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Financial Cultural Capital: Cultural Capital in the Context of Higher Education and Federal Student Loans

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FINANCIAL CULTURAL CAPITAL: CULTURAL CAPITAL IN THE CONTEXT OF HIGHER EDUCATION AND FEDERAL STUDENT LOANS

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ABSTRACT

This thesis is an exploratory quantitative sociological analysis of the financial knowledge and experience of undergraduate students who have borrowed student loans. It also explores students' feelings about their loans. I surveyed 100 undergraduate students who had contracted student loans to gather information about their knowledge of financial instruments and feelings about their student loan debt. To explore students' knowledge and feelings, I created three indices: knowledge, feelings, and financial cultural capital and tested for racial differences between Blacks and Whites. The knowledge index investigates students' knowledge of the terms of their loans and experience with basic financial instruments. The feelings index captures students' feelings about their loans. Financial cultural capital takes a multidimensional approach by investigating students' financial literacy, confidence, socialization, and current financial habits. Most students did not have high levels of knowledge or financial cultural capital; however, they felt slightly positive about their student loan debts. While there were no significant differences in the scores of Blacks and Whites on the feelings and financial cultural capital indices, the knowledge index yielded significant racial variation with Whites having higher levels of knowledge than Blacks.

DEDICATION

I would like to dedicate this work to my late mother, Mrs. Lillian Brown. Even after death, you still have such a large impact on my life. I also dedicate this work to my father, Mr. James Brown, who has believes in me and encourages me at all times.

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I. INTRODUCTION – WHAT'S SO SPECIAL ABOUT STUDENT LOANS?

This chapter reviews serves as an introduction to my research topic. My research is an investigation into undergraduate college students' knowledge and experience with various financial instruments at the time they contract student loans. I make inquiries about the feelings that students have about their debts. I seek to find out if there are significant differences in the knowledge and feelings of Black and White students. Finally, I test a new concept, financial cultural capital, designed to look at other social factors relevant to borrowing other than financial literacy. Financial cultural capital is composed of four components: technical ability or knowledge in the form of financial literacy, confidence students have in their ability to repay student loans, as well as socialization and habits involving financial management.

In this chapter, I briefly detail current events and relevant literature that are related to my research. I introduce literature on financial literacy, racial wealth/asset inequalities, as well as college student, financial aid, and debt. I end the chapter by discussing my research and its importance in the current social context of increasing racial wealth inequality, and unsteady economic times. Research about debt is crucial to understanding mechanisms contributing to social stratification. Higher education is an institution that can help to improve people's life chances. It has the capacity to reduce inequality. However, financial aid policies may be acting as an agent of social reproduction by encouraging students and families to go into debt to pay for higher education. My research considers economic capital an important factor in facilitating equality, but stresses that cultural understandings of financial management are important as well. In August 2011, political disagreements about raising the debt ceiling in part due to neoconservative hostility toward social programs and safety nets originating in Roosevelt's New Deal almost brought the United States government to a halt. The size of the federal debt provoked a national discussion on fiscal soundness and sovereign default, signaling the centrality of debt to national discussions of fiscal soundness. One of the biggest political debates at the moment involves the "National Debt Problem," the $14 trillion debt carried by the U.S. The country still feels the effects from the recent (2007-2009) economic recession caused by an inflated housing market and Wall Street excesses with subprime loans and derivatives. The debt bubble caused by the inflated housing market collapsed, dramatically reduced the worth of people's homes, and produced a wave of foreclosures. The country's interest turned to debt: how much people are accumulating and if they can afford to pay off debts. Moreover, researchers, political economists, and journalists are now suggesting that student loans constitute another debt bubble as students are struggling to repay their loans and their defaults rates continue to rise (Nasser and Norman 2011; Sharif 2011). In light of reoccurring debt bubbles, there seems to be a role for social research to help people understand how such national problems occur and can be fixed.

Debt can be problematic for young people holding large amounts of it. Student loan debts have the potential to negatively affect wealth accumulation (Lusardi et al. 2010). High levels of student debt in the context of a faltering economy and high rates of unemployment diminish the monetary returns on education and students' futures. While the National "official" unemployment rate remains around 9 percent, the unemployment rate for African Americans nears 16 percent (Sharif 2011). The inflated unemployment rate in the African American community impairs its members' abilities to repay student loans. The burden of student loans combined with rising unemployment rates in the current economic climate make for a bleak picture for all students; however, this may disproportionately affect Black students. They decrease the odds of Black graduates improving their life chances and those of their offspring. In this economic context, students' knowledge of financial contracts and the terms of their indebtedness are research topics that may reveal whether students are equipped to handle the debts they are accumulating. Information about the financial literacy or "debt smarts" of U.S. citizens may help explain their willingness to incur debt.

Debt allows people to make purchases costing more than their fiscal resources, income and savings. If borrowed and repaid in a controlled and manageable way, debt can facilitate economic gain. When interest rates are too high or the repayment amounts and schedules are not given sufficient consideration, debt can easily escalate beyond an individual's control. Not all debts are bad; however, excessive amounts of unmonitored debt can cause social problems. George Ritzer notes that credit cards distance us from money; when money is transferred electronically people have less physical contact with the cash they spend. One consequence of this is that people are less likely to think about the amounts they are spending (Ritzer 1995).

Student loan contracts can be originated electronically through brief online entrance and exit exams. The process of arranging financial aid online, and changes to the procedures for signing master promissory notes for federal student loans, can distance students from the significance of the amount of money they borrow. Prior to 2009, students were required to sign promissory notes every year; now, one promissory note can be used for up to ten years. Promissory notes no longer need to be signed by hand and can be signed with electronic signatures. Also, it is also relatively easy for students to add to their borrowings when they deem it necessary. They simply go to financial aid offices and request more money. They will be allowed to borrow up to the maximum amount permitted by the federal government or private lender(s).

Historically, student loans were created in order to help people gain access to educational opportunities that might improve their life chances. Significant financial knowledge and healthy financial management practices are a necessity for undergraduates contracting student loans. Higher educational costs, easily contracted student loans, and an economy in trouble can place students in a bind; student loans are more difficult to repay.

Racial Wealth/Asset Inequalities:

Social reproduction is the process by which advantages and disadvantages are transmitted intergenerationally. The history of race relations is instructive for understanding how social reproduction has institutionalized disadvantages for minority groups. Historically, the United States has had both class stratification and a racial caste system that limited economic success for Blacks and other minorities (Bowser 2007). Institutionalized in American law, this caste system prevented Blacks and other ethnic groups from acquiring significant portions of economic capital. Research documents America's persistent and increasing wealth inequalities between Blacks and Whites (Conley 2001; Oliver and Shapiro 1995). Furthermore, although racial income inequality has been decreasing, racial wealth disparities have been on the rise (Oliver and Shapiro 1995). Research has shown that the collapse of the housing market and recession that followed has exacerbated the household wealth disparities. The median wealth of Whites is now 20 times that of Blacks (Kochlar et al. 2011). These inequalities are partially explainable by the cumulative disadvantages that Blacks have faced from White discrimination. Institutional measures have also deprived Blacks of wealth. A social security program that excluded agricultural workers, income disparities that arose because of prejudicial practices, and racialized real estate practices that devalued Black neighborhoods are examples (Conley 2001).

These cumulative disadvantages, due to class and race, are transmitted intergenerationally. Research indicates that Blacks are much more likely to endure poverty and economic hardships than Whites (Rank 2009). Work by Dalton Conley suggests that even when controlling for historical disadvantages, social class, education, and missing intergenerational wealth inheritances that Blacks would have received, Whites still accumulate wealth at a much faster pace than Blacks (2001). Debt may be a crucial part in explaining how Whites accumulate wealth faster than Whites. Financial management practices and financial literacy may be related to racial wealth inequality. Borrowers who are sophisticated and knowledgeable about debt are more likely to use debt to their benefit. Student loan debt is supposedly a “good” form of debt because of its cost is “cheap” and it can be repaid when students begin working after college. The repayment of student loans is not scheduled to begin until after graduation, which also works to distance students from their debt commitments. Student loan debt can provide students with access to educational opportunities that may improve their life chances. Easy to obtain electronically, student loans for relatively unsophisticated borrowers may reproduce the existing class and race hierarchy.

What You Don’t Know Can Hurt - Research on Financial Knowledge/Education:

The recent mortgage crisis as well as consumer indebtedness and bankruptcies have prompted members of consumer sciences to rethink measures of financial literacy. New studies evaluate levels of financial literacy among the U.S. population (Huston 2010; Remund 2010). Research demonstrates that young people and minorities have lower levels of financial literacy compared to their older and white counterparts (Lusardi et al. 2010; Chen and Volpe 1998). Research has also established a link between financial literacy and ability to repay debt; those who are less financially literate are more likely to have problems repaying debts they have accumulated (Lusardi and Tufano 2008).

Outside of economics and consumer studies, research about financial literacy tends to be limited. One explanation may be because people who have filed for bankruptcy and/or have a high degree of indebtedness feel stigmatized and are reluctant to discuss their financial difficulties. Stigma may even cause people to hide their debts from family members and friends (Warren and Tyagi 2003; Ford1988). In America, discussions about money tend to be considered taboo. People tend not to discuss their finances. Those who do not make smart financial choices are held individually responsible. Seldom are financial institutions held responsible for causing people's financial troubles (Vyse 2008; Sullivan et. al 1989). Studies of financial literacy in the social sciences may help shed light on the origins of social problems like the recent Economic Recession by pointing to financial institutions that play a part in such events.

The literature shows that college students generally have low levels of financial knowledge. Chen and Volpe measured the personal financial literacy of 924 college students from 14 Midwestern college campuses in California, Florida, Kentucky, Massachusetts, Ohio, and Pennsylvania. They found that their subjects were not very knowledgeable about personal finances (1997). Henry, Weber, and Yarbrough suggest that college students either lack knowledge about financial management, for example, how to budget, or that they did not put much time into managing their finances (2001). Murphy's exploratory study about the financial literacy of Black students showed that college students in general have fairly low levels of financial literacy, scoring an average of three correct answers out of ten in a ten question questionnaire (2005). She also found that Black college students were less likely to be financially literate than their non-Black counterparts.

Recently, Heckman and Grable (2011) also found low levels of financial knowledge in college students. They investigated relationships between the attitudes of students' parents toward debt, income levels, and students' dependency status and students' knowledge about personal finance and credit (2011). They examined whether knowledge of personal finance relates to self-efficacy – students' belief in their financial management skills – when dealing with finances. Heckman and Grable found that students who come from higher income backgrounds had more knowledge along with greater self-efficacy in relation to financial knowledge than those from homes with lower incomes. Results also showed that the increased levels of financial knowledge had a significant and positive relationship with self-efficacy.

<u>College students, Financial Aid, and Debt – Putting it All Together:</u>

Social scientists have studied the impact of debt on students' choices whether to attend college or not, and the choices college students make following graduation. Callender and Jackson's (2005) research shows that in England debt pushes students from poorer households away from higher education because they are averse to debt. The researchers were unable to establish causation. It is unclear in the research whether undergraduate student loan debt has an effect on students' decisions to pursue graduate study. Some researchers like Weiler (1991), suggest that undergraduate student loan debt has little to do with students' decisions. On the other hand, Millett (2003) found that students with undergraduate debt of more than $5,000 are less likely to apply to graduate/professional schools than those without debt. Economists have concluded that students who carry debt tend to try for jobs that have higher salaries and front-end wages (Rothstein and Rouse 2011; Minicozzi 2002). These jobs result in fewer students entering public service work. In some cases, these jobs have higher initial incomes, but may have little room for financial growth.

Financial issues surrounding college attendance differentially affect Whites and minorities. Minority students are more likely than White students to need financial assistance even after receiving monetary help from families and taking advantage of all available financial aid opportunities, including grants and loans (Long and Riley 2007). Chen and DesJardins (2010) studied how financial aid differentially affects racial groups, through an examination of racial responses to changes in financial aid. They find variations in the way that financial aid changes affect students of different subgroups (e.g. race and income). Among students who do not receive grants, minority students are more likely to dropout than their White peers. They also found minorities have a higher chance of dropping out in their first year if they do not receive Pell Grants. However, when the Pell Grant is increased, these students are less likely to dropout than the White counterparts (2010). They suggest investigating cultural factors that may help explain the differences in persistence rates among students.

II. THEORETICAL FRAMEWORK

In America, education can lead individuals to higher incomes and better opportunities to improve their life chances. In this way, education has served to facilitate social mobility. Higher education is one of the most often used methods for attaining social mobility because of its legitimacy, visibility, and accessibility. The importance of education in the stratified hierarchy of American society has prompted social researchers to study educational inequalities to understand the persistence of stratification. Unequal access to education and divergent college choices in educational pathways have been hallmarks of enduring income and wealth inequalities in America.

This chapter is a review of theories on educational inequalities in the Sociology of Education. I trace the early theoretical and research developments in the sociology of education about educational inequalities up to the introduction of Bourdieu’s concepts of cultural and social reproduction. After tracing these developments, I discuss Bourdieu’s concept of cultural capital and chronicle some of the ways it has been used in the Sociology of Education. Finally, in this chapter I explain to the reader how the concept of cultural capital is utilized in my research and, in particular how cultural capital was instrumental in the formulation of the concept of financial cultural capital.

Background on Educational Inequality Theories:

Inequality in educational access and attainments at all levels, from pre-Kindergarten to post-graduate degrees, has garnered considerable attention from social researchers. A broad range of sociological theories have been developed in an attempt to explain the relationship between education and inequality. Early studies focused on stratification and were interested in the relationship between people's backgrounds and their occupational outcomes. These studies looked at the relationship between family origins and educational/occupational attainment (Blau & Duncan 1967; Sewell, Haller and Portes 1969; Sewell and Hauser 1975). This research established a link between education and social mobility. From these studies, status attainment models were developed to examine linkages between family background and occupational outcomes. The status attainment theoretical framework was fundamentally interested in investigating and demonstrating how different educational opportunities worked to promote equality (Lynch 2005). This tradition has persisted in the sociology of education as an explanatory model, although status attainment often failed to explain the situations of women and minority students (Erikson & Jonsson 1996; Kerchoff 1984). Status attainment and social mobility research was pertinent because it highlighted education's ability to be an equalizer in the face of persistent inequality.

New lines of research in the Sociology of Education examined components of the education system that may have been responsible for promoting equality in academic success. *Equality of Educational Opportunity* by researcher James Coleman and colleagues found that background variables like race and family were important, but showed that this importance may have been overstated by previous researchers. Coleman et al. found that the environments schools fostered were also important in explaining student ability as well as achievement (Coleman et al. 1966). The work of Coleman and his colleagues was instrumental in stimulating sociological studies that were more focused on the effects of education on students' life chances. For example, Jencks found that school has little correlation to occupational and economic income "success" (1972). This contradicted those who had proposed the idea of school as a viable vehicle for upward mobility. While Jencks did find a correlation between family status and academic achievement, he concluded that schools were basically used as labels, measures of status, and agents of socialization.

Conflict researchers soon began to take a more critical view of the educational system. Their work suggested that educational institutions were crucial to the perpetuation of capitalist principles. Some researchers proposed that schools actually acted as sites of social reproduction, functioning as capitalistic tools that were structured to traffic students into places in the existing class hierarchy (Bowles and Gintis 1976). Other research and analysis suggested that higher education institutions functioned as credentialing systems and bourgeois cultural inoculators instead of actually educating students (Collins 1979). Much of the critical work focused exclusively on social-class relations (Lynch 2000). In Europe, Bourdieu was exploring how both cultural and social reproductions operate in the field of education to maintain inequality by distributing cultural capital among different social classes (1977). Critical work of 1990s built on the work of Bourdieu by looking at other social exclusion indicators besides class, such as race (Lareau and Horvat 1999; Roscigno and Ainsworth-Darnell 1999). Rosigno and Ainsworth-Darnell (1999) investigate racial disparities in cultural capital and educational resources while Laureau and Horvat (1999) examine the role that race plays in the possession and activation of cultural capital.

Studies that focus on the racial dimensions of educational inequalities have also examined variations in racial/ethnic educational achievement (Persell and Hendrie 2005). They have noted that Blacks continue to be underrepresented at the top end of the distributions from academic achievement tests (Persell and Hendrie 2005). Research that seeks to explain the gaps in educational attainment tend to group around three broad explanatory variables: genetic, cultural, and structural (Persell and Hendrie 2005). Genetic explanations of racial variation in educational attainment suggest that, after controlling for socioeconomic factors, a gap still exists between Blacks and Whites (Herrnstein and Murray 1994). Most social scientists adamantly reject these claims, citing the social construction of race as a key factor undergirding analyses and interpretation of such data. Cultural explanations emphasize values, family, and linguistic choices used in the home as causes of educational inequities across races (Persell and Hendrie 2005). Structural explanations look to the allocation of resources and educational processes involved in achieving education credentials to explain racial inequality.

Background on Cultural Capital:

The concept of "cultural capital" was developed by French sociologist, Pierre Bourdieu, as an element in his theory of cultural reproduction. Cultural reproduction explains how French society reproduces the existing class structure by valuing some cultural traits in society over others. Bourdieu defines capital as "accumulated labor (in its materialized form or its 'incorporated,' embodied form) which, when appropriated on a private, i.e., exclusive basis by agents or groups of agents, enables them to appropriate social energy in the form of reified or living labor" (1986). Cultural capital consists of nonmaterial forms of the accumulated labor used to secure societal advantages. An example of this is present in past debates about the use of proper English in schools. Background knowledge of Standard English could be seen as a form of cultural capital because students who already speak it well have an advantage. Those who have grown up in households where Standard English has always been formally used have a cultural advantage in school compared to those who grew up in homes where other languages or forms of English were dominant. In Bourdieu's theory, certain forms of cultural capital are dominant in society. These dominant forms of cultural capital produce rewards for the possessor because they can be exchanged for other forms of capital.

Cultural capital is a part of Bourdieu's larger framework for an economy of practices, which posits that there are various forms of economy, including a nonmaterial economy, and that all social action is related to promoting one's self-interest, although this sometimes happens unconsciously (1977a). Bourdieu sees people as drawing from various economic forms in attempts to secure societal advantages. Bourdieu divides cultural capital into three forms: institutional, objectified, and embodied (Bourdieu 1986). Institutional cultural capital manifests itself in the form of educational credentials. These include degrees provided by universities. Objectified cultural capital includes cultural objects such as antiques or paintings. Embodied cultural capital is embodied within individuals and extends to the unconscious habits and choices of individuals and groups of individuals. It also includes knowledge that possessors inherit throughout socialization.

The embodied form of cultural capital is largely an unconscious process because it continually accumulates throughout socialization. There is a constant accumulation occurring that can be broken down along class lines. Bourdieu makes sure to emphasize the hidden nature of cultural capital transmission when he writes, "Cultural capital can be acquired, to a varying extent, depending on the period, the society, and the social class, in the absence of any deliberate inculcation, and therefore quite unconsciously" (1986:245). Embodied cultural capital is not easily recognizable like other forms such as cultural objects. This is what makes cultural capital so effective and difficult to grasp: the hidden and disguised nature of its transmission.

Cultural Capital in the Sociology of Education:

Since being transported to the United States, the concept of cultural capital has gained notoriety in the Sociology of Education. Cultural capital has been used to study culture's impact on school success (DiMaggio 1982; Farkas et al. 1990; Dumais 2002), and to explain educational attainment (Mohr and DiMaggio 1985; DeGraaf 1986; DeGraaf et al. 2000). Jæger, who sought to simultaneously test the three core arguments set forth by Bourdieu, has identified five types of previous research on cultural capital and educational inequality. He also notes that the research tends to test only one aspect of cultural capital. First, are those studies that view cultural capital as pertaining to high status culture which analyze the impact of children's participation in and knowledge of the culture as these relate to educational outcomes (Jæger 2009). Next, are studies that view cultural capital as "providing children with academic or cognitive resources" and that seek to establish a relationship between "parents' reading habits or literary preferences" and educational outcomes (Jæger 2009:1944). Then, there are studies that look at educational resources in homes as they affect educational success (Jæger 2009). Another type of study investigates the cultural transmission of cultural capital from parents to children (Jæger 2009). Finally, there are studies that focus on interactions of the cultural capital of children and that of their parents with "teachers or other 'gatekeepers' in the educational system to produce preferential treatment and educational success" (Jæger 2009).

Although the concept of cultural capital has sparked many empirical studies of culture and educational inequality, some researchers suggest that cultural capital has not reached its full potential (Lamont and Lareau 1988; Kingston 2001). Kingston's argument is centered on two propositions. He suggests cultural capital is not a substantial variable in the relationship between social privilege and academic success. He also believes there are too many variables that have been tied to the concept (Kingston 2001). He adamantly asserts that certain cultural practices such as "verbally stimulating conversation" are beneficial for everyone as far as school is concerned (Kingston 2001:96).

Other researchers attempt to reckon with the concept of cultural capital itself; they note some ambiguities in the original use of the concept. Lamont and Lareau, for instance, suggest there are ambiguities in the original use of the concept of cultural capital. They seek to clarify the concept. They argue that many different conceptualizations threaten the life of the concept. Clarification is necessary if its use in the social sciences is to continue (Lamont and Lareau 1988). Lareau and Weininger highlight deficiencies in the English educational research using cultural capital. They argue that the interpretation of cultural capital is misconstrued because it rests on two assumptions: 1.) cultural capital is strictly tied to knowledge of high status culture (e.g. opera, classical readings, etc.) and 2.) cultural capital is separated from "'skills,' 'ability,' or 'achievement'" (Lareau and Weininger 2003). In their critique, Lareau and Weininger suggest moving beyond equating cultural capital to familiarity with elite culture. They contend that this conceptualization is too narrow. In order for the concept to be more useful, the definition needs to be broadened. Holt suggests that the reason for the misguided fit between cultural capital and United States society lies in its formulation in previous research studies. Holt advises against defining cultural capital as tied to people's taste for specific, exclusive objects. He notes that technology and innovation (e.g. internet shopping, eBay, Amazon) have created changes that have made cultural objects more accessible to all groups in society (Holt 1998). People of lower classes are able to purchase products that had been previously restricted to elites in society. For him, objects are not as restricted and exclusive as they have been previously, which limits an analysis employing cultural capital defined solely by objects. For example, a student's choice to pursue higher education may not entirely be based on a desire for more education or enrichment, but could be based on an acknowledgement that those with more education tend to be paid more. Instead of focusing on *what* people are consuming, he argues that new studies should focus on *how* people are consuming to view the operations of cultural capital.

Ambiguities aside, many researchers have found the concept useful and continue to use it. Patricia McDonough used cultural capital in conjunction with the concepts "habitus" and "bounded rationality" to explore students' college choices. She found that the cultural capital was influential in how students of different social classes made choices about college (1997). Also, class was instrumental in shaping student aspirations, and students' thoughts about college entitlement were a product of their families' and/or schools' habitus, or the routine thoughts and actions taken by these social actors (McDonough 1997). Diane Rey defines cultural capital as parental involvement in the context of changing educational policies in England where parental involvement has become essential for student success. She found that middle-class parents have advantages over working class parents by having confidence in their knowledge of the educational system and using this knowledge as a means to positively affect their children's education (Rey 2004). For example, one middle-class parent who felt like her child was not receiving enough attention from school fought with the school system to secure extra support for her child. Rey's research also shows that ethnicity is a complicated part of cultural capital that can be used either as an advantage or disadvantage. Working class Black parents' frustrations about their inability to help their children according to school standards were dismissed by teachers. Furthermore, she noticed a relationship between educational policy and the cultural capital of middle-class, where the former works to enhance the latter (Rey 2004). Policy initiatives that prioritize parental involvement in education utilize the maximum potential of those who are already advantaged. Also, Lareau has conducted research that shows how the middle-class utilizes their cultural capital, in the form of knowledge and actions, to help their children during their transition to college (2006). She points out that White and Black middle-class parents, because of their informal knowledge of institutions, were more active than their working-class counterparts in ensuring the successful transition of their children to college by being involved in college preparatory plans as well as assisting students by giving them informal guidance while they were in college (Lareau 2006). While highlighting class as an important stratification factor, Lareau also notes that race is also important because being white and middle-class comes with advantages that have not been historically possessed by Blacks and these advantages become manifest in daily encounters. For example, she mentions that Blacks are more likely to have negative street encounters and interactions with the police. Such encounters are less likely for middle class Whites.

As suggested by Lamont and Lareau, cultural capital remains important "because it has improved our understanding of the process through which social stratification systems are maintained" (1988:154). Furthermore, the structural emphasis in Bourdieu's work has "helped improve upon existing studies of social reproduction and mobility" because of its ability to include human agency (Lamont and Lareau 1988:154). Cultural capital is a useful framework because it allows us to think about nonmaterial goods as a form of capital that helps people to secure advantages. While economic capital is important to increasing one's life chances, the ability to manage economic capital is also important and is a function of culture.

Financial Cultural Capital:

Building on existing analyses of cultural capital that take race into account, my research utilizes Bourdieu's concept of cultural capital to investigate, retrospectively, the knowledge college students bring to the student loan process. In this research, I utilize the broader definition set forth by Lareau and Weininger in their critique of previous educational research and conceptualize cultural capital as a nonmaterial form of labor that:

> allows culture to be used as a resource that provides access to scarce rewards, is subject to monopolization, and, under certain conditions, may be transmitted from one generation to the next (Lareau and Weininger 2003: 587).

This conceptualization allows me to investigate the cultural capital that students bring to the process of borrowing student loans.

I borrow from Lareau and Weininger and avoid divorcing cultural capital from technical ability and seek to move beyond a cultural capital framework that stresses knowledge of high status cultural symbols. My research seeks to capture the knowledge students bring to the student loan process and feelings that they have regarding their student loan debt(s). I investigate a form of cultural capital I call "financial cultural capital," in an attempt to assess students' technical abilities for contracting student loans (financial literacy), confidence in their abilities to repay student loans, students' habitus relating to financial management (their current routines of financial management), and the financial management habitus of their parents/guardians. The latter focus on parents and guardians provides access to socialization influences.

In America, a college education is no longer unusual. More people than ever have been attending colleges and universities. As a consequence, more students have been finding themselves in debt. Higher education provides students with an opportunity to increase their institutionalized cultural capital by receiving degrees. However, those students who graduate with debt may be at a disadvantage after graduation. They can suffer a loss of economic capital when entering the job market because of student loan debt obligations. In this way, the higher educational system in America may be reproducing the existing hierarchal structures of class and race.

Students who come from backgrounds with larger amounts of economic capital may be better equipped with strategies to repay student loan debt than those who come from more disadvantaged backgrounds. Those from upper class families have a much better chance of having the financial faculties to deal with debt or avoiding it altogether. Furthermore, they may have access to resources such as financial advice or funding unavailable to those from disadvantaged backgrounds. The racial caste system in the United States, in place for roughly 350 years, has limited the amount of wealth that minorities have accumulated. Inequalities of racial wealth are increasing in the United States (Conley 2001; Oliver and Shapiro 1995). It is important to determine if there are racial differences in the possession of financial cultural capital. The policy of encouraging students to borrow money for higher education may operate as a mechanism for reproducing race and class inequalities by causing students to enter the workforce with negative net worths.

My research focuses on students with loans at the University of Mississippi. I explore the question: Do Black and White students bring different resources—differences in knowledge and financial cultural capital—to the process of incurring student loan debt? Do they have different feelings about their debt obligations? Although my research only focuses on one form of cultural capital, the embodied form, it seeks to push beyond studies that focus only on educational success and attainment to investigate another way higher education institutions in America may be contributing to racial and class stratification. My research focuses on students with loans. For example, among students with loans, I seek to answer the following questions:

1. Were students financially knowledgeable and experienced when they contracted their loans?
2. Does students' financial knowledge and experience vary by race? Both of these questions seek to measure the extent and distribution of students' knowledge and financial cultural capital.

Also, I am interested in how students feel about their loans. For example, do they experience their loans as burdens? Are loans somehow disreputable? Are they gateways to brighter futures? Are students confident about the repayment of their debts? I am curious to know if feelings vary by race. My hypotheses are: (1) Whites will higher levels of financial cultural capital than Blacks. (2) Whites will have more -positive feelings than Blacks.

III. FROM GIFT TO CURSE: SOCIAL CONTEXTS AND SHIFTING FINANCIAL AID POLICIES

Student loans are a topic of discussion in contemporary society. Currently (2011) in the United States, the total amount of student loan debt has surpassed that of credit card debt. In a slow economy where jobs are scarce and the prospect for growth looks grim, some recent college graduates find themselves feeling pinched by debts they contracted to finance their educations. In the past, people have tended to consider student loans as "worthwhile debt," as a worthwhile investment in the future. Recently, this idea has come into question. Politicians, journalists, and financial aid experts are beginning to discuss student loan debt as a social problem, as students struggle to pay off massive amounts of debt incurred under the belief that their educations would provide them a means for repayment.

I begin this chapter with an overview of the magnitude of recent student borrowing. I briefly examine the rising indebtedness that students face and the influence of for-profit institutions and their practices. Following this examination, I provide an account of student loan delinquency rates, discuss college prices, and provide a brief history of federal policy that has shifted financial aid from grants to loans. In addition, I summarize current developments in legislation pertaining to student loans. My purpose is to provide a context for my study about the financial knowledge students bring to bear when they incur debt.

Size of student debt loads:

Each year, the U.S. government makes available about $100 billion in the form of loans to students for education (Kantrowitz 2011). By the time of graduation, the average student loan debt for all undergraduates is over $20,000. For those students graduating with Bachelor's degrees in 2008, the average debt ranged from about $23- $24,000 cumulatively (Kantrowitz 2011; ICAS 2010). Students graduating with Associate degrees accumulate an average debt of $13,000; while those graduating from certification programs have an average debt of about $11,000 (Kantrowitz 2011). As college tuition continues to rise, it is likely that the average debt carried by students will continue to increase.

According to the Project on Student Loan Debt, an initiative begun by the Institute for College Access & Success, 67 percent of students graduated from college with student loan debt in 2008 (ICAS 2010). This percent varies by the type of institution, with for-profit institutions having the highest percentage of students borrowing larger amounts of money (Kantrowitz 2010). In 2008, 62 percent of students in public universities and 72 percent of students at private schools graduated with debt (ICAS 2010). These figures pale in comparison to the 96 percent of indebted students at for-profit institutions (ICAS 2010).

The size of student debts has dramatically increased between 2004 and 2008. In 2004, the average loan for a graduate with a Bachelor's degree was $18,650. Four years later, in 2008, the average had grown to about $24,000, an increase of almost 30% (ICAS 2010). The average debt for students attending public universities in 2008 was about $20,000, a 19 percent increase from the average of $16,850 in 2004 (ICAS 2010). At private nonprofit universities, the average student debt in 2008 was approximately $28,000, a 30 percent increase from 2004. Finally, at for-profit universities, in 2008, the average was about $33,000, a 23 percent increase from 2004 (ICAS 2010).

In a follow-up 2010 study initiated by the Student Loan Marketing Association (Sallie Mae), the lending facility established to help the government find banks to participate in the student lending program, Dr. Bill Diggins found that in 2010 most parents and students who borrowed did so from the federal government. He also found that 46 percent of families who participated in the survey borrowed to finance education. This was an increase of 4 percentage points from the 42 percent of families that borrowed to finance education in the 2008-09 study, but about the same as results for the 2007-08 school year, 47 percent. Among Black families who borrowed, the number decreased from 53 percent in 2008-09 to 45 percent in 2009-10 (Diggins 2010). The study found that race was not a significant factor affecting the likelihood of borrowing, but income was. Families making $30,000 per year or less were more likely to borrow than families making more. Black students received the most money from grants; white families received more funds from scholarships (Diggins 2010).

In a recent study by the College Board, a nonprofit organization seeking to promote college preparation, success, and advocate for high quality and equal education, the number of students borrowing increased by about 10 percent over the years 2008-09 and 2009-10 (2010). These percentages are derived from an annual report called *Trends in Student Borrowing*, which focuses on loans from the federal government. According to this report, between 2009 and 2010, the pattern of student borrowing seems to change. The percentage of students borrowing from the federal government increased by approximately 14 percent, while the number of those borrowing from private lenders decreased by nearly 22 percent. Students who came from homes with incomes above $120,000 were less likely to borrow than students from homes with lower incomes. Furthermore, the latter were more likely to borrow less. Students who attended for-profit institutions were significantly more likely to borrow money than other students. The study notes that, "Almost all students who earn four-year degrees from for-profit institutions graduate with debt" (College Board 2010). For these students, median debt levels ranged from $24,000 to $34,000, varying according to incomes.

<u>For-profit universities:</u>

For the 2009-10 school year, student loan debt increased for all students, but the increase was the largest among students attending for-profit institutions. The rate of borrowing at these institutions has been so high that they caught the attention of the federal government. For-profit university students graduate with much more debt than students who attend traditional universities and colleges, and higher percentage of them graduate with debt. Because they serve mostly low income and minority populations who are more likely to be eligible for Pell Grants, most of the funding for for-profits comes from the federal government. The Frontline special *College Inc.*, an expose of the for-profit education industry, depicted for-profit universities as receiving about $20 billion each year in federal funds (PBS 2010).

In 2009, the federal government initiated an investigation into for-profit colleges and universities because of the large numbers of student loan defaults they generated. While servicing only about 10 percent of students, they accounted for about 44 percent of loan defaults (PBS 2010). Also, the federal government investigated the recruitment practices at for-profits and found that they had been illegally paying their recruiters based on the number of students signed up. The federal government filed lawsuits against some for-profits because of their incentive programs (PBS 2010). For-profits also face lawsuits from students claiming they were given false information about degree programs. Tuition and fees of for-profit institutions are usually higher than at traditional schools, which add to the amount of debt their students accumulate. Finally, for-profits have had a difficult time maintaining the 90/10 rule set by the federal government, which limits their income from federal sources to 90 percent of total income. Since the investigation into for-profit universities, Congress has enforced new regulations requiring for-profit institutions to show they are producing graduates who are gainfully employed (Sanchez 2011).

There has been a two-sided debate about the crackdown on for-profit universities. On one side, the proponents of the current legislation argue that for-profit institutions are capitalizing and exploiting their students. Advocates for the for-profit institutions argue that for-profit institutions are being unfairly attacked for trying to provide access to disadvantaged students. For-profit universities tend to serve poor and minority students.

Student Loan Delinquency/Default:

While the federal government claims that student loan default rates are actually quite low, there is reason to believe that they are higher than suggested. The *Chronicle of Higher Education* actually estimates the default rate to be one in five—about 20 percent— of every government loan that began to be repaid in 1995. For for-profit institutions, two in five or 40 percent of loans go into default after a fifteen year time span (Field 2010). Also, the way that the Department of Education calculates loan default rates is misleading. It only looks at students who default up to two years after graduation (PBS 2010). Not taken into account are the many defaults that occur years down the road. Also not mentioned are students who are having difficult times, but are using forbearance[1] or deferment as a means of avoiding default.

The default rate only looks at some of the problems associated with the student loan system. Some loans are delinquent, even though the borrowers do not necessarily default. While students who have defaulted are considered to have violated the terms of the promissory note signed for the student loan, delinquency refers to failing to make payments on time. Twenty-three percent of borrowers who began repayment in 2005 have postponed their payments in order to avoid going into delinquency (Cunningham and Kienzl 2011). One-third of these borrowers managed to make all their payments on time. Still, about 41 percent either went into default or delinquency (Cunningham and Kienzl 2011). The study performed by Cunningham and Kienzl, which examined an array of borrowers' behaviors and experiences, demonstrates that borrowers become delinquent or default on their loans based on a number of different factors. Students who did not finish college were more likely to default as well as those who began borrowing early on in their college careers. Only loans in default are turned over to collection agencies; nevertheless, those who enter delinquent status may suffer from credit score blemishes that can affect their abilities to borrow in the future (Cunningham and Kienzl 2011).

College Prices:

Another factor behind the increase in student borrowing is the rising cost of higher education. College tuition and fees have risen faster than household incomes (Skinner and Naughton 2008). Since the 1980s, educational inflation has outpaced family incomes and

[1] Forbearance refers to an agreement made between a borrower and the lender to defer payments because of financial difficulty. During this time, interest accrues on subsidized as well as unsubsidized loans. A forbearance must be applied for and is given for 12 month intervals for up to 3 years.

reduced the buying power of federal grants (Mumper 1996). There are debates about what has caused the cost of college to increase. In their book, *Why Does College Cost So Much?*, Archibald and Feldman argue that there is no crisis in college costs. They look to technological and economic changes to explain the increasing sticker prices faced by students and parents (2011). Measuring yearly tuition increases in prices adjusted for inflation, Skinner and Naughton note: "From 1976-1977 to 2005-2006, the tuition increase in constant dollars for all institutions was 140% compared with an increase of 723% in current dollars" (2008:16). Although a 140 percent change is significantly less than a 723 percent change, students and their families still feel the pinch from these increases.

Archibald and Feldman suggest revamping the entire financial aid system to make college more accessible for lower income students. Skinner and Naughton explain that the rising price of colleges is a consequence of reduced governmental support. Institutions try to make up declining revenues caused by decreasing support from federal and state governments with tuition increases. Smaller state and federal subsidies mean that students and families have to borrow more money to attend schools. Changes in federal financial aid policies from an emphasis on grants to loans for needy students have added to the problem. As financial aid policies have shifted to loans, families and students have been forced to take up the burden of increasing college costs by borrowing.

History of Financial Aid:

The history of federal educational loans and grants begins prior to the Civil Rights movement. However, I focus on the federal policy changes during that period. Because of the Civil Rights' Movement, women and minorities gained access to all higher education institutions in the United States. Furthermore, it was the Higher Education Act of 1964 that made provisions for all students to receive financial assistance to attend college. Over the years, support programs have changed in purpose and eligibility criteria. Some of these changes are associated with conservative political trends.

The federal government provides financial aid for college and university students in the form of grants, guaranteed student loans, work-study programs, and tax incentives for paying or saving for college (Archibald 2002). Of the four forms of assistance, grants and loans combined "account for two-thirds of available financial aid for students" (Price 2004). Increasingly, students rely on loans to finance a significant portion of their educations. According to Derek Price, the past two decades of rising college costs have been accompanied by a shift in responsibility for payment from the states and the federal government to parents and students (2004). Grants and loans are not equally available. The grants come from four sources: the federal government, state governments, higher education institutes, and individual or private donors with need-based and/or merit-based monies (Archibald 2002).

Historically, there have been several more federally guaranteed student loan options: Perkins Loans controlled by educational institutions; subsidized and unsubsidized Ford Direct Loans; subsidized and unsubsidized Federal Family Educational Loans Program Loans (FFEL) also known as Stafford Loans; and Parent (PLUS) loans (Archibald 2002). Perkins loans are loans granted by higher education institutions that participate in the program. Funds they lend to students are subsidized by the federal government. Under the Federal Family Educational Loan Program Loans (FFEL), private lenders loaned money to college students for educational costs, but were reimbursed by the federal government. With subsidized loans, the interest accrued on the loans during the time students were in school was paid by the federal government. With unsubsidized loans, this interest was added to the principal while students finished their educations. All three loan programs required students to begin repayment six months after graduating or dropping out. As of 2009, the Perkins Loans remain controlled by institutions. In 2009, the William D. Ford Federal Direct Lending Program, that offers loans directly from the federal government, purchased all loans serviced through the Federal Family Educational Loan Program. The result is that the Federal Government is servicing all federal student loans.

Shortly after the Civil Rights Act of 1964 outlawed race-based discrimination in schools, Congress passed the Higher Education Act of 1965. Title IV of The Higher Education Act was designed to provide assistance and open access to students with college ambitions, who could not afford to enroll (Price 2004;Paulsen & St. John 2002). This was a part of President Lyndon Johnson's efforts in the War on Poverty, and it was given impetus by the Civil Rights Movement because of the emphasis on equal opportunity, which "gave federal student aid a new moral high ground" (Wilkinson 2005). The Higher Education Act of 1965 produced Equal Opportunity Grants for low-income students in need and a subsidized loan program that provided interest free loans for low-income students while they were in training, and lowered interest rates after they graduated. These loans were only intended for students who came from households that earned less than $25,000 (Wilkinson 2005). People believed that the Act would help end poverty as well as discrimination. Hearn notes that the Guaranteed Student Loan Program was not initially designed to directly target disadvantaged families, but to help middle-income families by giving their parents access to funds so that their children could attend school (Hearn 1998). At the time these acts were passed, higher education was considered to be a collective good.

The 1970s were a particularly active time in federal financial aid programs; financial aid programs expanded. In 1972, another federal grant, originally called the Basic Educational Opportunity Grant, and known as the Pell Grant since 1980, was created to assist low-income students (Wilkinson 2005; Price 2004). The State Student Incentive Grant program to provide need-based grants also was introduced in the 1970s. Alongside these programs, federally-backed private programs, notably the Student Loan Marketing Association (Sallie Mae) were introduced. The Student Loan Marketing Association was a private corporation that sought to encourage banks to participate in the student loan business. This benefitted the government because it relieved some of the financial burden of funding loans directly (Hearn 1998; Price 2004). This partnership between the federal government and private banks represented a new discourse on higher education "framed as the means for individual students to pursue and achieve self-interested goals" (Price 34). No longer a collective good, higher education served individual self-interests. Loans soon became regularly instituted in new financial aid packages (Archibald 2002).

In 1978, Congress passed the Middle Income Student Assistance Act, which "removed the $25,000 income ceiling on eligibility for GSLs [Government Student Loans]" and "stimulated a shift […toward] loans in the overall balance of program allocations under Title IV" (Hearn 1998). This act opened up the market for student loans to students from prosperous families and resulted in an increase in the number of students utilizing them. Helping needy students with grant-based financial aid became difficult. With the passage of MISAA, the loan program began to grow out of control. Over time, changes in policies governing student loans reveal uncertainties in the philosophy behind student aid (Hearn 1998). The federal government has an incentive to control the cost of grants in budget appropriations. Relaxed rules for loan eligibility and higher rates of loan participation reduced the money available for grants. Grant money was used to cover government lending (Archibald 2002). Historically, there it is a repeating pattern. Growing public demand for loans produces an increase in government appropriations for loans, reduces the available money for grants.

Since the mid-1970s, a policy emphasis on grants virtually evaporated (Hearn and Holdsworth 2004). In 1980, the Parent Loans for Students (PLUS) program began. These loans allowed parents to borrow funds for their children's educations. In the 1980s, during the Reagan administration, legislation reduced student loan access; government policy reinstituted the needs-based requirements for loans. In 1986, Congress established an option to allow loan consolidation and created the Supplemental Loans to Students Program (SLS) for independent students, who receive no financial assistance from their parents (Hearn 1998). In the 1990s, loan limits were increased and an unsubsidized federal loan program was established; student loans were privatized. Also, the method for determining who was in need changed to allow more middle class students to be eligible for need-based loans (Hearn 1998; Archibald 2002). In 1992, President Clinton enacted the William D. Ford Direct lending program which operated alongside the Federal Family Educational Lending Program while Stafford loans and Ford Loans were reduced (Archibald 2002). The William D. Ford Direct, which recently bought all debt from the FFEL lending program, offered loans serviced by the federal government, which cost significantly less than servicing by private lenders. This put the government lending program in direct competition with the programs of private lenders. Educational institutions were permitted to choose the program in which they wanted to participate.

Loans and grants have changed over time even as the number of students enrolling in college after graduating from high school continues to increase. For most, student loans are an essential part of financial aid for higher education. Loans allow many more people to attend college that otherwise would not have the opportunity.

In 2008, congressional legislation raised the limits on the amount of money students could borrow in federal student loans. The upper limits for undergraduate subsidized and unsubsidized Stafford loans increased by $2,000. This change was made to encourage students to borrow federal loans instead of private loans. Also, provisions were made for students whose parents are denied PLUS loans to borrow more in unsubsidized federal loan money. As of 2009, there has been an increase in the number of students borrowing federal student loans, with unsubsidized Stafford loans absorbing much of the growth. In 2009, *The Chronicle of Higher Education* reported that Stafford borrowing was up 44 percent in 2008-09 compared to 2007-08 (Supiano 2009). This is a result of more students attending college as well as the increase in borrowing limits.

President Obama's healthcare bill, which contained the Student Aid and Fiscal Responsibility Act of 2010 (SAFRA) ended subsidies to private banks that financed student loans. With SAFRA, the federal government has taken over all federal lending to students under the DIRECT lending program. The federal government now originates and processes all federal student loans. This program is estimated to make billions of dollars for the US government compared to the losses created from federal subsidies to the private banks. Savings from these policy changes will go towards increasing the value of Pell Grants so that they keep up with inflation.

Other Recent Developments related to Student Loans:

In the past, bankruptcy laws have tended to favor the lenders of student loans. Financial aid websites acknowledge that student loans are rarely forgiven in bankruptcy (U.S. Department of Education 2010). Unlike most other debts (including credit card, mortgage, and gambling debts), borrowers who seek relief from student loans through bankruptcy must participate in hearings separate from their bankruptcy hearings to demonstrate that paying the loans would cause undue hardship. Occasionally, student loan debts have been reduced (Kelderman 2009). However, most student loans are not cleared in bankruptcy cases. Congress passed regulation in the 1970s that requires bankruptcy petitioners to prove undue hardship in order to have federal loans forgiven. This legislation was a response to the number of petitions by wealthy professionals. In 2005, under the Bush administration, this provision was broadened to include private student loans as well (Kelderman 2009).

The recent case of *United Student Aid Funds Inc. v. Espinosa* may end some of the advantage that lenders have over borrowers in the bankruptcy courts. In this case, a student loan company attempted to seek low interest payments after a bankruptcy court had ruled Espinosa cleared of his student loan debt. The case began in 2009, and the court has ruled in favor of Espinosa, citing that lenders cannot try to recoup debt once it has been cleared in bankruptcy court (Kelderman 2009). This case brought to light inconsistency in the definition of "undue hardship," the burden of proof required to declare student loans cleared through bankruptcy (Kelderman 2009). Controversial cases resulting in inconsistent definitions make it difficult to determine the meaning of an undue hardship.

Another measure to protect students against the perils of private borrowing has been put into place by the Federal Reserve. It now requires private lenders to be more transparent about the terms of student loans. Private student loan lenders must now provide borrowers with the following information: the beginning interest rates students may be charged, the highest interest rate attainable over the loan's life, all loan fees, examples that show the cost of the loan under different repayment plans using the highest interest rate, and the interest rates of all federal student loans for comparative purposes (Chronicle 2010).

The government has taken notice of the problem that private student loans pose in bankruptcy courts for petitioners. The Private Student Loan Bankruptcy Fairness Act (Hr 5043) was proposed in the House of Representatives in 2010 (Fuller 2010). This bill would allow private student loans to be declared in bankruptcy proceedings along with other forms of personal debt. Currently, HR 503 is under committee review (govtrak).

This chapter has detailed the rising level of student loan debts carried by students, highlighted factors relevant to the increases in student loan debt, and traced changes in federal financial aid policies. It illuminates why the examination of the knowledge, feelings, and financial cultural capital college students bring to bear when borrowing loans is a necessary and worthwhile endeavor. As policy pushes more students toward borrowing, the amounts students borrow become larger, college prices continually increase, and student loan defaults accumulate, students will be expected to take a more responsible role in managing these changes. Without the proper tools, loans and debts have the potential to severely disadvantage students and undermine their chances for accruing a significant amount of economic capital after graduating from college.

IV. METHODS

The Sample, Rationale, and Limitations:

The sample for my study is comprised of college students from the University of Mississippi. Since the university could not present me with a list of students who have student loans, I could not use random sampling. Instead, I used nonprobability sampling, a snowball sampling method to target students who have contracted for student loans. My data are cross-sectional. Only undergraduate students who have incurred student loan debts and will finish their undergraduate education with educational debt burdens were included in my sample. The University of Mississippi keeps no public records of the amounts students borrow. However, the Associate Director of Financial Aid informed me that during the academic year of 2009-10, about 60 percent of undergraduate students received student loans. I received no information about the demographics of the student borrowers.

My research is exploratory in nature; I used only a small subset of the population. Since I am using a small, non-random sample, I am unable to generalize to the entire population of students who receive loans. Demographic information about the population of student borrowers was not readily available, and the difficulty involved in obtaining the parameters of the student population precluded the use of probability sampling. My choice was to select some type of non-probability sampling.

Because of the sensitive nature of financial information, my sampling method is a mix of convenience, quota, and snowball sampling. Convenience sampling involves selecting respondents that are "conveniently available," while quota sampling involves stratifying the cases on selected criteria, e.g., race and gender (Singleton and Straights 2005: 133). I selected most of the students in my study through convenience sampling. I asked professors in my department to survey their classes for students willing to participate in my study. Participation in the study was optional and voluntary. I offered an incentive for participation: a 1 in 100 chance to win a $100 VISA gift card to those who filled out my questionnaire.

My respondents are students enrolled in various sociology classes at the university who were offered opportunities to participate in the research. I acquired participants from two introductory sociology classes, four upper division sociology courses, and from two African-American studies classes. I worked at the Writing Center. I offered opportunities to participate to students who used the services of the University Writing Center. I asked students to participate as I encountered them in different places on campus (e.g., Student Union, Library). Finally, using snowball sampling, I asked students with loans for referrals to other students. Snowball sampling "uses a process of chain referral" (Singleton and Straights 2005: 138).

The quota sampling method ensured an equal distribution of cases by race. I subdivided the sample between Black and White students to explore possible racial differences in the responses to my questionnaire. My primary unit of analysis was Black and White students.

The methods I chose for this research entail limitations. The sample consists of students from only one university. My sample is not representative of the population of students with educational loans. The majority of participants in the research were students enrolled in sociology and African-American studies classes; my sample is disproportionately comprised of social science majors. By partially using a snowball sampling method, I ran the risk of finding like-minded individuals, who may not reflect the full range of voices, perspectives, and possible responses.

The use of survey instrumentation will not allow me to directly establish cause-and-effect relationships between financial cultural capital and students' approaches to the loan programs. As this is a self-reported survey, there is the potential for biases. Students may try to give socially desirable or expected answers that reflect well on them and their socialization experiences. Finally, I was not able to perform actual observations, which prevented me from understanding the context in which financial cultural capital is marshaled. The foregoing limitations and the exploratory nature of my research notwithstanding, this research still provides some insights into students' understandings of the obligations they are taking on when they contract for student loans. Too, it is informative about the apparent ease with which students take on debt.

Demographic information:

My sample is composed of 100 students, 50 are Black and 50 are White. Forty-one percent of my subjects are men. The majority of the participants—89 percent—are in the 18-24 age range. The other 10 percent ranged from 25-53 years old. Four-fifths of my subjects plan to pursue an advanced degree after receiving their Bachelor's degrees. With respect to income, Whites tend to be bi-modal – more than half divided between the highest and lowest income levels. Blacks in the sample were more likely to come from homes of lower to lower-middle incomes. Over half of the sample had at least one parent who had received a Bachelor's degree or higher, and there was a marked distinction between Whites and Blacks on this characteristic. For example, sixty-two percent of White students in my sample came from homes where at least one parent/guardian had earned a Bachelor's degree or higher; thirty-eight percent of the Black population came from similar homes. One-quarter of my respondents were social science majors. The remaining participants were in sciences and arts. My respondents expected to graduate with student debt ranging from $10,000 to almost $50,000.

The Instrument:

My data were collected with self-administered questionnaires that I hand-delivered to respondents. I collected data during the months of April and May of 2011. As a method for gathering data, questionnaires are very efficient; they provided access to data necessary to answer my research questions. With the questionnaires, I could inventory students' "debt smarts." Singleton and Straights write that descriptive quantitative data seeks "to describe the distribution within a population of certain characteristics, attitudes, or experiences" (2005: 223). I use data from the survey to describe and compare Black and White participants.

My questionnaire, composed of 36 questions, allowed me to gather information about students' knowledge and awareness of: financial instruments, economic indicators, patterns – hiring and salaries – in their chosen careers, and the feelings and emotions attached to debt accumulations. Seven of the questions were designed to assess the knowledge students bring to bear while incurring student loan debt, while six of the questions were an assessment of students' feelings and emotions.

I incorporated questions into the questionnaire that gauge students' technical grasp of managing financial affairs during and after the educational process. Specifically, I tried to assess students' knowledge about the terms and conditions of repayment. Six questions seek to tap the feelings that students have about their student loan debts and their abilities to repay them after graduation. A subset of the feelings questions that asked about positive feelings, together with several other questions, were used to index students' financial cultural capital.

Questions from the questionnaire were aggregated into 3 indices: 1) knowledge, 2) feelings, and 3) financial cultural capital. The financial cultural capital index included questions designed to evaluate the four components of the concept: 1) technical ability measured by financial literacy, 2) confidence, 3) socialization and 4) habitus. An index is a composite measure which uses a sum or average to measure a concept (Chambliss and Schutt 2006). Students' scores on the knowledge and financial cultural capital indices were summed and averaged within race categories (Black or White) to provide an aggregate assessment. Scores for the feelings index were averaged.

To create my survey instrument, I borrowed some questions from other researchers, modifying them to fit the context of my study, my intention to assess student knowledge about concepts connected to borrowing, and my desire to account for respondent financial habits and practices. My survey contains ten demographic questions. I took five financial literacy questions from the 2008 Jumpstart Coalition for Personal Financial Literacy Survey for High School and College Students. These questions became the basis for my financial literacy score. I did not change the concepts that the questions were designed to measure. However, I did reword some of the questions. Three questions were taken from the 2010 Consumer Financial Literacy Survey prepared for the National Foundation for Credit Counseling services. Two of these questions I modified and included in the survey to gain insight into participants' socialization and habitus as related to financial management and budgeting.

I pre-tested the questionnaire and found it took about 7-10 minutes to complete, which fits with Gillham's suggestion that surveys should take a maximum of 10 minutes (Gillham 2008). Instructions on how the questions should be answered were included within each question. I grouped the questions according to their formats and by the concepts measured. The questions are either closed-ended or fixed choice, which made them easy to answer. Although easy to answer, these types of questions may obscure respondents' true thoughts. To account for this possibility, questions contained alternatives to the listed range of possible answers, e.g., none of the above. The sensitivity of student loan information did not allow me to employ large focus groups to help me construct possible answer choices for the questionnaire. I constructed the answer choices based on informal conversations with students. I pilot-tested the questionnaire on four students in the 18-24 age group before fielding it. Those four questionnaires are not included in the sample.

Measurement of Variables:

Knowledge:

I designed the knowledge index (composed of questions 1, 12, 16, 17, 18, 20, and 21) (see Appendix 1) to evaluate students' knowledge about different financial instruments, their awareness of current economic indicators and of possibilities for assistance in finding employment. Questions in this index asked respondents to check all possible answer choices that applied to them or about which they were aware. The questions about economic indicators and career possibilities also required respondents to answer with specific numbers, e.g., current unemployment rate. Every question was closed-ended and students selected different answer options. Each answer choice selected was worth one point. Questions about economic indicators and career statistics/possibilities asked participants to specify certain information about the U.S. economy. Respondents received one point for answering each question. I gave points for specific information about starting salaries because my broad categories for majors were not finely specified. The number of available points on the knowledge index ranges from 0-44. Scores for Blacks and Whites were averaged. I performed a t-test to test for significant differences.

Feelings:

The feelings index (questions 10, 14, 15, 22, 23, and 24) (see Appendix 1) is designed to measure whether students had more positive or negative feelings about their student loan debt obligations. My questions asked whether and how often students think about their debts, if they had negative or positive feelings about their debts, if they have safety nets to help them repay their debts, and if they were comfortable with their debts. The feelings index consists of six questions, four of which asked students to check all answers that applied. Two were multiple choice questions. I assigned each answer choice associated with positive feelings a positive value of one. Answers associated with negative feelings took negative values. Some questions were only coded for points if respondents answered "yes" to the question. These questions asked whether respondents had positive or negative feelings about their student loan debt(s). One asked students to simply check yes or no. A response of "yes" would allow respondents access to other answer choices, which I coded by giving points for each response. A response of "no" resulted in no points being received for those questions. In my questionnaire, there was an ordinal question asking about the frequency with which students thought about their debts. The range for scores on the feelings index was negative 12 to positive 12. Scores were averaged for Blacks and Whites. Then, I tested for significance with a t-test.

Financial Cultural Capital:

The financial cultural concept is an index based on a composite of questions (numbers 10, 15, 23, 24, 25, 26, 27, 28, 29, 31, 32, 33, 34, and 35 on the survey) (see Appendix 1) that inquire about students' confidence, technical ability (financial literacy), socialization, and habitus. The scores ranged from zero to twenty-nine. I summed and averaged the scores of Blacks and Whites. Then, I tested the scores for significance through the use of a t-test. Details about the questions used to measure the components of financial cultural capital are listed below:

Confidence: The confidence questions are a subset of questions used for the feelings index that asked about the positive feelings students had toward student loans. These include questions 10, 15, 23, and 24 from the survey instrument. Most of my questions asked respondents to select all choices that applied to them. There were also two multiple choice questions. The "select all choices that apply" questions were coded one point each. Answers to the multiple choice questions that indicated positive feelings were also coded as one point each.

Technical Ability (Financial Literacy): Questions in the financial cultural capital index that tapped into technical ability were five questions measuring basic financial literacy. The technical ability (financial literacy) measure is comprised of questions 31, 32, 33, 34, and 35 from the questionnaire. All questions were multiple choice questions about basic financial literacy concepts important for student borrowers. Each question has one correct answer. I assigned one point for each question they answered correctly.

Socialization: The socialization component was composed of questions twenty-five, twenty-six, and twenty-seven on the survey instrument. This section contained three questions, two of which were scored. The two questions that were coded for points (questions 26 and 27) inquired about respondents' awareness of changes in spending behavior by their parents or guardians as well as their budgeting practices. The other question (question 25) served only as descriptive tool. All questions were multiple choice questions, with those coded for 1-4 points based on ordinal responses.

Habitus: The habitus questions (numbers 26, 28, and 29) were geared toward understanding respondents' habits with respect to financial behavior. Because of the interconnection between an individual's socialization and habitus, the two sections share one question. This question (question 26) was coded for the socialization section; therefore, I did not code it for points with the other habitus questions. The two questions coded for points asked about respondents' budgeting behavior as well as their current financial situation were also based on ordinal responses. The scores range from 0-7.

The following table summarizes how I constructed the indices from questions:

Summary of Index Construction

Concept	Composed of Questions	Test Performed
Knowledge	1 + 12 +16 + 17 + 18+20+21	Summed, averaged, t-tested
Feeling	10 + 14 + 15 + 22 + 23 + 24	Averaged, t-tested
Financial Cultural Capital	10 + 15 + 23 + 24 + 25 + 26 + 27 + 28 + 29 + 31 + 32 + 33 + 34 + 35	Summed, averaged, t-tested

Table 4.1

V. RESULTS

What levels of knowledge and experience do students have with financial instruments when they take out student loans?

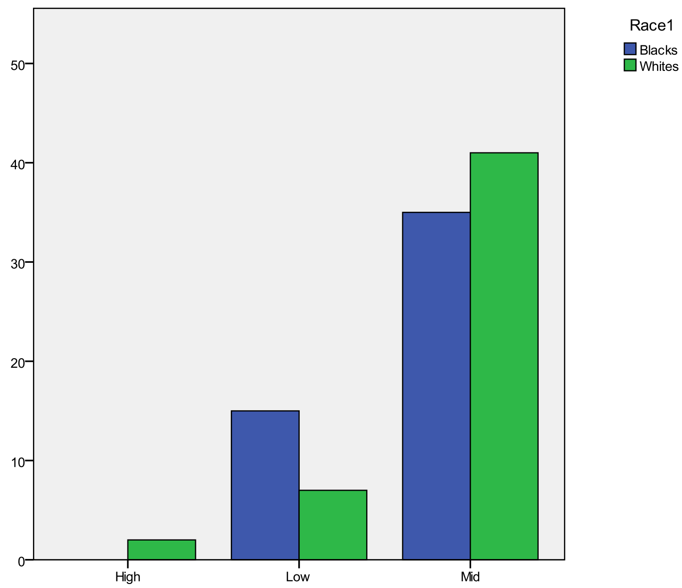

Figure 5.1

Knowledge Index

		Frequency	Percent	Cumulative Percent
Valid	Low	22	22.0	22.0
	Mid	76	76.0	98.0
	High	2	2.0	100.0
	Total	100	100.0	

Table 5.1

Knowledge Index (By Race)

				Frequency	Percent	Cumulative Percent
Knowledge Index	Race	Blacks	Low	15	30.0	30.0
			Mid	35	70.0	100.0
			High	0	0	100.0
			Total	50	100.0	
		Whites	Low	7	14.0	14.0
			Mid	41	82.0	96.0
			High	2	4.0	100.00
			Total	50	100.0	

Table 5.2

All data analysis was performed using IBM SPSS Statistics 17.0 software. Descriptive statistics were used for analysis of each index. Measurements for the distribution, central tendency and dispersion were used to summarize the data for the Knowledge index scores. The measurements were then broken down along racial lines. Respondents were grouped into one of three categories: low (scored 0-14), mid (scored 15-29), and high (30-44). The following are the results of this univariate analysis of the knowledge index: N=100, M = 18.63, SD = 5.579 for all respondents. About one-fifth of students (22 percent) scored in the low range. The majority, about three-quarter (76 percent) had mid-range scores. Very few respondents (2 percent) earned high scores on the knowledge index.

While most students scored mid-range scores, there was a discrepancy between Blacks and Whites in the low and mid range scores. Of the 22 percent of students who scored low on the Knowledge index, Blacks and Whites did so differentially (N= 50; 14 percent of Whites; 30

percent of Blacks). There was also divergence in the 76 percent of Blacks and Whites who had mid-range scores (N= 100; Whites = 82 percent; Blacks = 70 percent). Whites were the only group that scored in the high range at 4 percent. White respondents were more likely to be knowledgeable than Black respondents. Blacks were twice more likely than Whites to score low on the knowledge index, 14 percent compared to 30 percent.

Subsequently, do they have positive feelings or more negative feelings related to their student loans?

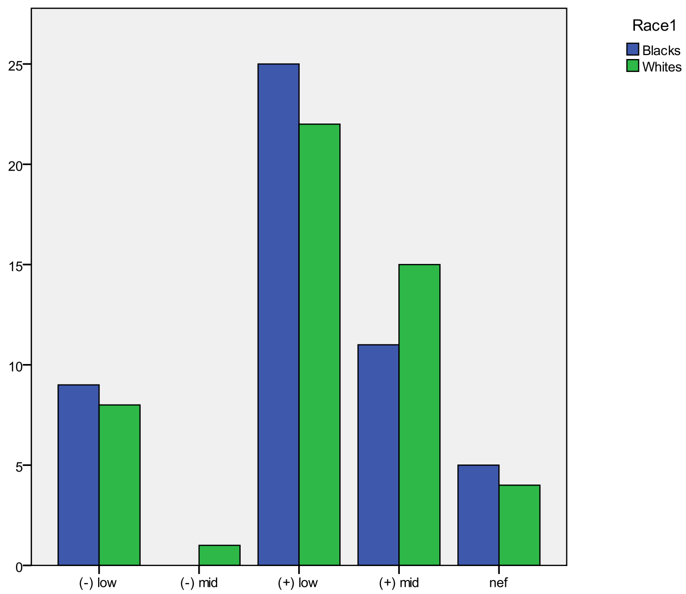

Figure 5.2

Feelings Index

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	(-) low	17	17.0	17.0	17.0
	(-) mid	1	1.0	1.0	18.0
	(-) high	0	0.0	0.0	18.0
	(+) low	47	47.0	47.0	65.0
	(+) mid	26	26.0	26.0	91.0
	(+) high	0	0.0	0.0	91.0
	ambivalent	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Table 5.3

Feelings Index (By Race)

				Frequency	Percent	Cumulative Percent
Feeling Index	Race	Blacks	(-) low	9	18.0	18.0
			(-) mid	0	0.0	18.0
			(-) high	0	0.0	18.0
			(+) low	25	50.0	68.0
			(+) mid	11	22.0	90.0
			(+) high	0	0.0	90.0
			Ambiv	5	10.0	100.0
			Total	50	100.0	
		Whites	(-) low	8	16.0	2.0
			(-) mid	1	2.0	18.0
			(-) high	0	0.0	18.0
			(+) low	22	44.0	62.0
			(+) mid	15	30.0	92.0
			(+) high	0	0.0	92.0
			Ambiv	4	8.0	100.0
			Total	50	100.0	

Table 5.4

To summarize the data for the feelings index scores, measurements for the distribution, central tendency and dispersion were used. The distribution measurements were broken down into categories and were also classified by race. Respondents were classified as one of six categories based on whether they had positive feelings, negative feelings, or no strong feelings as well as the level of those feelings: negative low (scored -1- -5), negative mid (scored -6 - -9), negative high (scored 10 - -12), ambivalent (scored 0), positive low (scored 1-5), positive mid (scored 6-9), and positive high (scored 10-12). The following are the results of this univariate analysis of the feelings index: N=100, M =2.90, SD = 3.560 for all respondents. There is a significant amount of deviation from the mean. About one-fifth of students (18 percent) expressed negative feelings, while about three-quarter (73 percent) had positive feelings associated with repayment of their student loan debt. Nine percent of respondents gave no expressed feelings, or were ambivalent about repayment. Among those who had negative feelings, 17 percent expressed a low level of negative feelings. One student out of both racial groups (1 percent) expressed a medium level of negative feelings. Among those students who expressed positive feelings toward repayment, 47 percent expressed a low level of positive feelings, while about a quarter (26 percent) expressed a medium level of positive feelings.

There were slight differences between Blacks and Whites in the positive and negative range of scores as well as the level of expressed feelings. Of the 18 percent of students who expressed negative feelings, Blacks and Whites did so equally (N= 50; 18 percent of Whites; 18 percent of Blacks). However, the numbers who expressed levels of negative feelings were small. There were 8 Whites (16 percent) who expressed levels of negative feelings. Only 1 White respondent (2 percent) reported a medium level of negative feelings. The 18 percent of Black students who had negative feelings all expressed low levels. The percentage of Blacks and Whites expressing positive feelings were similar (N= 50; Whites = 74 percent; Blacks = 72 percent). Of those students who had positive feelings related to their loans, half of Blacks (50 percent) expressed low levels of positive feelings compared to the 44 percent of Whites. The mid levels of positive feelings diverge slightly more with Blacks at 22 percent and Whites at 30 percent. Of the 9 percent of students with no expressed feelings, 10 percent were Black and 8 percent were White. Average scores for the feelings index differed by race (M (Whites)= 3; M (Blacks) =2).

What amounts of financial cultural capital do students possess?

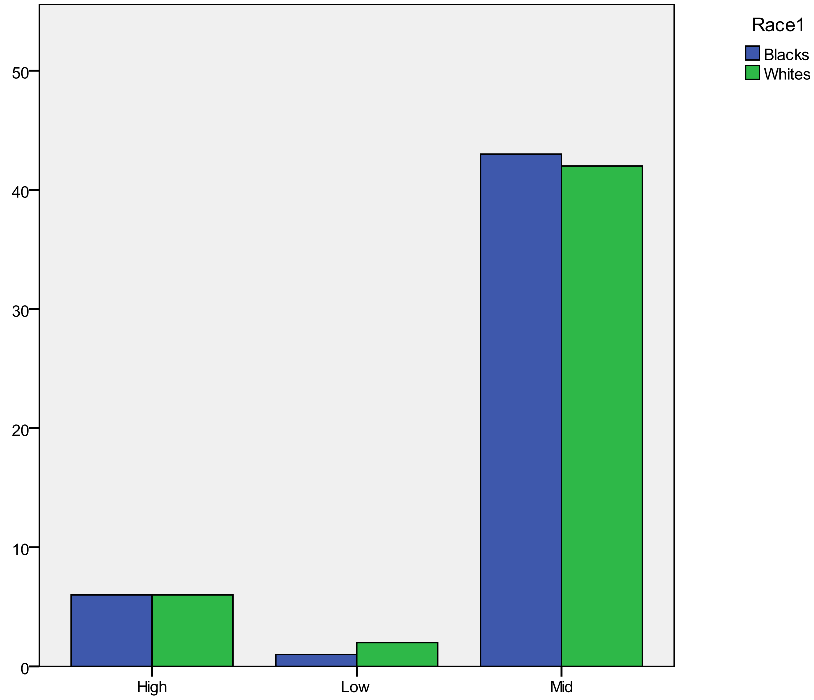

Figure 3

Financial Cultural Capital Index

		Frequency	Percent	Cumulative Percent
Valid	Low	3	3.0	3.0
	Mid	85	85.0	88.0
	High	12	12.0	100.0
	Total	100	100.0	

Table 5.5

Financial Cultural Capital Index (By Race)

				Frequency	Percent	Cumulative Percent
Fin. Cult. Cap. Index	Race	Blacks	Low	1	2.0	2.0
			Mid	43	86.0	88.0
			High	6	12.0	100.0
			Total	50	100.0	
		Whites	Low	2	4.0	4.0
			Mid	42	84.0	90.0
			High	6	12.0	100.0
			Total	50	100.0	

Table 5.6

Finally, descriptive statistics were utilized in the Financial Cultural Capital Analysis. Measurements for the distribution, central tendency and dispersion were also computed for the data for this index. Then, the distribution measurements were divided by categories and then subdivided by race. Respondents fell into one of three categories: low (scored 0-9), mid (scored 10-19), and high (20-29). The following are the results of this univariate analysis of the knowledge index: N=100, M = 15.98, SD = 3.219 for all respondents. A small percentage of the sample (3 percent) scored in the low range. The majority of the sample, 85 percent, had mid-range scores. A small percentage of respondents (12 percent) scored high on the index.

There was little discrepancy between Blacks and Whites in the scores of the index. Of the 3 percent of respondents scoring low scores, there was a small difference between the scores of Blacks and Whites. There was one Black respondent and two were White. Most students scored in the mid range, and there were similar responses between Blacks and Whites in the mid level range (N= 50; Whites = 84 percent; Blacks = 86 percent). The number of students who scored high was evenly distribtued between Blacks and Whites (N= 50; Whites = 12 percent; Blacks = 12 percent). There were no racial difference in the average of scores (M (Whites)= 16; M (Blacks) = 16).

Do knowledge, feelings, and financial cultural capital differ significantly differ by race?

T-test of Indices (by Race)[2]		
Index	T-score	P-Value (2-tailed)
Knowledge	T(98) = 3.041	P = .003***
Feeling	T(98) = 1.239	P = .218
Fin Cultural Capital	T(98) = .371	P = .711
N= 50 Blacks N= 50 Whites N= 100 total	*Significant at .10 level **significant at .05 level ***significant at .01 level	

Table 5.7

A two-tailed independent-samples t-test was conducted to compare the means of Blacks and Whites across the three indices (knowledge, feelings, financial cultural capital). The results show that there is a significant difference in the mean scores of Blacks and Whites on the knowledge index (M = 18.63, SD = 5.579); t(98)= 3.041, p =.003. No significant difference were found in the means of the feelings index (M =2.90, SD = 3.560); t(98) = 1.239, p=.218. There was also no significant difference in the Financial Cultural Capital Index (M = 15.98, SD

[2] Other analyses were performed on the data. The components of the financial cultural capital index were t-tested individually. No significant differences by race were found. Further, the data were tested using the Mann-Whitney U-Test and the Median test, which both have fewer assumptions regarding normality of the data distribution. The Mann-Whitney U-test results were similar to the t-test results: (Knowledge index p=.008***, significant at the .01 level). No other indices were found to be significant. No indices were significant at the .10 level when the median test was applied to the data.

= 3.219); t(98)=.371, p=.711. These results show a difference in the knowledge and experience that students have of financial instruments related to borrowing for student loans.

VI. DISCUSSION AND CONCLUSION CHAPTER

This study assessed the knowledge that undergraduate students have about basic financial instruments and the terms of their student loans as well as their feelings about their student loans. It also introduces a new conceptualization of cultural capital, financial cultural capital, which takes a multidimensional approach to investigating financial knowledge and experience by looking at social factors related to finance. The study examined racial differences in the knowledge, feelings, and financial cultural capital of Blacks and Whites.

The data show that most students have mid range levels of knowledge, they are not completely ignorant about their debt responsibilities, but they do not have high levels of understanding. The majority of students expressed positive feelings about the student loans they have incurred. However, a significant portion expressed feelings that are minimally positive on this issue. A large minority also expressed medium levels of positive feeling. The overwhelming majority of students had a medium level of financial cultural capital. Whites and Blacks possessed roughly equal amounts of financial cultural capital and similar feelings regarding their debts. Comparing the two, whites possess more knowledge and slightly more financial cultural capital than Blacks. Race was a significant mediating factor in the amounts knowledge that students exhibited regarding the use of financial instruments and investigation into the terms of their students loans.

While most students had mid range scores on the knowledge index, roughly one-quarter of students scored in the low range. Black students were twice as likely as White students to have low knowledge levels. About a quarter of students held a medium level of positive feelings toward their student loans, but no students possessed high levels of positive feelings in their ability to repay their student loans. Meanwhile, about one-fifth of the students sampled had negative feelings about the repayment of their student loans.

There may be mediating factors affecting students' knowledge, feelings, and financial capital. It is likely that socioeconomic status may act as a factor in the discrepancy between the scores of White and Black students. Black students in the sample were more likely to come from lower to lower-middle income backgrounds. Also, Whites in the sample were much more likely to come from homes where at least one parent had earned a Bachelor's degree. These parents represent resources that can help students navigate the financial aspects related to student loan borrowing and repayment.

Furthermore, student loan debt may be contracted in order to receive training that will pay better than a high school education or to allow students to use higher education as a learning resource. Students may exhibit positive feelings as a result of beliefs in the rewards of schooling. This finding is interesting in the context of an unstable economic condition where jobs are scarce, which may impede students' ability to repay their student loan debts. In addition to this, age may play a factor in the knowledge as well as feelings that students have. The students in the sample were mostly college aged, between 18 and 24. Research does show that young people tend to be less knowledgeable about financial issues than older people

(Lusardi et al. 2010). The results of scores from the knowledge index may be symptomatic of these issues.

The study finds different results than those that focus directly on financial literacy. Whereas Chen and Volpe (1998) found that students have low levels of personal finance knowledge, this study shows that they have more than a minimal knowledge of finances. However, these results are based on questions that are not strictly about financial knowledge. This index includes questions related to personal use of basic financial instruments, consideration and knowledge of the terms of student debt, as well as training and encouragement in basic financial management skills. At the same time, the study does support their suggestion that minorities tend to have less financial knowledge than Whites.

The results yield insights that merit discussion. Students' positive feelings regarding the repayment of their student loans are an indication that the current economic climate has not had a very large impact on their views of the value of a college education. The positivity shows that students believe the returns on their investments will afford them enough economic capital to repay their investments. Undergraduates are still hopeful about their financial futures. Similar amounts of financial cultural capital suggest that Whites and Blacks may have relatively similar amounts of financial literacy and confidence in their repayment abilities. Differences Blacks and Whites have in knowledge about their debt responsibilities, basic financial instruments and information about the current economic climate is disconcerting. One implication of this is that these students may have divergent views about how to handle their student loan responsibilities following graduation.

This research provides insights in the financial world of college students and contributes to the sociological literature. It provides a window into the experience and understanding that undergraduate students have to aid them in handling, what for many of them, may be the largest debt they have accumulated up to date and will have to face immediately following graduation. Drawing on suggested reformulations and uses of cultural capital, financial cultural capital gives us a new way to think about cultural capital. It moves beyond a focus on high status culture, cultural objects, and viewing parent and children's cultural capital as separate by taking a multidimensional approach to investigating nonmaterial resources that people may utilize to gain advantages in society. It also provides us with a new way to conceptualize how higher education may be contributing to social stratification process through financial aid policies more geared toward student acquisition of debt. In addition to this, it creates a sociological space for the investigation of financial literacy that takes social factors other than financial knowledge into consideration.

As with any social research project, this one was not without limitations. The small and mostly homogenous sample size may have impacted the results. If I could have used a random sampling technique, I would have much more confidence about my finding. However, the topic is personal, about matters not discussed openly. Furthermore, instead of substituting the subsection of positive questions from the feelings index for a confidence measure, if I had used different questions for these two components of the project, the results may have revealed more variation in the indices. These are two methodological issues that I would address in future research on this topic.

I cannot make any inferences on how students' knowledge, feelings, and financial cultural capital are related to the repayment practices that students will employ once they graduate. Moreover, this research does not speak to the meanings that college students make of the knowledge and feelings that they have regarding their student loan debts. I cannot examine how these meanings may influence their thoughts about their student loan debts. These topics, along with exploring how financial cultural capital is influenced by other background variables, are ripe places for investigation. Learning more about these issues can help in evaluating the question of whether or not higher education may be acting as an agent of social reproduction in society through policies that disadvantage some students because of differences in their strategies for contracting and repaying student loans. Future research might benefit from a longitudinal research design and a correlation analysis of financial cultural capital and the repayment histories of students after graduation is a suggestion for future research.

Debt serves a purpose in higher education. It does provide an opportunity for many students, who do not have the economic capital necessary to finance higher education, to further their educations and possibly become upwardly mobile in society. However, social context cannot be ignored. One interpretation of the increasing student loan debts attributed to students could be viewed as a function of changes in societal views. Failure to fund students could be the result of societal views that view higher education no longer as a collective good, but as good for the individual. As the average student loan debt nears the limits placed on federal student loan borrowing, students may eventually be forced to borrow from private lenders to finish their education.

The loan debts students accumulate seem to be growing larger, in an economic context marked by high rates of unemployment and reluctant employers. The rewards of a college education seem to be declining. In such a context, borrowing money on the premise of future lucrative employment begins to look more like gambling. Without adequate financial knowledge during the borrowing process, students may be ill-equipped to repay the debts that they accumulate while in college. Borrowing may be reproducing existing social hierarchies by miring students in debt. Taken to its most extreme, students may be entering lives of indentured servitude, where they spend their lives trying to repay student loans.

While President Obama has recently signed legislation that offers some relief to student loan debtors, this relief will only impact those students who acquire student loans as of 2012. People who currently cannot pay and are struggling to repay their student loans will be unaffected by this legislation. The president's attempt to make the price of college more affordable and the amounts of debt students are likely to accumulate more transparent is a step in the right direction for future borrowers, but there needs to be some kind of relief for current borrowers who are in trouble. I would recommend that instead of the brief loan entrance and exit exams students take when borrowing money, students who have contracted student loans be required to take a hands-on personal finance class wherein they are made to explore their income potentials following graduation, assess the amounts of their predicted monthly repayments, and prepare monthly budgets on a cost of living associated with their expected lifestyles following graduation. To keep students abreast of their debt obligations and to keep student loans accessible, I recommend keeping the electronic promissory notes, but making students sign them each year with a total amount of gross debt they have accumulated. Finally, students should be encouraged to borrow only as needed in an attempt to help keep their future debt burdens under control.

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APPENDIX

APPENDIX A

APPENDIX A: SURVEY INSTRUMENT

Survey for Project on financial cultural capital:

1. Age___________

2. Gender _________________

3. Race ___________________

4. What year are you in college?

   a. Freshman. b. Sophomore. c. Junior. d. Senior. e. Graduate Student.

5. Are you:

   a. Single. b. Married. c. Partnered. d. Divorced. e. Widowed.

6. What is your parent's/guardian's income level (if independent, use your own income)?

   a. 0-19,999. b. 20,000-39,999. c.40,000-59,999. d.60,000 -79,999. e. 80,000+.

7. What is the highest level of education attained by your parents/guardians?

   a. Less than 12years. b. High School Diploma. c. Vocational/Trade school.

   d. Associate Degree. e. Some College. f. Bachelor Degree. g. Graduate/Professional Degree.

8. Which of the following best describes your major or area of interest in college? (Pick one.)

   a. Arts. b. Business or economics. c. Engineering.

   d. Humanities. e. Nursing. f. Science.

   g. Social Science. h. Other.

9. What is the highest level of education you plan to receive?

a. Associate (two-year). b. Bachelor degree (four-year).

c. Master's degree. d. Doctorate, law or professional (six years or more).

10. Do you think about your student loan debt(s)? Yes ___ No ___ If yes, how often do you think about your student loan debt(s)?

a. Rarely, I try to avoid thinking about my student loan debt(s).

b. Sometimes, but I do not think too deeply about it.

c. Sometimes, but I think intensely about it when I do.

d. I think about my student loan debt(s) often.

11. What do you know about the U.S. economy? (Check all that apply and fill in the blank.)

___ current rate of unemployment. Please specify ______.

___ current annual rate of inflation. Please specify ______.

___ significant economic events that have occurred since Fall 2007. Please specify
____.

___ the health of the economy since Fall 2007. Please specify ___ better ___ worse

12. What do you know about your field of study? (Check all that apply.)

___ starting salary. Approximate amount ___________.

___ demand for specialty/major. – rising ___. falling ___.

___ recent graduates are finding work in your field.

___ employers you may look to for a job.

13. Do you believe that debt is a private matter (not to be discussed with others)? Yes___ No___ If yes, with whom do you feel comfortable discussing your student loan debt(s)? (Check all that apply.)

___ immediate family. ___ friends. ___ other students.

___ extended family. ___ associates. ___ anyone willing to listen.

___ coworkers. ___ financial professionals (e.g. accountants, counselors, advisors).

14. How do you feel about your student loan(s)? Do you have negative feelings? Yes ___ No ___

If yes, check all that apply:

___ ashamed about your indebtedness. ___ regretful that you borrowed money for school.

___ worried about your ability to repay. ___ depressed by your student loan debt(s).

___ none of the above.

15. Do you have positive feelings associated with you student loan debt(s)? Yes ___ No ___

If yes, check all that apply:

___ confident that you will be able to repay.

___ glad you borrowed to attend the university.

___ believe borrowing for education is worthwhile.

___ believe that your education will allow you opportunities to pay off your student loan debt(s).

___ none of the above.

16. Did you consult people before borrowing your student loans? (Check all that apply.)

___ Parent/Guardian. ___ Friend. ___ Online consultants.

___ Teacher. ___ Counselor. ___ Personal Finance Class.

17. Did your parents/guardians: (Check all that apply.)

___ discuss money management strategies with you?

___ encourage you to save money?

___ encourage you to open a bank account?

___ help you open a bank account?

___ give you money to save?

___ help you with the student loan process?

18. To your knowledge, what financial instruments do your parents use? (Check all that apply.)

___ Credit card(s).

___ Stock(s).

___ Bank Account(s) (checking or savings).

___ Car Loan(s).

___ Debit Card(s).

___ Payday Loan(s).

___ Bond(s).

___ House loan(s).

19. On what do you spend your student loan money? (Check all that apply.)

___ tuition payment.

___ transportation.

___ rent.

___ recreation.

___ study abroad.

___ help out friends/family.

___ personal appearance.

___ clothes.

___ automobile payments.

20. Which of the following financial instruments do you have experience with? (Check all that apply.)

___ Credit card(s).

___ Stock(s).

___ Car Loan(s).

___ Checking Account(s).

___ Savings Account(s).

___ Debit Card(s).

___ Payday Loan(s).

___ Bond(s).

___ Security Deposit(s).

21. When contracting for your student loans, did you check (Check all that apply.)

___ different repayment schedules?

___ total costs of loan (interests + principal)?

___ the life of the loan (how many years it would take to pay it off)?

___ consequences of extending loans/delaying payments?

___ penalties for non-repayment?

___ if loan(s) can be escaped through bankruptcy?

___ if loan(s) could be excused through service options (e.g. military, teaching)?

22. If you could change your student loan history, would you (Check all that apply.)

___ borrow less money?

___ borrow more money?

___ investigate more carefully before borrowing?

___ borrow only for necessities?

___ avoid borrowing?

___ make no changes?

23. If you were unable to pay on your student loans for a period of time, do you believe that your family would be able to help you with repayment?

a. Yes.

b. No.

c. I am uncertain.

24. Are you comfortable with the amount of money you have borrowed thus far for your education?

a. Yes.

b. No.

c. I am uncertain.

25. Thinking now about what you have learned about personal finance, where do you think that you learned the most? (Pick one.)

a. From parents or at home.
b. From self-help books or media.
c. From a financial professional.
d. From friends.
e. From school.
f. At work.
g. From the internet.
h. Spouse or partner.
i. Learned on own/myself.
j. None of these.
k. Don't know.

26. Growing up, did you notice your parents'/guardians' consumption patterns (e.g. shopping, dining out, entertainment, etc.) change according to their financial circumstances?

a. I witnessed changes in my parents'/guardians' consumption patterns, but was not made aware that they were associated with financial constraints.

b. I witnessed changes in my parents'/guardians' lifestyle patterns and was made aware that they were associated with financial constraints.

c. I did not witness changes in my parents'/guardians' lifestyle patterns, but they did discuss financial constraints.

d. I did not witness changes in my parents'/guardians' lifestyle patterns and there was no discussion of financial constraints.

e. I don't know

27. Which of the following best describes how your parents/guardians manage money?

a. They have a budget and carefully monitor how much they spend on such things as food, housing, and entertainment.

b. They do not have a budget. They have a pretty good idea about how much they spend on such things as food, housing and entertainment, but they do not carefully track their spending on these things.

c. They do not have a budget. They do not really know how much they spend on such things as food, housing and entertainment, but they keep track of your overall spending and try to stay within certain limits that they have set for themselves.

d. They do not have a budget. They do not know how much they spend on such things as food, housing and entertainment, and do not track their overall spending.

e. I don’t know.

28. Which of the following best describes how you manage your money?

a. You have a budget and carefully monitor how much you spend on such things as food, housing, and entertainment.

b. You do not have a budget. You have a pretty good idea about how much you spend on such things as food, housing and entertainment, but you do not carefully track your spending on these things.

c. You do not have a budget. You do not really know how much you spend on such things as food, housing and entertainment, but you keep track of your overall spending and try to stay within certain limits that you have set yourself.

d. You do not have a budget. You do not know how much you spend on such things as food, housing and entertainment, and do not track your overall spending.

e. I don’t know.

29. Which of the following best describes your financial situation?

a. You pay all your bills on time and have no debts in collection (You are not being pursued by a collection agency).

b. You pay all your bills on time. You make only the minimum payments but have no debts in collection.

c. You do not pay all bills on time. You struggle to pay your bills every month and may miss a payment but have no debts in collection.

d. You do not pay all bills on time. You are getting calls from collectors and struggle to pay your bills every month.

e. You do not pay all bills on time. You are seriously considering filing for bankruptcy or have filed for bankruptcy in the past three years.

f. I am not involved at all in any financial decisions including how money is spent in my/our household.

30. If you encountered an emergency or unexpected expense, how would you pay for it?

a. Pay cash.
b. Borrow the money from family or friends.
c. Take out a loan.
d. Charge it to a credit card.
e. Use debit card.
f. Neglect paying your other financial obligations.
g. Other.
h. I am uncertain.

31. Many people put aside money to take care of unexpected expenses. Which of the following forms of saving is the least accessible?

a. A down payment on the house.
b. Checking account.
c. Stocks.
d. Savings account.

32. What kinds of loans have had the lowest interest rates?

a. Federally subsidized Direct Stafford Loans for undergraduate students.

b. Federally unsubsidized Direct Stafford Loans for undergraduate students.

c. PLUS loans for parents and graduate students.

d. I am uncertain.

33. Under which of the following circumstances would it be financially beneficial to you to borrow money to buy something now and repay it with future income?

a. When you need to buy a car to get a much better paying job.

b. When you really need a week of vacation.

c. When some clothes you like go on sale.

d. When the interest on the loan is greater than the interest you get on your savings.

34. If you went to college and earned a four-year degree, how much more money could you expect to earn than if you had only had a high school diploma expect to earn over a lifetime?

a. About 10 times as much

b. No more; I would make the same either way.

c. A little more; about 20% more

d. A lot more; about 70% more

35. Amy went to college. She borrowed $2,000 per year for four years of education, totaling $8,000. Lisa borrowed $4,000 per year to attend a school that offered a two-year certification program. Her debt will total $8,000. They both graduated the same year and borrowed their money using unsubsidized loans at the same interest rate. When they finish their educations, who will owe the least amount of money?

a. They each owe the same amount because they borrowed the same amount of money.

b. Amy, because she borrowed less per year than Lisa.

c. Lisa, because Amy has accumulated more compound interest because of her time in school.

d. I am not certain.

36. When you finish(ed) your undergraduate education, how much do you expect (did you) owe in student loans?

a. Less than $5,000.	b. $5,000 - $9,999.	c. $10,000 - $19,999.
d. $20,000 - $29,999.	e. $30,000 - $49,999.	f. $50,000 - $69,999.
g. $70,000 +.	h. I am uncertain.	

VITA

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FELLOWSHIPS, GRANTS, SCHOLARSHIPS:

2011	University of Maryland's Dean Fellowship
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2009-2011	Underrepresented Minority Fellowship - $1,000
2009-2011	University of Mississippi Sociology Graduate Assistantship
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AWARDS AND HONORS:

2011	Larry W. DeBord Award for Outstanding Sociology Graduate Student
2011	Who's Who Among America's College Students
2007	Multicultural Man of the Year (Ole Miss Ambassadors)
2005	Chancellor's Leadership Class

PROFESSIONAL PRESENTATIONS:

2010 "An Inquiry into the Increased Importance of Student Loans in Financial Aid and How it Relates to African Americans." Association of Black Sociologists Conference 40th Annual Meeting, Atlanta GA, August.

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TEACHING EXPERIENCE:

2010-2011 Teaching Assistant, University of Mississippi, *Introductory Sociology,Urban Sociology*

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