

HIGHLIGHTS OF TRELLIS COMPANY'S STUDENT FINANCIAL IMPACT STUDY

In January 2017, Trellis launched a nine-month study aimed at better understanding the non-academic challenges that postsecondary students face and the ways they try to meet their basic needs while pursuing academic goals.

Working with 11 institutions in Texas and Florida, researchers recruited a cohort of 72 current undergraduate students. Though not representative of college students nationally, this cohort was highly diverse. More than half did not have a parent with a postsecondary credential, and over 20 percent were at least 28 years old. Hispanic students made up 39 percent, white students 31 percent, and African-American students 19 percent. About two-thirds of this group were pursuing associate degrees at public two-year (community) colleges, and about two-thirds had started college between one and three semesters ago.

A FEW SIGNIFICANT HIGHLIGHTS OF THE POSTSECONDARY STUDENT INTERVIEW STUDY

FINANCIAL STRESS DISTRACTS FROM ACADEMICS

Often a source of significant anxiety, financial shortages were named the most likely impediment to students' long-term academic plans. Students often felt unprepared for the combination of college enrollment, living expenses, non-tuition academic costs, and time scarcity. Many students struggling with tight budgets were reticent to borrow and enrolled only part-time to relieve some of their stress.



Student comment:

"I work full time, and that supports everything that I do. And if for some reason I am struggling money-wise, I'm gonna have to stop going to school for however long so that I can get caught back up."

FINANCIAL STRAIN DRIVES ACADEMIC SHORTCUTS

Driven by shortages in money and/or time, students used corner-cutting academic strategies to pass their classes, meet basic needs, and remain solvent. Tactics included forgoing textbooks, skipping class, cramming, and rushing assignments and tests. Students frequently try to estimate how much academic damage they can afford. Even when they are right, these strategies can negatively impact a student's GPA and jeopardize financial aid eligibility and acceptance into competitive programs (e.g., nursing).



Student comment:

"I feel like [financial stress] made it hard and difficult for me to study and just focus on work."

HOW STUDENTS EAT AFFECTS ACADEMIC PERFORMANCE

Eating habits formed by constraints on finances, time, and mental energy can have academic implications. Students who skip meals can experience hunger and distraction in class. Students sometimes overspend for convenience, which provides extra time for academics in the short term but may contribute to financial challenges that jeopardize academic success in the long term. Responsible eating habits are difficult to maintain when levels of time, money, and stress change.



Student comment:

"I'm so focused on what I have to do, rather than eating or making sure I have food at home. I've been putting off grocery shopping for so long, and I was just eating out, eating out and spending a heap of money which I didn't really have."

PRECARIOUS FINANCES TRIGGER IMPROVISATION, NOT PLANNING

Many students don't use formal budgets, which compounds their food insecurity. Inconsistent finances can make budgeting difficult, but many students avoid spending the time and energy to create and follow a budget. With ad hoc money management, students approach the end of the semester needing external assistance as they run short of funds.



Student comment:

"I had extra money out of nowhere and it was pretty awesome because I wasn't totally poor. So it was real exciting, but it goes so fast. We got stuff for our apartment, we paid bills, we just went crazy with the groceries, so we spent that money real fast."

SOCIAL NETWORKS AUGMENT RESOURCES AND CUSHION FINANCIAL CRISES

Students rely on social connections for a variety of resources on an ongoing and an emergency basis. Strong social networks appear to play a crucial role in allowing students, especially lower-income students, to maintain enrollment and academic standing despite adverse circumstances and unexpected expenses. Students who can rely on family for free or low-cost housing and food often experience significantly less money-related stress and distraction, allowing them to experience the cost of college as a positive academic motivator.



Student comment:

"My mom lives with me in a townhome. She's not working. She kind of helps me with my son. There is not government assistance. It is just us."

PUBLIC BENEFITS CAN BOLSTER ACADEMICS, BUT STUDENTS RARELY SEEK TO USE THEM

Students rarely seek out public benefits or community assistance programs. This is due to assumptions about eligibility, availability, inconvenience, and a belief that other people should have the resources instead. Students who do acquire these resources often see a marked improvement in living conditions and report positive academic effects, although their assumptions about inconvenience and the difficulty of maintaining eligibility are often realized.



Student comment:

"For five semesters, every week I was gaining the signature from all of my professors... Reporting to my food stamp people and my WIC people...I was in and out of an office at least four, five times, different offices, to keep my benefits."

STUDENTS MAY BUDGET, BUT UNEXPECTED COSTS OFTEN DISRUPT THOSE PLANS

Even students who budget for the semester can be caught off-guard by unexpected expenses. Almost all students in our study stayed enrolled despite these challenges, but they may experience financial issues later, especially when funds meant to last the semester are depleted. This can be particularly evident when students transfer from a two-year to four-year institution, where charges for fees, books, and other supplies can be far higher than expected.



Student comment:

"Since we last spoke, I kind of went through a rough patch. Things haven't really been working for me, just because I've had additional expenses, and I just didn't know how to balance it out with the money that I make."

SUMMER REDUCES FINANCIAL PREDICTABILITY AND CAN DERAIL ACADEMIC PROGRESSION

Many students have more trouble managing their money during the summer, due to variations in financial aid, employment, and parental support. Though food security often improves with the addition of more free time, money shortages can jeopardize their ability to enroll in summer courses or start the fall semester, in turn derailing their ability to graduate on time.



Student comment:

"Right now, I'm running on fumes because I'm at the end of the [summer] semester, so everything that I've had has been depleted."

WHAT STUDENTS DON'T KNOW ABOUT FINANCIAL AID CAN IMPEDE ACADEMIC SUCCESS

Students unaware of financial aid sometimes register for only as many classes as they can afford out of pocket. They also express regret for academic decisions made without understanding their impact on aid eligibility, such as settling for lower grades, switching to part-time enrollment, and changing majors. Financial support from grants and scholarships can sometimes engender academically motivating feelings of mutualism; as one student said "if they're going to help you out financially, there's no excuse for not going."



Student comment:

"I thought that my scholarships would stick around, and I didn't realize that my grades were going to slip, because it was just so easy for me to make straight A's in high school. And then when I came to college, it was a different ball game."

COST CONCERNS AND DEBT AVERSION PLUS UNCERTAIN PLANS IMPACT COLLEGE CHOICE

Financial feasibility and fear of student debt, especially when combined with uncertainty regarding academic and career plans, have a major influence on where students choose to enroll. Many students describe choosing public two-year colleges because four-year institutions seemed riskier given higher costs, the necessity of borrowing, and uncertain outcomes. Many saw maintaining proximity to home, or living at home, as a key benefit of local community colleges, which also aligns with a reliance on social support.



Student comment:

"It was the closest university. They had offered me, not the most, but they had offered me a decent amount of money...And I wanted to stay in Texas after all. [My parents] obviously helped me financially getting through this, but they also...talked some sense into me because at first I just wanted to go to the East Coast, and they told me, 'Are you sure? You can't come back home as much.' They were just being very realistic, and it made sense at the end."

Trellis Research's Student Financial Impact Study is part of an ongoing effort to better understand the state of student financing and debt in order to ultimately inform program development through analytics and data-driven insights. Trellis Research has more than three decades of experience exploring issues related to student debt, financial aid, and barriers to degree attainment.

RECENT REPORTS FROM TRELIS RESEARCH

- ▷ ***Student Financial Wellness Survey Report.*** This report details aggregate findings from the Spring 2018 Student Financial Wellness Survey implementation at 12 colleges and universities. The survey examines the financial attitudes, perspectives, competencies, and self-reported financial behaviors of over 6,000 students.
- ▷ ***Engaging Student Borrowers: Results of a Survey of Financial Aid Professionals.*** This report explores the perceptions of 916 college financial aid administrators as they engage with students tackling the debt dilemma and also examines how schools deliver the required counseling that accompanies federal student loans. Trellis collaborated with the National Association of Student Financial Aid Administrators (NASFAA) and the Board of Governors of the Federal Reserve System on the first in-depth survey of professionals' experience with loan counseling.
- ▷ ***Effective Counseling, Empowered Borrowers: An Evidence-based Policy Agenda for Informed Student Loan Borrowing and Repayment.*** This report summarizes the findings of four previous Trellis studies on financial counseling research literature, the legislative history of student loan counseling, the on-the-ground borrower experience with online counseling, and the measures some institutions have taken to better counsel their borrowers. It uses these findings to inform policy recommendations aimed at more effectively providing students with the knowledge to responsibly borrow and repay their loans.

UPCOMING REPORTS FROM TRELIS RESEARCH

- ▷ ***The State of Student Aid and Higher Education in Texas (2018).*** This report will update Trellis' annual overview of key facts and patterns that describe demographic changes, educational attainment, colleges costs, student financial aid programs, and student debt in Texas and nationally.
- ▷ ***Going Deeper on Student Food Insecurity.*** The first report produced from a longitudinal interview study of postsecondary students will examine how students experience and respond to low and very low food security.
- ▷ ***Student Borrower Repayment Patterns.*** Trellis Research used administrative loan records to analyze the various, often convoluted paths that student borrowers take through the repayment process, then interviewed borrowers from each path to learn about factors that influenced their repayment behaviors.
- ▷ ***Parent Borrowing: A Mixed Methods Examination.*** By analyzing administrative records of federal Parent PLUS loans in conjunction with interviews with PLUS loan borrowers and students whose parents borrowed, Trellis Research offers new information and insights on an area of student financial aid about which relatively little is known and few data sources are available.

CALL TO PARTICIPATE

Trellis Research is seeking colleges and universities to participate in our free Student Financial Wellness Survey (SFWS). Participating institutions will learn more about the financial challenges that limit their students' success. From food and housing insecurity to limited transportation, a variety of stressful money problems can lead to a student stopping out. Trellis' SFWS explores students' financial stressors, behaviors, and attitudes about money, along with their use of debt and public assistance. The free analysis from our research team, along with access to best practices related to institutional success, can help shape future programming to best support students and keep them on the path to completion. If interested, please visit www.trelliscompany.org/researchsurvey.

About Trellis Company

Trellis Research is part of Trellis Company, which supports students, families, institutions, and communities through outreach, philanthropy, and research programs. We are committed to improving access and success in higher education. Trellis Company provides colleges and universities with programs and support to navigate the growing complexities associated with education financing.

Explore our free resources: trelliscompany.org/research

Follow us on Twitter: [@TrellisResearch](https://twitter.com/TrellisResearch)

Contact: Jeff.Webster@trelliscompany.org



www.trelliscompany.org