed a significant difference in mean annual loan amounts for one ethnic group. The Black or African American group reflected a statistically significant reduction in average loan amount across the years ($p < .001$, see Table 12). The effect size was small at $\eta^2 = .017$ (about 2% of differences

explained by year). Five of the other ethnic groups were not compared statistically across years due to the small number of cases. The remaining ethnic groups' significance level exceeded $p = .05$, therefore, they may be considered statistically unchanged across years.

Research questions 5, 6, 7, and 8 addressed the actual changes in the relative number of Mississippi community college students taking loans. The data used to conduct the following tests came from the original modified checklist. This included all students who were eligible to participate in the federal direct student loan program. The list, $N = 16,772$ cases included all students receiving loans and students not receiving loans. Chi-square tests of independence were used for research questions 5-8 to determine significant differences in the number of loans incurred by Mississippi community college students. The probabilities associated with computed Pearson chi-square were used to determine instances of statistical significance.

Research Question Five

Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by Mississippi community and junior college students?

Table 13 provides data results from the chi-square analysis to determine whether significant changes occurred in relative frequency of loans. The researcher included first-time students participating in the federal direct student loan program having loans, and those not having loans, by year. The data indicated there was a statistically significant difference between the number of students receiving and not receiving loans for the 2011-2012 school year and the 2012-2013 school year, $\chi^2(1, N = 16,773) = 43.738, p < .001$. The relative number who had loans, much like the loan amount, decreased

significantly from $n = 3,685$ (42% of all students) in the 2011-2012 school year to $n = 2,967$ (37% of all students) in the 2012-2013 school year.

Table 13

Chi-Square Analysis for Relative Loan Frequency by School Year

School Year	$n =$ had loans	$n =$ had no loans	Total	Sig.
2011-12	3685	5079	8764	< .001
2012-13	2967	5042	8009	
			16773	

Research Question Six

Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by students at each institution?

Table 14 provides the information of the chi-square analysis conducted to determine the changes in numbers of federal direct student loans taken by students at each institution. College A was unique in having 100% of students receiving loans in each of the two years, so no statistical comparison was possible, and no relative change occurred. According to the analyses, Colleges B, D, F, and G had statistically significant declines in the relative number of loans taken per school year. College B went from 54% (627 of 1,157) of all students receiving loans in 2011-2012 to 41% (392 of 951) in 2012-2013 (see Table 4.13), $\chi^2(1, N = 2,108) = 35.173, p < .001$. College D went from 54% (1,164 of 2,146) in 2011-2012 to 50% (928 of 1,860) in 2012-2013, $\chi^2(1, N = 4,006) = 7.55, p = .006$. College F went from 35% (468 of 1,334) in 2011-2012 to 26% (316 of 1,219) in 2012-2013, $\chi^2(1, N = 2,553) = 25.114, p < .001$. College G went from 41% (177 of 434) in 2011-2012 to 29% (177 of 434) in 2012-2013, $\chi^2(1, N = 728) = 11.365, p =$

.001. The other schools had no statistically distinguishable difference in relative numbers of students receiving loans across years.

Table 14

Chi-Square Analyses of Relative Loan Frequency by Year for Each Institution

Institution	School Year	<i>n</i> having loans	<i>n</i> not having loans	Total	Pearson Chi-Square Sig.
College A	2011-12	222	*	222	
	2012-13	174	*	174	
College B	2011-12	627	530	1157	< .001
	2012-13	392	559	951	
College C	2011-12	431	1050	1481	.143
	2012-13	484	1048	1532	
College D	2011-12	1164	982	2146	.006
	2012-13	928	932	1860	
College E	2011-12	263	751	1014	.110
	2012-13	290	705	995	
College F	2011-12	468	866	1334	< .001
	2012-13	316	903	1219	
College G	2011-12	177	257	434	.001
	2012-13	84	210	294	
College H	2011-12	333	643	976	.082
	2012-13	299	685	984	
				<i>N</i> = 16773	

*For College A, all students had loans.

Research Question Seven

Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by gender?

The same trends observed overall and for half of the individual institutions were observed for individual gender groups. Table 15 reveals the results of the chi-square (χ^2) analyses of the differences in the relative number of loans taken by students per year for each gender. For males there was a statistically significant decline, from 39% in 2011-

2012 (1,427 of 3,679 students, see Table 4.14) to 34% in 2012-2013 (1,159 of 3,370), χ^2 (1, $N = 7,049$) = 14.634, $p < .001$. For females, while the relative numbers were higher—44% of students (2,254 of 5,071) received federal direct loans in 2011-2012 whereas 39% (1,807 of 4,623) were recipients in 2012-2013 - there was also a statistically significant decline, χ^2 (1, $N = 9,694$) = 28.559, $p < .001$. Significant differences were detected in the differences in the relative number of loans taken in both male and female students.

Table 15

Chi-Square Analyses for Relative Loan Frequency by Year for Each Gender

Gender	School Year	<i>n</i> having loans	<i>n</i> not having loans	Total	Pearson Chi-Square Sig.
Male	2011-12	1427	2252	3679	< .001
	2012-13	1159	2211	3370	
Female	2011-12	2254	2217	5071	< .001
	2012-13	1807	2816	4623	
				* $N = 16743$	

*30 students failed to report gender.

Research Question Eight

Did the July 1, 2012 changes in the federal student aid program significantly affect the total number of loans incurred by ethnicity?

Due to the small numbers of instances, statistical comparisons were not run for the following ethnic subgroups: Non-resident alien, American Indian, Asian, Pacific Islander, and Multiple categories. Table 16 provides chi-square results for the relationship between the number of loans incurred by school year and remaining ethnicity categories. Two of the ethnic groups showed a significant difference. Black or African American students showed a statistically significant decline in the relative number of

students receiving federal direct student loans. The rates were 63% in 2011-2012 (2,566 of 4,084) and 56% in 2012-2013 (2,036 of 3,612), $\chi^2(1, N = 7,696) = 33.303, p < .001$.

White students, though taking loans at a lower rate than African American students, also showed a statistically significant decline across school years. In 2011-2012, the rate was 24% (987 of 4,135), while in 2012-2013, the rate was 21% (790 of 3,833), $\chi^2(1, N = 7,968) = 12.192, p < .001$. Neither the “Unknown” nor the Hispanic groups showed a statistical change in the relative numbers across years, but their numbers were much lower, and the chi-square tests would not have been nearly as powerful as were those for the African American and White groups.

Table 16

Chi-Square Analyses for Relative Loan Frequency by School Year and Each Ethnicity

Ethnicity	School Year	<i>n</i> having loans	<i>n</i> not having loans	Total	Pearson Chi-Square Sig.
Black or African American	2011-12	2566	1518	4084	< .001
	2012-13	2036	1576	3612	
Hispanic	2011-12	23	60	83	.499
	2012-13	27	88	115	
White	2011-12	987	3148	4135	< .001
	2012-13	790	3043	3833	
Unknown	2011-12	82	244	326	.893
	2012-13	84	244	328	

***N* = 16732

*Students reported incorrectly.

**41 students did not report ethnicity.

Chapter Summary

Chapter IV presented the results of the statistical analysis along with discussion of the data. Research questions 1-4 were examined by one-way ANOVAs. Research questions 5-8 were answered by chi-square analyses. Both statistical tests revealed significant changes in the mean annual loan amount and frequency of borrowing following the changes to federal student aid. Contrary to what was hypothesized, in each case a statistical difference was found, there was a reduction in loan amounts or numbers of students receiving loans from 2011-12 to 2012-13.

Research question one was analyzed utilizing one-way ANOVA. Both descriptive statistic and ANOVA results indicated a decrease in mean annual loan debt. This finding was contradictory of the researcher's initial hypothesis.

Research question two was analyzed by utilizing a one-way ANOVA. Both descriptive statistics and ANOVA results indicated that five of the eight reporting institutions experienced significant decreases in mean annual loan amount between the 2011-2012 school year and the 2012-2013 school year.

Research question three was analyzed by utilizing one-way ANOVA. Descriptive statistics and ANOVA analyses showed a significant decrease in mean annual loan amount for each gender.

Research question four was analyzed by utilizing one-way ANOVA. Descriptive statistics indicated several differences; however, the ANOVA revealed the only significant difference for individual ethnicity subgroups was in the Black or African American group. Among this subset of students, there was a statistically dependable decline in the mean annual loan amount across years.

Research question five was analyzed by utilizing chi-square analysis. Overall, there was a statistically significant decrease in the relative number of loans taken by students between the 2011-2012 school year and the 2012-2013 school year.

Research question six was analyzed by utilizing chi-square analyses. The analysis revealed that 4 of the 8 reporting institutions had significant declines in the relative number of loans taken by students across the designated years.

Research question seven was analyzed utilizing chi-square analyses. Statistically significant declines in the relative numbers of students receiving loans were observed for both males and females across years.

Research question eight was analyzed utilizing chi-square analyses. The researcher found that only two ethnic groups experienced statistically significant changes in the relative number of loans incurred between the two school years; in both subgroups, the rates declined. These groups were Black or African American and White. The numbers of cases were too low for many of the ethnicity subgroups to warrant statistical comparison.

CHAPTER V

CONCLUSIONS

Introduction

This chapter is a summation of the study on the effects of the July 1, 2012 changes on student loan debt. The purpose of this study was to determine the effects of the changes made to federal student aid on student debt in the form of loans, specifically for students attending the Mississippi community colleges. Twelve of the 15 community colleges in Mississippi participate in the federal direct student loan program. Data from 8 of the 12 were used in this study. The researcher's initial hypothesis was that the changes in the federal student aid program would increase the mean annual loan debt of Mississippi community college students as well as the total number of loans taken. Higher tuition and Pell reductions left a gap that had to be covered. The results of the research questions yielded statistically significant differences, but in the opposite direction as originally hypothesized.

Research Questions

Research question one was analyzed utilizing one-way ANOVA. Both descriptive statistic and ANOVA results indicated a decrease in mean annual loan debt. This finding was contradictory to the researcher's initial hypothesis. Mean annual loan debt

significantly decreased between the 2011-2012 and 2012-2013 school years (see Table 5).

Research question two was analyzed by utilizing one-way ANOVAs. Both descriptive statistics and ANOVA results indicated that five of the eight reporting institutions experienced statistically significant decreases in mean annual loan amount between the 2011-2012 school year and the 2012-2013 school year. The changes in the three schools showing an increase were not significant.

Research question three was analyzed by utilizing one-way ANOVAs. Descriptive statistics and ANOVA analyses showed a significant decrease in mean annual loan amount for both males and females, however, the females' mean decreased about \$300 more than the males'.

Research question four was analyzed by utilizing one-way ANOVAs. The only statistically significant difference observed for ethnicity was in the Black or African American group. The Black or African American group reflected a statistically significant reduction in average loan amount across the years. This group accounted for 69% of the total $N = 6,629$ receiving loans for the two school years under investigation.

Research question five was analyzed by utilizing chi-square test of independence. The chi-square analysis revealed a statistically significant decrease in the relative number of loans taken by students from the 2011-2012 school year to the 2012-2013 school year.

Research question six was analyzed by utilizing chi-square analyses. The analysis revealed that four of the eight reporting institutions had statistically significant declines in the relative number of loans taken by students in the designated years. No statistical change was observed for the other institutions.

Research question seven was analyzed utilizing chi-square analyses. The chi-square test revealed a statistically significant change across years for both male and female students. Descriptive data indicated that both groups experienced decreases in the relative number of loans in the 2012-2013 school year compared to the previous year.

Research question eight was analyzed utilizing chi-square test of independence. The researcher found that only two ethnicity groups experienced statistically significant changes in the number of loans incurred by students across the two school years. These groups were Black or African American and White. Both subgroups experienced statistically significant declines in the relative number of students taking loans. The fact that more than 96% percent of the participants are represented by these two groups could strongly influence the significance.

Discussion

The researcher has several theories regarding the possible effects that would have caused the outcome of this study. The literature supported the hypothesis that more students are borrowing. Student loan debt is now the second largest form of debt behind mortgages (Denhart, 2013). Pell grants are not covering as much as they did historically (O'Shaughnessy, 2013). Basing a hypothesis concerning a very recent change in loan policy on longer-term national trends in this case may have been the wrong choice. For-profit institutions may play a large role as the catalyst for increased debt nationally. While they offer convenience, their tuition far exceeds that of the Mississippi community college ("Spotlight," n.d.).

Over the 2-year period enrollment decreases could be detected in the data analysis. As the Katsinas study revealed, students may be deciding that a college

education is not worth the pain of trying to finance the degree, and fewer are attending college as a result (Katsinas et al., n.d.). Many community colleges have experienced decreases in the adult learner population. Observation of $N = 16,773$ used in research questions 5-8 reflects that student loan debt and frequency may be related. Perhaps these students were borrowing more during the economic turmoil because of financial obligations outside the college such as child care, rent, fuel, etc. Institutionally, one college adjusted its Cost of Attendance, which would limit the amount a student could borrow, therefore, decreasing the amount of the annual debt.

The researcher must address the presence of the county tuition guarantee programs, which provide funds to fill the gap between financial aid, or lack of, and tuition cost. Many of the Mississippi community colleges offer these programs within their respective districts. These programs have eliminated the tuition burden from many students, making the community college more affordable. Three of the eight institutions participating in the study have some form of tuition guarantee program within their district. Two of the three colleges with the tuition grant programs showed statistically significant decreases in mean annual loan debt (see Table 8). All three colleges having such programs experienced statistically significant decreases in the relative number of loans taken by students (see Table 14).

Finally, the researcher must acknowledge that Mississippi may not be affected to the same extent as the nation. The lack of presence of the non-profit institutions in Mississippi may insulate the state from some of the debt crisis. The CollegeInSight (“Spotlight,” n.d.) report revealed that the percentage receiving loans and average loan amounts were higher in the national 2-year school category.

Limitations

Several limitations were unavoidable. Throughout the study the researcher was concerned about the magnitude of observed effect sizes, η^2 . Very seldom did any analysis show a moderate to strong effect size. Although statistically significant changes were detected, they may not be large enough to be of practical importance to decision-makers. Other limitations considered were the immeasurable effects of the recession, lack of prior research because of the recent and ad hoc nature of the topic, and the inability to measure the use of private loans.

This study can be of value to community college administrators to better understand and address the problem. Knowing why the mean debt and frequency of borrowing is decreasing is equally important as an awareness of an increase. It may be a by-product of enrollment decreases. If so, innovative strategies to address both problems must be developed.

Future Research

The researcher would be interested in future research related to this topic. First, an analysis needs to be conducted on the sole effects of the adjusted gross income component of the EFC calculations. This could provide information on the actual effects of the change from \$32,000 to \$23,000. The variance within that range may define in greater detail the actual changes.

Secondly, the problem with student debt may very well be present. This study examined two cohort groups. Both groups were first-year students with zero debt. The results were opposite of what was hypothesized. The literature review supports dramatic increases in student loans. This study examined a “pre-change” cohort and a “post-

change” cohort. The increases may be occurring after the students’ first year of college. The researcher would recommend utilizing the same cohorts but tracking them through the second year to identify if the increase in debt rises disproportionately in subsequent years of school.

The researcher would encourage further research to be conducted to determine the differences in mean annual loan debt and relative numbers of loans taken within the institutions revealing results contrary to the totals. Table 2 revealed that two of the eight participating colleges reported more students participating in the federal loan program. While five of the eight institutions experienced statistically significant changes in mean annual loan debt, three had no significant changes (see Table 8).

Finally, the researcher would recommend a study comparing the loan debt and default rates by gender, ethnicity, and institution. One could then see whether there is a correlation between loan debt and default rates.

Chapter Summary

This chapter was a summation of the effects of the July 1, 2012 changes on student loan debt among eight Mississippi community colleges. This study provided evidence of statistically significant changes in the mean annual loan debt of Mississippi community college students, such that the mean loan debt among first-year students was seen to decline as did the relative number of students receiving federal direct loans. This chapter included the researcher’s final discussion of the research questions, discussion of results, limitations, and future research.

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APPENDIX A
A PERMISSION LETTER FROM THE PRESIDENT OF
ITAWAMBA COMMUNITY COLLEGE



Itawamba
Community
College

January 22, 2014

Institutional Research Board
Mississippi State University
Post Office Box 6223
Mississippi State, MS 39762

To Whom It May Concern:

Albert L. (Buddy) Collins Jr. is granted permission to accumulate data in support of his dissertation topic, *The Effect of the July 1, 2012 Federal Student Aid Changes on the Annual Student Debt of Community College Students in Mississippi*.

The information will be utilized by Itawamba Community College as well as the other 14 public two-year institutions in the state to enable administrators to better understand the problem of escalating student loan debt and its effect on Mississippi's students. As a result, community and junior college leaders can provide more viable options to enhance the educational experiences of the thousands of students who take advantage of our services.

Please let me know if you need additional information.

Sincerely,

Mike Eaton
President of Itawamba Community College

APPENDIX B

PERMISSION FROM THE MISSISSIPPI COMMUNITY COLLEGE BOARD

Sent: Friday, December 20, 2013 9:55 AM
To: Collins, Albert L.
Cc: Debra West
Subject: FW: Dissertation Research Application

Buddy, go forth and conquer, my friend! Just FYI, some colleges may have their own form you'll have to fill out, but from the MACJC perspective, you are good to go. You'll want to reference this approval and the approval date in your contact with the institutions. If you need help making those initial contacts, let me know. Good luck on your dissertation! We're going to want a copy once you're done!

Debra

From: William Lewis [<mailto:wlewis@prcc.edu>]
Sent: Friday, December 20, 2013 9:52 AM
To: Debra West
Subject: RE: Dissertation Research Application

Dr. West: I am in agreement with your recommendations. OK for Mr. Collins to conduct his research.

William Lewis
Pearl River Community College

APPENDIX C
DISSERTATION DATA REQUEST

Dissertation Data Request

From: Collins, Albert L.

Sent: Wednesday, February 26, 2014 10:49 AM

To: 'rlamb@coahomacc.edu'; 'jeff.posey@colin.edu'; 'msanders@eccc.edu'; 'dpruett@eastms.edu'; 'carley.dear@hindsc.edu'; 'lmccain@holmescc.edu'; Edwards, Elizabeth T.; 'laverne.ulmer@jcc.edu'; 'cparker@mcc.cc.ms.us'; 'cfstaten@msdelta.edu'; 'angela.bryan@mgccc.edu'; 'cesasser@nemcc.edu'; 'cwarren@northwestms.edu'; 'bwells@prcc.edu'; 'ltouchstone@smcc.edu'

Subject: Dissertation data request

Dear Mississippi Community College Colleagues:

My name is Buddy Collins, and I am currently in the dissertation phase of my doctorate at Mississippi State University. As my dissertation topic, I am collecting data from the 15 Mississippi Community Colleges to determine the effects of the July 1, 2012 changes to Federal Student Aid on the annual loan debt of community college students in Mississippi. The Application to Conduct Statewide Research on MACJC Institutions has been approved by the Mississippi Community College Board.

If you have any questions concerning the study or data request, please contact me at bacollins@iccms.edu or 662.862.8271.

In order to acquire reliable and valid results, specific data will be needed from all 15 Mississippi Community Colleges. The secondary data requested will contain no identifying information. Two groups will be examined: 1. ALL first time students **enrolled in both semesters** of the 2011-2012 school year, and 2. ALL first-time students **enrolled in both semesters** of the 2012-2013 school year. The information is for **all first-time students** who are enrolled in both the spring and fall semesters each school year. Please format the data request as follows:

- All first-time students enrolled in the mentioned school years, regardless of whether they applied for or received disbursement of financial aid.
- School year will be identified by **1112** for the 2011-2012 school year and **1213** for the 2012-2013 school year.
- Gender will be identified numerically. Male = **1** , Female = **2**
- Ethnicity will be reported as it is in reporting for IPEDS:

1 = Non Resident Alien
2 = Black or African American
3 = American Indian
4 = Asian
5 = Hispanic
6 = White
7 = Unknown
8 = Pacific Islander

- The actual Estimated Family Contribution (EFC) recorded to nearest dollar amount and with no formatting of symbols, commas or decimals

- The actual annual loan amount taken by the student recorded to the nearest dollar amount and with no formatting of symbols, commas or decimals.

Below is a sample spread sheet the requested information.

Sample Spread Sheet

Year	School	Gender	Ethnicity	Actual EFC	Annual Loan Amount
	1112	1	2	750	5000
	1112	1	5	0	5500
	1112	2	5	5100	0
	1112	1	6	2500	3000
	1112	2	2	1000	2500
	1213	1	2	0	5000
	1213	2	6	1200	4000
	1213	2	5	3200	0
	1213	2	2	600	0
	1213	1	2	0	5200

Your participation in this study is greatly appreciated,

Buddy Collins
 Vice President of Student Services
 Itawamba Community College
 662.862.8271

APPENDIX D
DISSERTATION DATA RESPONSE

From: Posey, Jeff [<mailto:Jeff.Posey@colin.edu>]
Sent: Monday, March 24, 2014 3:24 PM
To: Collins, Albert L.
Subject: Dissertation Request File
Importance: High

Albert,

After the audit was completed, we had an opportunity to pull your data. Sorry for the delay.

Sincerely,

Jeff

Michael J. Posey, Ed.D.
Director of Institutional Planning and Research
Copiah-Lincoln Community College
Post Office Box 649
Wesson, Mississippi 39191
601-643-8411 telephone
601-643-8226 fax
jeff.posey@colin.edu

Messages on my mobile device are automatically fetched once every hour to conserve energy and battery life.

From: Parker, Cathy [<mailto:cparker@mcc.cc.ms.us>]
Sent: Thursday, March 20, 2014 2:11 PM
To: Collins, Albert L.
Subject: FW: Dissertation project

From: Brooks, Phillip
Sent: Tuesday, March 18, 2014 4:07 PM
To: Parker, Cathy
Subject: RE: Dissertation project

I have attached the data requested, please let me know if you need anything else
Thanks,

Phillip R. Brooks
Director of Administrative Computing
Meridian Community College

910 HWY. 19 North
Meridian, MS 39307
601 484-8691
pbrooks@meridiancc.edu

From: Bryan, Angela [<mailto:angela.bryan@mgccc.edu>]
Sent: Friday, March 21, 2014 9:44 AM
To: Collins, Albert L.
Subject: RE: Dissertation project

Buddy,

Please find our attached file and good luck!

Angela Bryan

Director of Institutional Effectiveness and Research
District Office, Mississippi Gulf Coast Community College
2226 Switzer Road
Gulfport, MS 39507
Phone: 601-928-6383
angela.bryan@mgccc.edu

From: Lindy McCain [<mailto:lmccain@holmescc.edu>]
Sent: Tuesday, March 18, 2014 2:05 PM
To: Collins, Albert L.
Subject: FW: Dissertation data request

Lindy McCain, Ed.D.
Vice-President for Research and Development
Holmes Community College
(662) 472-9067

From: Steven Tiller
Sent: Tuesday, March 18, 2014 1:49 PM
To: Kevin Baker; Lindy McCain
Subject: RE: Dissertation data request

From: Kevin Baker
Sent: Tuesday, March 18, 2014 9:27 AM
To: Steven Tiller
Subject: FW: Dissertation data request

From: Diana M Pruett [<mailto:dpruett@eastms.edu>]
Sent: Wednesday, March 05, 2014 10:13 AM
To: Collins, Albert L.
Cc: Aaron Lamar Brooks
Subject: RE: Dissertation data request

Buddy, I think this will give you what you need. Many thanks to Aaron Brooks for his assistance in making this happen so quickly.
Just a note, you will see a few lines with blank gender or ethnicity. We permit students to make no responses to those questions. If you have any questions about what you have, please feel free to give me a call at 662-243-2675 or drop me an e-mail.
Good luck!

From: Coleman, Allen L.
Sent: Friday, February 28, 2014 5:46 PM
To: Collins, Albert L.
Subject: RE:

Here is our data. 2 different worksheets for the different years. If they didn't apply for fafsa, EFC will be blank. If they didn't have loans, it will be blank.

Allen L. Coleman
Itawamba Community College
602 W. Hill St.
Fulton, MS 38843

From: Dear, Carley P. [<mailto:Carley.Dear@hindsgcc.edu>]
Sent: Wednesday, February 26, 2014 4:32 PM
To: Collins, Albert L.
Subject: FW: Dissertation data request information from Hinds Community College

Attached is the information that you have requested from Hinds Community College. We had a couple of students who have race field "9" for two or more races selected. Since that is not part of your criteria, how would you like those listed? If a student did not complete a FAFSA we have listed "N/A" under the EFC column. If you need any additional information, please let me know.

Carley Dear

Director of Institutional Research and Effectiveness

Adam Jenkins, Jr. Hall 112 (Admin Building)

601-857-3357



From: Brenda Wells [<mailto:bwells@prcc.edu>]
Sent: Friday, March 28, 2014 2:21 PM
To: Collins, Albert L.
Cc: Becky Askew
Subject: research request for ICC

Buddy,

Attached are the files you requested. I hope you have a great weekend.

Brenda Wells



Brenda Wells
Director of Institutional Research
Pearl River Community College
101 Highway 11 North
Poplarville, MS 39470
601-403-1379

APPENDIX E
SAMPLE CHECKLIST OF DATA COLLECTION

Sample Checklist of Data Collection

School Year	Gender	Ethnicity	EFC	Loan Amount
1112	2	2	0	954
1112	1	6	0	2477
1112	2	6	6789	743
1112	2	2	0	2723
1112	1	4	8742	2723
1112	2	7	21482	1265
1112	2	2	0	1733
1213	1	5	42345	743
1213	2	9	67893	2723
1213	2	8	4363	882
1213	1	2	0	2426
1213	2	6	3472	842
1213	1	3	0	1733
1213	2	4	6521	639
1213	2	8	7284	2475