U.S. STUDENT LOAN PROGRAMS AND THEIR IMPACTS ON STUDENTS OF LOW-SOCIOECONOMIC STATUS
A REVIEW OF THE LITERATURE

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ABSTRACT

This thematic review of the literature seeks to analyze current understandings of U.S. student loan programs (SLPs) and their impacts on students of low-socioeconomic status across the student life cycle. SLPs are now a mainstay of higher education (HE) financing policy in the U.S., but the significant rise in national student debt (now over $1.4 trillion) represents an increasingly prominent social, political, and economic concern (The White House, 2019). Assessment of higher education funding policies, particularly student loan programs, is imperative to maintaining and progressing educational equity. This is particularly important for students of low-socioeconomic status (low-SES), who may be more vulnerable to the risks associated with student debt. To assess current understandings of SLPs, this paper utilizes a thematic review of the literature, referencing works published from January 1, 2008 to June 30, 2019 and primarily sourced from two databases managed by EBSCO (a leading provider in research databases): Education Information Resources Center and the Professional Development Collection. I demonstrate that student loan programs – through their negative impacts on HE access, experiences, and outcomes – have exacerbated existing HE challenges: debt aversion, complexity of processes, financial illiteracy, stringent admissions standards, unmet need, part/full-time work, degree incompletion, and loan default. These impacts of student loan programs are driving low-SES students into nonselective, less successful HEIs. This further stratification of higher education undermines their potential returns on their educational investment. In this way, contemporary student loans have evolved into an "imperfect tool to reduce educational inequality" (Baker et al., 2017, p.8), but may be more a "symptom" than "cause" (Eden, 2016, p.3) of the educational inequity experienced by low-SES students striving for higher education.

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CHAPTER 1. - INTRODUCTION

Student loan programs (SLPs) are now a mainstay of higher education (HE) financing policy in the U.S., but the significant rise in national student debt (now over $1.4 trillion) represents an increasingly prominent social, political, and economic concern (The White House, 2019). High debt burdens and default rates have led some to compare student loans to the home-mortgage debt bubble that precipitated the 2008 Financial Crisis (Dynarski et al., 2013). Indeed, media coverage of a 'student debt crisis' is extensive and growing (e.g. see Hoffower et al. 2019, Krupnick 2019, Nadworny et al. 2019, and Stebbins 2019 for general analysis; O'Reilly 2019 for political commentary; and Ingraham 2019, Zandi 2019 for economic ramifications). National student debt is already a primary topic for the 2020 presidential election, with several of the Democratic Party candidates releasing proposals to reform SLPs and ease or erase all outstanding debt (Sanders, 2019; Wolf, 2019). The White House (2019) has responded by releasing proposals for HE financing reforms, hinting at a possible attempt at reauthorizing (i.e. amending) the Higher Education Act, the original legislation that established student loans as a funding solution. At this important junction of higher education policy, when extensive concerns have been raised, and with the possibility of policy reform looming, it is imperative to understand the current state of U.S. student debt and its impacts on the students that rely on it the most – those with the least financial and cultural/social capitals. Assessment of higher education funding policies, particularly student loan programs, is imperative to maintaining and progressing educational equity. U.S. higher education is a highly stratified system, in terms of cost, selectivity, and prestige. If student debt negatively impacts the access, experiences, and outcomes of borrowers, then the way students finance their education represents yet another stratifying element embedded in American society. This is particularly important for students of low-socioeconomic status (low-SES), who may be more vulnerable to the risks associated with student debt. "Therefore, it is critical for stratification (and educational equity) scholars to disentangle the potential benefits and consequences of using student loans to pay for college, and how these benefits and consequences may serve to further stratify students" (Baker et al., 2017, p.2). This study seeks to do just that by addressing the following research questions:

What are the current understandings of U.S. student loan programs and their impacts on students of low-socioeconomic status across the student life cycle?

- *Access - How do student loans impact access to HE for low-SES students?*
- *Experience - How do student loans impact low-SES borrowers during HE?*
- *Outcomes - How do student loans/debt impact post-HE outcomes for low-SES borrowers?*
- *Recommendations - What are the most prominent policy recommendations to improve equity in U.S. student loan policy?*

To assess current understandings of SLPs, this paper utilizes a thematic review of the literature, referencing works published from January 1, 2008 to June 30, 2019 and primarily sourced from two EBSCO-managed databases: Education Information Resources Center (ERIC) and the Professional Development Collection (PDC). I begin with an autobiography of the question to establish my personal and professional experience pertaining to student loans. Additionally, this reflective section outlines the causal pathway by which my academic interest in the topic was developed. With this foundational knowledge and my research objective established, I present the methodology used to conduct this literature review. Contextual information is then provided, detailing the current U.S. student loan portfolio. I further contextualize my research by presenting information on the Higher Education Act and funding changes of the 1960-'70s, the commodification of HE, the turbulent 2000s which intensified the 'student debt crisis', and the current state of SLPs. Broadening access to HE is the historic aim of SLPs, but, increasingly, critical assessment seeks to determine SLPs impacts on students after admission to HE. Thus, my findings are structured around three themes which mirror the chronological stages of a student's higher education participation cycle: access, experience, and outcomes. My research reveals a fourth, prevalent theme, which examines policy recommendations found throughout the literature review, presenting a comprehensive overview of the dominant suggestions by academics, educators, policymakers, and other stakeholders. Despite the goal of SLPs to make higher education accessible for students of low-socioeconomic status, I present a growing consensus that student debt further stratifies education by segregating students by institutional quality. I conclude this review with a discussion of how student loan policy has undermined the social mobility (change in social status relative to one's current position (Houle et al., 2018)) aspirations of low-SES students by driving them to less successful higher education institutions (HEIs) – resulting in poorer experiences and outcomes – and how future research is essential to equitable HE funding policy.

CHAPTER 2. - AUTOBIOGRAPHY OF THE QUESTION

Student Debt and the Crushing of the American Dream - that is the title of a New York Times opinion article (Stiglitz, 2013) published just 8 days after my undergraduate commencement and outlines the anxiety I felt upon graduation: will I find a job, was my investment worth it, did I make the 'correct' choices which will lead to social mobility? For more than a decade, similar sentiments have dominated my perception of graduates entering the labor market and/or continuing their education, as well as the challenges awaiting myself and my peers. This is further exemplified by events occurring at the time of my high school graduation and matriculation into university, having graduated secondary school in May of 2009, less than a year after the 2008 Financial Crisis. I'm now pursuing a master's degree, and financial uncertainty for myself and fellow graduates persists. One such concern is that of the negative impacts of U.S. student loan programs and the growing unpaid educational debt.

As a higher education student and professional, HE financing has been a consideration of mine since the mid-2000s. I earned a bachelor's degree from the University of Alabama (UA) in 2013, and I am now enrolled in a postgraduate degree program at the University of Glasgow (UoG), pursuing a Master's of Science in Education, Public Policy & Equity. As a prospective student, access to higher education was dominated by funding considerations. Grants and scholarships were restricted to merit-based results from standardized tests, and I knew that a merit scholarship was the only way I could afford to attend a selective school. My time was invested into studying for this test, and my enrollment was dictated by this score and how much funding was offered. This restricted me to an in-state, public school, although my score was good enough to attend the flagship, public university. Furthermore, how much supplemental income I needed from my part-time job, and the extent to which I could pursue extracurricular activities (e.g. study abroad, non-paid internships) to enhance my degree, were also dictated by HE funding. Indeed, HE financing policy and the fear of debt have had a significant impact on my life choices and opportunity.

From 2013 to 2018, I was employed as an International Education (IE) Coordinator at UA, where I assisted students and faculty with IE programming (study, intern, research abroad). As a HE professional, I observed the funding dilemmas of my students: balancing school and work, determining if and how they could study abroad based only on financial factors, sacrificing academic considerations because of financial constraints, and balancing personal needs with those of a child or dependent. Additionally, I assisted students with accessing loans and grants and learned more about U.S. federal financing programs. I worked extensively with students of the highest financial need (e.g. Pell Grant-eligible) pursing a Benjamin A. Gilman Scholarship, a federal program that provides HE grants for students from the lowest socioeconomic backgrounds. My exposure to student debt as a pupil and professional has fostered a keen interest in this HE funding scheme as educational policy.

As a UoG master's student, I now have the opportunity to analyze HE student loan policy and assess its impacts. Prior research into this topic was the focus of two of my master's course assessments. The first comprised a comparative study on HE financial policy and student loans between England and the U.S. The second was an analysis of the impacts of student debt on U.S. minority racial/ethnic groups. The latter exposed me to the disproportionate debt burdens held by historically disadvantaged groups and exposed the vulnerabilities some populations face when borrowing for HE. This and my prior professional work with Pell and Gilman scholars have honed my research interest to focus specifically on students of low-SES. Furthermore, as other countries adopt similar funding policies (as I argue is the case currently in England) understanding how low-SES students fare is of growing importance. Among my friends, students, and colleagues, student debt is a common point of discussion, considered a taxing and difficult burden to bear. Despite my personal challenges with securing the funds for HE, I also recognize my privilege. Unlike so many, I had support from family, educators, and friends. I enjoyed many cultural, social, and financial capitals that others lack. As student debt burdens continue to rise, I find myself questioning the effectiveness of this policy for students less privileged than myself.

CHAPTER 3. – METHODOLOGY & LIMITATIONS

This study is a thematic review of the literature (Cronin et al., 2008) – the goal of which is to collect and analyze contemporary policy dialogues pertaining to student debt and low-SES students and to present those findings in a structured, repeatable way. My findings are organized around five general themes: context, access, experiences, outcomes, and recommendations. Given the interdisciplinary nature of this topic, a wide range of literature was reviewed: federal and state websites, government reports, journal articles, newspapers, non-governmental organizations' reports, etc. In this chapter, I detail the methodology used to conduct this review, and then discuss the methodological limitations, namely, the challenges associated with defining 'low-socioeconomic status'.

3.1. - METHODOLOGY

This study identified two EBSCO-managed databases particularly relevant to my research goals due to their emphasis on U.S.-related, education-specific content. The primary database used in this study is the Education Resources Information Center (ERIC), an authoritative database of peer-reviewed literature and resources pertaining to education. Sponsored by the Department of Education's Institute of Education Sciences, ERIC is a well-respected, U.S.-focused resource for educational researchers, ideal for a study seeking to understand the current state of American educational policy. Additionally, EBSCO's Professional Development Collection (PDC), a more specialized database of education literature, was accessed. These two databases contain a mix of academic literature and both governmental and nongovernmental reports. By employing these two professional collections, this literature review utilizes content that is peer-reviewed and that is being generated and considered by policymakers.

EBSCO's systematic and consistent indexing ensured thoroughness when reviewing the literature. Utilizing the databases' 'descriptor thesaurus,' relevant descriptive nomenclature, pertaining to both the theme (SLPs) and population (low-SES students) addressed in this review, was identified. A comprehensive list of these descriptors, along with their possible synonyms, were employed to search both ERIC and the PDC. The results for articles containing 'student loan,' or one of its descriptor synonyms, produced

4,000+ results. Using boolean operators, ‘low-income groups’ and synonymous descriptors were combined with ‘student debt’ to result in 174 resources that addressed student loans with significant considerations for students of low-socioeconomic status. These results were further filtered by date, excluding literature published before 2008. The resultant 89 resources were then reviewed for relevance based on the following criteria:

- Does this information focus on the impacts of student loans/debt in the U.S.?
- Are the experiences of low-SES students a primary focus?
- Is the work contemporary (published on/after 1 Jan. 2008)?

Furthermore, a general library search was conducted utilizing the University of Glasgow Library’s search engine. While the general search is not as sophisticated as that of the EBSCO-hosted databases, additional resources were identified and reviewed using the above criteria, descriptor terms, and boolean operators. This second search method served to assess my decision to primarily utilize ERIC and the PDC, testing the comprehensiveness of that primary search, as well as to ensure I was capturing all relevant literature. The most notable contributions from the general library search were the inclusion of print and electronic books – sources excluded from the collections maintained by ERIC and the PDC. In addition to these two searches, the bibliographies of the works deemed relevant to this study were carefully reviewed and cross-referenced to works already identified and examined by this study. Furthermore, literature and research reviews on the topic (Baker et al. 2017; de Gayardon et al., 2018) were used to identify additional materials and ensure thoroughness of research.

Documents were uploaded to and reviewed in Mendeley, a software tool used by researchers to store, organize, and reference publications. Thematic organization was used to catalog findings, grouping relevant information based on its contribution to contextual information, student experience (access, experience, outcomes), and/or policy recommendations. A Google Sheet was created for each of these categories and used to record bibliography information, relevant findings, methodology/data utilized, and research notes. These data collections serve as the core of this paper’s major chapters, allowing me to recognize themes and form a comprehensive understanding of contemporary dialogue relating to U.S. student debt.

Ethical considerations were applied in accordance with the British Educational Research Association's (2018) guidelines for responsible, ethical research. Primary research was not conducted as part of this study, thus, nullifying many ethical requirements. However, this review maintains strict adherence to the Harvard method for citation to ensure published works are accurately credited. Literature is sourced from peer-reviewed, highly-respected databases and/or from up-to-date websites and reports. Critical assessment of the literature is conducted in a professional manner as an earnest attempt to "contribute to the community spirit of critical analysis" (British Educational Research Association, 2018, p.62). Finally, transparency regarding my methodology allows for external scrutiny and assessment of the quality of this review

3.2. - Methodological Limitations

3.2.1. - Literature Selection

To strengthen the relevance of this review and manage its scope, I have made two very distinct decisions in the methodology: the use of ERIC and the PDC as my primary sources for literature and the exclusion of information published prior to 2008, a period hugely significant to HE financial policy. My research question is of a contemporary nature, and the events of 2008 changed the landscape of U.S. student loan programs and debt. The 2008 Financial Crisis and antecedent practice of deregulating credit, including student loans, is at the core of the contemporary student debt 'crisis'. Other significant events include the election of President Barack Obama, the administration's response to the Great Recession, and the changes that were made to education policy, such as the 2008 Reauthorization of the Higher Education Act. The demographics of college attendees are also evolving, in terms of both diversity and average debt burden (Velez et al., 2019). These events and their impacts have eroded the level of relevance of past research efforts (pre-2008), which often rely on data from the 1990s. Indeed, the most recent study in this review (Velez et al., 2019) only employs data from 2007/2008, more than a ten-year gap in the experiences of present-day students. This historical information is expanded upon in the following chapter. While I contend these decisions to refine my research are the best course of action due to the contemporary nature of my topic, by so doing I inherently restrict my focus and the scope of this paper.

3.2.2. - Defining ‘Low-Socioeconomic Status’

This review is primarily concerned with the impacts of student debt on the population of borrowers with the least financial and social/cultural capital (Bourdieu, 1986). However, defining this group of students has proven to be challenging and is a limitation of this review and one present in the wider literature. I contend that there does not exist a universally agreed-upon classification for these students due to the intersectionality (inherent overlapping) of their identities and experiences (Looney et al., 2015). There are numerous commonly used classifiers for this student population: the national poverty line, eligibility status for the need-based Pell Grant, first-generation status, family income, and how much a family is expected to contribute to education (Expected Family Contribution) - all of which are regularly used, often synonymously, when referring to students of lower financial means (Dodson et al., 2019). Students often meet more than one of these classifications but are identified and/or studied using only one classifier. Yet, to use these terms synonymously is problematic; for example, as Davidson (2015) demonstrates, there exists more than a $20,000 difference ($43,430 and $60,000) between income caps for the national poverty line and Pell Grant eligibility respectively (ASPE, 2019). Furthermore, the stratification of wages and cost of living between states makes any national standard starkly arbitrary. While considerable differences are common, such as the demonstrated wide ranges of family income level, conversely, there are often similarities between classifications. Students with less financial and social/cultural capital often meet more than one criterion that make them nontraditional. The term ‘nontraditional students’ is a prime example of potential intersectionality. This is an inclusive term - often defined as students who tend to be lower-income, older, part-time enrolled, first-generation, independent of their parents, and/or racial/ethnic minorities (Looney et al., 2015). Nontraditional students often meet several of the criteria that classify them as ‘nontraditional,’ but they are still considered to hold this classification if they meet only one of the designated criteria. In much the same way, this review adopts an inclusive nomenclature and seeks to account for the intersectionality of identity by acknowledging and accounting for both the differences and similarities of classification. This is exemplified by several examples in the literature (Carnevale et al., 2019; Houle, 2014; Johnson et al., 2017; Lillis, 2008; Miller et al., 2011; Smith et al., 2009), which utilize the descriptor ‘low-socioeconomic status’ (low-SES) when referring to this diverse group of students.

By using an inclusive term, such as ‘low-socioeconomic status,’ this review accounts for each possible way students with lower financial and social/cultural capital are identified in the literature. It also includes elements of a student's identity, beyond the financial, that impact their opportunity - such as parents' education level. Therefore, included within this study are publications that use one or more classifiers for ‘low-socioeconomic status’- lower-income, below the poverty line, Pell Grant eligible, older, student parents, part-time enrolled, first-generation, independent of their parents, and/or racial/ethnic minorities. While some of the descriptors alone do not inherently correlate with levels of financial capital (e.g. age, race/ethnicity, independent/dependent status), literature was included that used these terms when classifying students of low-SES. As mentioned above, this has its drawbacks, as it lacks a standardization for who is being referenced, but to omit any of the identifiers utilized by stakeholders is to leave out important information being considered by policymakers.

The complexity of defining this student population is one reason why this review focuses on students of low-socioeconomic status and is inclusive in its criteria. The diversity of U.S. higher education enrollments and, as will be later demonstrated, the complexity of the student loan program have further exacerbated the challenges policymakers face when assessing the effectiveness of student loans (Looney et al., 2015). In their analysis of financial education of students, Walstad et al. (2017) argue that the "heterogeneity across students makes it difficult to define one policy or program that improves well-being for all students" (p.104). Furthermore, it obscures possible failures for vulnerable populations on the margins of policy effectiveness. Students of low-socioeconomic status hold traits that make them particularly vulnerable to being overlooked by a large-scale, federal policy. Thus, a review such as this is a timely contribution to the dialogue as it seeks to identify and unite a diversity of contributions into one, unified account of how student loans are impacting borrowers of low-socioeconomic status.

CHAPTER 4. - LOAN ADMINISTRATION & HISTORICAL CONTEXT

Students are increasingly reliant on loans to meet costs associated with higher education participation (College Board, 2019a; College Board, 2019b). Yet, despite their present pervasiveness, student loan programs are a (relatively) new phenomenon in U.S. higher education (Gilbert et al., 2013). The adoption of and rising reliance on SLPs is the byproduct of several historical occurrences, which are important to consider when assessing the impacts of these programs on students of low-socioeconomic status. This chapter first provides foundational knowledge of the current U.S. student loan portfolio, followed by an account of the historical factors that have produced and influenced student loan policy, concluding with a summation of the contemporary state of U.S. student debt. Most important to this review are historical financing trends (state disinvestment, increases in tuition/fees and student loans, commodification of HE), SLPs' emphasis on broadening access, the turbulence caused by the 2008 financial crisis, and the need for multifaceted policy assessment, one that accounts for the growing heterogeneity of HE enrollees. This contextualization of the topic is prevalent in the literature and provides critical information needed to analyze the findings of this study. It further serves to inform the research question, aiding in the assembly of a holistic understanding of how past policies, rhetoric, and events have impacted SLPs and their impacts.

4.1. - Foundational Knowledge - U.S. Student Loan Programs

To access student loan programs, students must complete a Free Application for Federal Student Aid (FAFSA) to determine their eligibility for federal financial aid (grants and loans). This application calculates a student's Expected Family Contribution (EFC), the measure of a family's financial strength based on size, income, and assets/debt. A student's EFC is used to ascertain financial need and which federal aid programs one is eligible to utilize. Unlike other student loan programs, the U.S. has a diverse portfolio of SLPs, with varying terms and conditions. Figure A outlines the administrative details of each U.S. federal loan. Individual HEIs are responsible for determining how much eligible federal aid will be offered to a prospective student. Institutions use a student's EFC to calculate how much financial aid is offered and may or may not extend access to the maximum amount to which a student is eligible. Important to this review, EFC also determines a student's eligibility for the Pell Grant - federal funding that does not require repayment and is awarded to students with the most financial need (NASFAA, 2018; Studentaid.ed.gov, 2019).

FIGURE A - U.S. Student Loan Portfolio (as of July 2019) (Studentaid.ed.gov, 2019).

Name of Loan	Eligibility	Eligibility Limit	Grace Period	Loan Cap	Interest Rate	Fees	Income-Based Repayment Plan	Loan Forgiveness
Direct Subsidized	• Undergraduate (UGS) • Demonstrated financial need	150% of published length of program	Payments required 6 months after leaving school (Dept. of Education pays interest during this time)	Varies by Year and In/Dependent Status Dependent Students $31k (no more than $23k in subsidized) Independent Students or Parents Not PLUS Eligible $57k (no more than $23k in subsidized) for UGS & $138k (no more than $65k in subsidized) for GS	Undergrad: 4.53% Graduate: 6.08%	1.062% - 1.059%	YES	YES
Direct Unsubsidized	UGS and Graduate Students (GS)	NONE	6 months after leaving school (Interest accrues during this time)		Graduate: 6.08%		YES	YES
Direct PLUS	• Parent, GS or Professional student • Participatory HEI • Credit Check	NONE	No Deferment option but interest accrues.	Cost of attendance minus any other financial assistance the child receives	7.08%	4.236%	YES	YES
Direct Consolidation	• Hold eligible federal loans • After leaving school or dropping below half-time	NONE	NO	NA	Weighted average of the consolidated loans	UNKNOWN	YES	YES
Perkins (Cancelled 2017/'18)	• UGS and GS • Demonstrated financial need • Priority to exceptional need	Varied*	9 months after leaving school	Varied*	Varied*	Varied*	NA	YES

4.2. - Historical Context

Understanding the history of student loan programs is imperative to effective assessment of the current state of this funding policy. Particularly relevant to this review is the fact that federal financing of higher education was derived, in part, as an equity initiative, with the hope of broadening enrollment and investment in tertiary education (de Gayardon, et al., 2018; Huelsman, 2015; Solis, 2017). A hugely influential report commissioned by President Truman in 1946, *Higher Education for Democracy*, argued that there is a wide pool of untapped talent, barred from HE access by financial barriers. The report introduced the idea of federal financial support for higher education (a role previously held by individual states), championed equitable access, aimed to double enrollments by 1960, and advocated a greater utilization of community colleges (Gilbert et al., 2013). Yet, these initiatives had several unintended consequences, such as stressing state education budgets, leading to funding cuts and HEIs instituting tuition and fees to cope with the increased demand for HE services (Brown, 2006; Dwyer et al., 2012; Gilbert et al., 2013; Nica, 2014). Federal funding also struggled to keep pace with demand, stagnating enrollment; thus, enrollment and investment growth was capped by state and federal funding (Burd et al., 2013; College Board, 2019a; Gilbert et al., 2013). The federal government responded by instituting the first SLPs, which promised a solution to the budget shortages and unmet financial need of prospective students (Dwyer et al., 2012). This sentiment is exemplified in a speech given by President Lyndon Johnson upon signing federal financing into law in 1965, stating that these programs ensure "that a high school senior anywhere...can apply to any college or any university in any of the 50 states and not be turned away because his family is poor" (Dynarski et al., 2013, p.1). Reauthorization of the Higher Education Act in 1972 further established SLPs as a primary solution to HE access and funding challenges, creating the first federal organization for the administration of student loans: the Student Loan Marketing Association (known as 'Sallie Mae') (Nica, 2014; Studentaid.ed.gov, 2019).

Since these historic changes to higher education financing, public funding has sharply declined, to be replaced by ever-increasing tuition and fees and the use of student loans to pay the difference (College Board, 2019a; College Board 2019b; Institute for College Access & Success, 2017). Compared to 1998, published HEI cost of attendance (adjusted for inflation) in 2018-'19 was 2.11, 2.15, and 3.04 times higher at private non-profit four-year, two-year public, and four-year public HEIs respectfully (College Board, 2019a). Tuition and fees have risen an average of 4.2% annually since 1992, and, although total public funding is 38% greater than it was 30 years ago, total appropriations per student are now 11% lower (2019a). The Pell Grant has also seen a steady decline in its purchasing power (Joseph et al., 2011; Saunders et al., 2016). When first established, the Pell Grant represented more than half of the federal aid package and covered an average of over 50% of fees for public, four-year universities. Now less than 30% of federal aid, a Pell Grant covers less than a third of those fees (Kelpher et al., 2015). Similarly, students working a minimum wage job in 1980 need only work 24 hours a week to finance a bachelor's degree, compared to 60+ hours today (2015).

With little incentive to rein in costs, HEIs utilized student loans to fuel growth and grew increasingly reliant on this private funding. Recruiting efforts were intensified and institutional funding shifted to merit-based scholarships to offset high costs for high-achieving students, relying on SLPs to address need-based funding (Craig et al., 2014). A 1992 Reauthorization of the Higher Education Act eased restrictions on student loans, expanded existing loan programs, and created an unsubsidized loan which did not require documented financial need, making student loans easier to obtain (Goldrick-Rab et al., 2010). In the late 1990s, Sallie Mae's status as a government-sponsored enterprise was absolved, as the organization responsible for administration and collection of federal student loans began privatizing, a process it completed in 2005 (Nica, 2014). Student loans are now a highly-profitable enterprise, the main suppliers of which now operate a private, publicly-traded company (2014). These occurrences demonstrate the rising commodification of HE (Soederberg, 2014) and students being seen, increasingly, as educational consumers (Carnevale et al., 2019; Nica, 2014), personally responsible for their educational investment and financial returns, thus, absolving the state and HEI of the borrower's investment outcome (Carnevale et al., 2019; Goodnight et al., 2015; Warikoo, 2018).

4.3. - The 2000s

The severity of the ‘student debt crisis’ is argued to have peaked in the late 2000s, after the afore-described HE funding landscape was well established and intensifying (Eden, 2016; Pyne et al., 2018b; Velez et al., 2019). From 1999-2008, continued state disinvestment, along with a severe rise in HE-related costs, severely outpaced median family income adjusted for inflation, which rose 0.0% (College Board, 2019a), while HE-related expenses rose 67% at private institutions and 43% at public (College Board, 2019a; Despard et al., 2016). Although families of low-socioeconomic status did not have the easy access to credit, such as the forms of debt that led to the mortgage debt bubble of 2008, student loans were an exception (Amromin et al., 2015; Woo et al., 2013). The early 2000s marked a shift in the makeup of student borrowers, with nontraditional students growing to represent almost half of all new borrowers (Looney et al., 2015). This is partially explained by the ease of access to SLPs and the growth in enrollments at non-selective HEIs, namely at community colleges and for-profit institutions, which have historically been championed as flexible options for nontraditional students: offering class flexibility, online course options, and less stringent entrance requirements. These types of institutions disproportionately welcomed federally-funded students of low-socioeconomic status (Hayes, 2012; U.S. Health, Education, Labour, and Pensions Committee, 2012). Reaching its height, the number of student borrowers increased by 60% at for-profit universities and by 74% at community colleges from 2007-2014. Conversely, growth in borrowers at more selective, 4-year universities increased by only 31% during the same period (Schneider, 2015).

The 2008 Financial Crisis further exacerbated the rise in higher education participation and the use of debt to meet the associated costs (Amromin et al., 2015; Ratcliffe et al., 2013). Facing the most difficult labor market in decades, graduates struggled to find high-paying jobs and to pay their educational debt, with many opting for additional schooling to help enhance their credentials and extend the grace period of loan repayment (Studentaid.ed.gov; Woo et al., 2013). Austerity politics led to greater reliance on SLPs as budget cuts created the greatest gap in public funding allocated per student, an average 24% difference between aid and tuition/fees in 2008 (College Board, 2019a). Concurrently, the number of borrowers increased by 55% from 2003-'04 to 2011-'12, and national student debt more than doubled from 2004-'10 (College Board, 2019b). The 2008 Reauthorization of the Higher Education Act made student loans more attractive by reducing the interest rate, capping loan repayments at 15% of discretionary income, and enacting a loan forgiveness program for public servants. Elected in the same year, the Obama administration sought to address many of the mounting concerns raised after the 2008 Financial Crisis. Education was a major feature of Obama's economic recovery strategy. Over $100 billion of the $878 billion stimulus in the American Recovery and Reinvestment Act was earmarked for education, including large increases in federal aid and generating loans directly from the Department of Education, cutting bank subsidies by limiting private involvement (Duncan, 2009). Furthermore, the administration attacked the for-profit HE industry after a two-year federal investigation, known as the Harkin Report, found disturbing trends in the for-profit sector (Hayes, 2012). The report discovered that 62% of associate degree program enrollees failed to complete their degree (averaging less than four months of active enrollment), marketing was better funded than instruction, chief executives were averaging a $7.3 million annual salary, and the majority of funding for the for-profit HEI industry derived from federal financial aid (Hayes, 2012; U.S. Health, Education, Labour, and Pensions Committee, 2012). These events are representative of how much enrollment trends and SLPs changed during the 2000s. The consequence of these occurrences has greatly influenced the current state of U.S. student debt and serves as one reason this review focuses on works published after 2008.

4.4. - Current State of U.S. Student Debt

Now the second-highest form of household debt, even surpassing credit card debt and exceeded only by home mortgages, the $1.4 trillion national student debt is now a prominent policy concern (Gervais et al., 2019; The White House, 2019). Advocates of SLPs argue that these programs increase access to HE (De Gayardon et al., 2018; Dynarski et al., 2013; Hillman, 2013a; Velez et al., 2019), unburden the taxpayer by promoting personal investment and responsibility (Carnevale et al., 2019), and provide revenue for higher education institutions (Craig et al., 2014). However, students and their families, policymakers, educators, and researchers have expressed growing concerns of extortionate practices resulting in unmanageably high levels of debt (Burd et al., 2013; Joseph et al., 2011). Yet, it is difficult to accurately measure ‘unmanageably high borrowing’ given the diversity of student experiences (Walstad et al., 2017). Borrowing has been in steady decline since 2008 (College Board, 2019b), and most students are graduating with relatively small debt burdens, with 52% of outstanding federal debt belonging to just 14% of borrowers (College Board, 2019b). Furthermore, high levels of debt are primarily held by graduate students who are noted to gain the most from their educational investment, with professional degrees (i.e. medicine and law) holding the highest debt burdens of any field (College Board, 2019b). Significant regulation has been enacted on the for-profit HE industry, shielding students from the negative impacts discovered in the Harkin Report (Eden, 2016; Hayes, 2012). Pertinent to this study, students of low-socioeconomic status now often hold smaller debt burdens and greater grant aid than their middle/high-SES peers (College Board, 2019b; Delisle et al., 2016). This data has prompted some to argue that the ‘student debt crisis' is over (Eden, 2016; Pyne et al., 2018b) and that concern over student debt is misdirected.

As assessment of student loan programs becomes more multifaceted, stakeholders are acknowledging that unmanageable levels of debt manifest in different ways (Walstad et al., 2017). Default rates, also in decline, are one measure of the effectiveness of SLPs. Only 17% of borrowers were in default as of March 2018, but their average debt burdens were $10,000 less than those with successful repayment (College Board, 2019b). In other words, those with the lowest debt burdens defaulted more often on their loans than those with higher levels of debt. Students who struggled most with repayment were degree non-completers, classified as independent, and/or attending nonselective HEIs, all of which are commonly held characteristics of students of low-socioeconomic status. This data suggests that SLPs may disproportionately impact certain groups of nontraditional students. Given its historic emphasis on equity, this policy must be assessed on how well it provides the assistance necessary for successful navigation of higher education and, thus, upward social mobility for those with the least financial and social/cultural capital.

CHAPTER 5. - ACCESS TO HIGHER EDUCATION

How do student loans impact access to HE for low-SES students?

Higher education has long been considered the principal tool for social mobility in the U.S. – being associated with access to a better quality of life, higher-paying jobs, and financial stability. Indeed, those with a degree still enjoy higher lifetime earnings than their non-graduate peers (Di et al., 2017; Morin et al., 2014). For decades, social justice advocates have focused on broadening access to this social mobility ladder to those most marginalized (Gilbert et al., 2013), with student loan programs championed as a cost-efficient policy solution (De Gayardon et al., 2018; Dynarski et al., 2013; Hillman, 2013a; Velez et al., 2019). Proponents contend that SLPs empower individuals (Dwyer et al., 2011) and eliminate financial barriers created by lack of public funding, providing the means necessary to access a degree (Dwyer et al. (2011). Yet, past assessment of SLPs lacked considerations for students of low-socioeconomic status (de Gayardon et al., 2018; Dynarski et al., 2013). The literature reviewed by this study is overwhelmingly critical of of student loan programs as a promoter of access for low-SES students, with most in agreement that SLPs deter low-SES students from HE access (Advisory Committee on Student Financial Assistance, 2013a; Dodson et al., 2019; Field, 2009; Harkin et la., 2016; Hess et al., 2014; Johnson et al., 2017; Kelpher et al., 2015; U.S. Senate Committee on Health, Education, Labor, and Pensions, 2016) and/or drive them to nonselective, less successful HEIs (Hillman, 2013b; Pyne et al., 2018b). This chapter seeks to assess student loan programs for their impact on higher education access, an influential period in the student lifecycle for its impact on a student's future experiential and academic success (de la Rosa, 2012). I will outline my findings, generally, by first presenting any positive correlations found between SLPs and increased access for low-SES students, followed by the negative. I will demonstrate that student loan programs may actually be a strong deterrent for prospective students of low-socioeconomic status and have contributed to the polarized enrollment phenomenon of low-SES students gravitating to nonselective higher education institutions.

5.1. - Positive Correlation with Increased Access

Despite a long-established assertion that SLPs broaden access to higher education, this review found sparse evidence to support that claim when assessing the impacts on access for low-SES students. Surveying the attitudes of young, moderately-independent students of low-SES, Dwyer et al. (2011) found that young borrowers experienced loans as "empowering" allowing them to better prepare for the future and improving their sense of "mastery and self-esteem" (p.738). This sense of personal empowerment is exactly what student loan programs seek to foster in prospective students. Despite this positive correlation, Dwyer et al. (2011) note that the positive attitudes towards loans and debt drastically wanes as the borrower ages, suggesting an initial naivety with regards to financial literacy (Boatman et al., 2017). Dynarski et al. (2013) note that more than 30 years of research is conclusive, enrollment rates do rise when students are offered financial assistance for higher education. However, these results are based on the entire U.S. higher education spectrum, including all types of universities and every socioeconomic group. Furthermore, student loan programs were not assessed specifically, but are lumped together with other forms of financial aid (grants, scholarships, etc.). A literature review conducted by Baker et al. (2017) found a small positive correlation with student loan programs and increased access to higher education for all students, but their findings noted that the positive effect of SLPs on access is weakest amongst nontraditional students, specifically, the Black and Hispanic students interviewed. These findings suggest that student loan programs may be providing access for some, but students of low-socioeconomic status appear to be excluded from the positive impacts.

5.2. - Negative Correlation with Increased Access

A growing body of literature challenges the assumption that student loan programs increase access to higher education for students of low-socioeconomic status, with the majority in agreement that SLPs deter enrollment and negatively constrain enrollment choice (Baker et al., 2017; Dodson et al., 2019; Dynarski et al., 2013; Executive Office of the President, 2009; Executive Office of the President, 2014; Field, 2009; Goldrick-Rab et al., 2010; Hawkins et al., 2014; Hillman et al., 2012; Institute for College Access & Success, 2009; Johnson et al., 2017; LaFave et al., 2018; Lillis, 2008; McDonough et al., 2015; Texas Guaranteed Student Loan Corporation). This is corroborated with recent enrollment data which saw a stagnation in low-SES students enrolling at four-year institutions from 1990-2010, a period that saw significant reduction of state funding and grants to be replaced by student loan programs but a rise in enrollments of high-SES students (Joseph et al., 2011). Furthermore, a recent literature review conducted by Baker et al. (2017) found that growing debt burdens and large amounts of unmet aid deter prospective students and negatively affect degree completion, the latter of which will be further discussed in the subsequent chapter of this review. Literature critical of student debt expressed three common themes regarding access - lack of preparedness and social trust, complexity of processes, and further stratification of students by institution.

5.2.1 - Lack of Preparedness and Social Trust

Access to credit and the opportunities credit brings is particularly important to students of low-socioeconomic status but many lack the financial literacy needed to effectively navigate financial services (Walstad et al., 2017). This population is argued to be frequently “underserved” (p.102), lacking credit that is non-predatory, affordable, and clear. Federal SLPs aim to address this need but are argued to be failing in their support (de la Rosa, 2012; McDonough et al., 2015; Walstad et al., 2017). Low-SES students are often first-generation and/or lack the guidance needed to understand the potential risks and rewards of borrowing for HE (Kelpher et al., 2015; Texas Guaranteed Student Loan Corporation), such as “forecasting future earnings” (Kelpher et al., 2015, p.3), which is particularly challenging after the 2008 Financial Crisis. Despite low levels of personal educational attainment and income, parents participating in the Kansas Kids Gear Up program (a federally funded program to aid low-SES families with accessing HE) were demonstrated by Kirk et al. (2011) to have very high aspirations for their students but were constrained by financial illiteracy, concern over affordability, and limited knowledge on funding opportunities. The financial preparedness of students and lack of support are argued to be a major shortfall of U.S. student loan policy (Carnevale et al., 2019; Kelpher et al., 2015; Kirk et al., 2011; Walstad et al., 2017), but the historic neglect of nontraditional students is also noted to have negatively impacted the effectiveness of SLPs. Research conducted by McDonough et al. (2015) using a social trust framework, seeking to explore the trust low-SES Latino students and parents place in bureaucratic institutions, report consistent perceptions of institutional “indifference” and “failures” (p.144). Interviewed families expressed views of operating “in spite of” public policies rather than being "supported" by programs designed to aid (p.144). In a system that requires students to be self-reliant, make strategic and informed decisions, and utilize programs (such as SLPs) to span equity gaps (Carnevale et al., 2019; Kelpher et al., 2015), policymakers must ensure that students trust and are equitably prepared to effectively navigate these essential services.

5.2.3 - Inaccessibility of the FAFSA

Prominent in the literature, the Free Application for Federal Student Aid, which is required to access federal financial aid, exemplifies an institutionalized deterrent through its failure to address low-SES student needs in an accessible, inclusive way (Advisory Committee on Student Financial Assistance, 2013a; Davidson, 2015; Dynarski et al., 2013; Executive Office of the President, 2009; Goldrick-Rab et al., 2010; Hawkins et al., 2014; Saunders et al., 2016; U.S. Senate Committee on Health, Education, Labor, and Pensions, 2016). In 2009, the National Economic Council concluded the FAFSA is needlessly complex, requires detailed information on income and assets that is not used to calculate eligibility, and, thus, deters students and families from successful completion and subsequent enrollment (Executive Office of the President, 2009). Citing a report by the Advisory Committee on Student Financial Assistance, a federal organization that has been discontinued due to financial cuts, "lack of information and misinformation about aid" (2009, p.3) was demonstrated to be a serious deterrent for low-SES students. The FAFSA's complexity is blamed. It is estimated that upwards of 2 million low-SES students, who stand to benefit the most from a FAFSA (being eligible for a Pell Grant), fail to complete an application annually (Hawkins et al., 2014; Saunders et al., 2016). A U.S. Senate Committee on Health, Education, Labor, and Pensions (2016) analyzed SLPs as part of a hearing in consideration of reauthorization of the Higher Education Act, concluding that simplification of the FAFSA is the single most important strategy for increasing access for low-SES students. The committee argued that debt burdens are manageable but that the application process is too burdensome, complex, and off-putting for low-SES families.

This appraisal of the FAFSA is one of the most common critiques found in this literature review and is a vital consideration since the successful completion of a FAFSA is required to access SLPs (Studentaid.ed.gov, 2019). Student aid packages are only generated after a student applies to an HEI and submits a completed FAFSA. While the FAFSA is free, college applications are not, creating a financial barrier that forces students to pay even before they know how much aid to expect (Dynarski et al., 2013). Furthermore, it is up to the HEI's discretion how much eligible aid is offered. This limits students by restraining their choices: one may choose not to apply to a more prestigious school for fear of 'wasting' money on the application fee and opt for a more guaranteed admission, such as to a nonselective HEI. Furthermore, the complexity is most challenging for students who do not fit the 'traditional' student profile, such as unmarried parents or caregivers, who must register as independents, a status that does not accurately reflect their circumstances (Goldrick-Rab et al., 2010). This was exemplified in a study by Dodson et al. (2019) who interviewed low-SES students who were also single mothers. The interviewees demonstrated that the FAFSA's calculations for Expected Family Contribution and financial aid package, does not include childcare costs. This creates an inherent shortage of funds for enrolled parents, especially single mothers (2019) and demonstrates a systemic disconnect between the FAFSA and the group it is proposed to serve.

5.2.4 - Debt Aversion

Lack of preparedness and social trust, coupled with a complex processes are argued to be central reasons for students of low-socioeconomic status actually being deterred from HE by SLPs (Advisory Committee on Student Financial Assistance, 2013a; Boatman et al., 2017; Davidson, 2015; de la Rosa, 2012; Dynarski et al., 2013; McDonough et al., 2015; Walstad et al., 2017). Debt aversion was clearly demonstrated in an experiment conducted by Field (2009) which randomly presented low-SES students with one of two financial aid offers: a scholarship for public service that reverted to a loan if the student did not pursue public service after graduation, or a loan that was forgiven if the student pursued public service after graduation. Despite being financially equivalent, the offer branded as a loan was significantly less effective at recruiting students (Field, 2009). The risks of debt, such as high default rates amongst low-SES borrowers, deter many students and overshadow any potential benefits of educational investment and responsible loan utilization (Gandhi et al., 2008; Looney et al., 2015; Lillis, 2008). Of the low-SES women at Mississippi community colleges interviewed by Hess et al. (2014) those with children expressed significantly more anxiety and fear of debt, yet these student parents expressed the most positive belief in HE as an investment towards social mobility. Interviewing more than 160 Latino students and parents, McDonough et al. (2015) found that both students and parents expressed much anxiety and fear regarding student debt burdens.

Kelpher et al. (2015) also note the inherent complexity of loans compared to other forms of grant aid, citing the “contracts with complicated terms, legalistic disclosures, and a potentially confusing system of deferment, forbearance, delinquency, and default” (p.3) common of any loan. Inaccurate cost predictions, or accurately knowing how much HE will cost and how much aid will be offered, is also blamed (Melguzio et al., 2012; Schneider, 2015). While much has been done to address this issue, such as legally requiring HEIs to publish costs of attendance, the fear of debt, as well as not fully understanding the real costs associated with HE may deter some students (Pyne et al., 2018b). Furthermore, some SLPs have become more commercialized and, thus, limited to those with poor credit. In 2011, stricter criteria (aligning credit standards to those of banking institutions) were instituted for the Parent Loan for Undergraduate Student (PLUS), loans taken out by parents on behalf of their child. This was linked to declining enrollments at minority-serving HEIs whose students’ parents could not meet the stricter credit standards (Johnson et al., 2017). The complexity and variety of student financial aid programs make it increasingly difficult for nontraditional students to access aid, estimate their expected cost of attendance, and navigate their aid options. This is especially true for first-generation students lacking the support of a parent HE alumnus (Dynarski et al., 2013). Even those low-SES students who are high academic achievers struggle, with 20% never even applying for HE, citing the daunting financial burden as the main deterrent (Stokes et al., 2016). These deterrents have impacted the enrollment decisions of most low-SES students, limiting their access to the most successful HEIs.

5.2.5 - Nonselective Higher Education Institutions

The impacts of U.S. student loan programs have further stratified HE enrollees, with student of low-SES being increasingly driven to nonselective, less successful HEIs – specifically, community colleges and for-profit institutions (Hillman, 2013b; Institute for

College Access & Success, 2018; McDonough et al., 2015; Pyne et al., 2018b). Despite the aim of SLPs to broaden placements at HEIs, available slots at four-year institutions have increased very little and are, thus, more competitive (applications doubling since the 1970s) and restrictive (Executive Office of the President, 2014). Furthermore, parents of middle/high-SES students are utilizing good credit to access PLUS loans, providing the funds needed for enrollment at more selective, expensive HEIs and to shield their children from financial considerations, a luxury allusive to parents of low-SES students who do not have the credit score or financial capital to access these loans (Walsemann et al., 2017). Increasingly, students of low-socioeconomic status are choosing nonselective HEIs due to debt aversion, limited information, and/or restricted admissions. Student parents and Black and Hispanic students of low-SES are disproportionately affected, with many opting out of higher education participation altogether (Advisory Committee on Student Financial Assistance, 2013b; McDonough et al., 2015; Saunders et al., 2016).

Information limitations regarding cost of attendance, educational investment/return, and/or difficulties navigating the FAFSA further limit institutional access for low-SES students. Those most debt-averse are driven by practical, financial concerns (e.g. cost of attendance, living at home instead of the dorm, etc.) (Holt et al., 2017a; Lillis, 2008) and often choose more affordable community colleges (College Board, 2019a; Executive Office of the President, 2014; McDonough et al., 2015). Even high academic achievers regularly “under-match” (Hawkins et al., 2014, p.12) due to financial considerations. Conversely, for those less debt-averse or requiring less stringent entrance requirements, for-profit HEIs have offered services but at a high price (Pyne et al., 2018b). As mentioned, these institutions target low-SES students by providing a flexible academic structure and needed access to federal funding. The influx of students of low-socioeconomic status into these nonselective HEIs is argued to be both caused and worsened by policies reliant on student loans. As will be later demonstrated, the impact of SLPs on access is “as much an access crisis as it is a ‘debt crisis’” (Schneider, 2015, p.3). Attendance patterns are strong signals of debt risk and students attending more selective, successful HEIs are far less vulnerable to the negative impacts associated with student debt (Pyne et al., 2018b). As a result, students are further stratified through a segregation of access, with middle/high-SES students enjoying access to HEIs with far greater rates of success (Hawkins et al., 2014; Pyne et al., 2018b).

5.2.6. - Conclusion - Access to Higher Education

Despite the historical connection of student loan programs to broadening access to HE, this review finds greater evidence to suggest that these programs deter low-SES students and/or push them into nonselective HEIs. This is the byproduct of the inaccessibility of information and aid, a lack of preparedness and social trust, and debt aversion. Student loan programs do not ensure equitable access to any prospective student of any institution, but further segregate students by their purchasing power. Those with sufficient financial and social/cultural capital can still utilize those resources to successfully access the best institutions and, thus, the best HE experiences.

CHAPTER 6. - EXPERIENCE IN HIGHER EDUCATION

How do student loans impact low-SES students during HE?

In addition to the financial barriers in accessing higher education, this review finds that student loan programs play an important part in shaping student experience once enrolled. Increasingly, students are using loans to address HE-related expenditures (College Board, 2019b), and, in theory, these programs should ensure enrolled students have the funds necessary to cover academic costs, housing, food, and other necessities (Gilbert et al., 2013; Soria et al., 2014), while also preventing excessive hours working a full or part-time job (Gilbert et al., 2013). Yet, this review finds a growing consensus on the negative impacts of student debt on the academic success of students of low-socioeconomic status (Herzog, 2018; Hillman et al., 2017; Huelsman, 2015; Institute for College Access & Success, 2017; Luna-Torres et al., 2018). Rising unmet financial need, generated from student loan financing policy, severely disrupts one's academic progress. This review identified and will present five factors by which SLPs have threatened low-SES student success:

- precipitating growing unmet financial need (Choitz et al., 2013; Goldrick-Rab et al., 2010; Holt et al., 2017b; Melguzio et al., 2012);
- constraining choice (Luna-Torres et al., 2018; Soria et al., 2014; Velez et al., 2019);
- generating housing and food insecurity (Broton et al., 2017; Goldrick-Rab et al., 2010; Institute for College Access & Success, 2017);
- requiring excessive hours working a full/part-time job (Huelsman et al., 2013; Institute for College Access & Success, 2017; Martinez et al., 2012);
- and jeopardizing degree persistence and completion (Advisory Committee on Student Financial Assistance, 2013b; Goldrick-Rab et al., 2010; Holt et al., 2017b; Institute for College Access & Success, 2017; Mayer et al., 2015; Pyne et al., 2018a; Soria et al., 2014).

Ultimately, student borrowers of low-socioeconomic status experience higher education with “fewer opportunities for meaningful engagement” (Soria et al., 2014, p.14), further stratifying their educational experiences.

6.1. - Precipitating Growing Unmet Financial Need

Unmet financial need, the shortage of funding students experience after calculating their HE-related expenses and financial aid offers, is widening (Choitz et al., 2013; Hess et al., 2014; Holt et al., 2017a; Institute for College Access & Success, 2009; Institute for College Access & Success, 2017). This growing shortage results from a combination of factors mentioned above - state disinvestment, the rise of tuition/fees, reliance on student loans, borrowing limits, wage stagnation, all worsened by the 2008 Financial Crisis (Choitz et al., 2013; College Board, 2019a; College Board, 2019b). Yet, the central policy objective of student loan programs is to address the lack of funding for students without the financial capital to cover HE-related expenses (Gilbert et al., 2013; Studentaid.ed.gov, 2019). A study conducted by Hawkins et al. (2014) found that nearly all of low-socioeconomic students (94%) had unmet need in academic year 2013-'14. Similarly, 98% of independent full-time community college students reported unmet need, with the lowest quartile consistently reporting more than $10,000 in unmet need (Choitz et al., 2013), and student parents averaging $15,000 shortages. Average unmet need for low-SES students has well surpassed the borrowing limits on federal, subsidized loans (Studentaid.ed.gov). Even for high-achieving low-SES students at HEIs with, abnormally, generous institutional funding, unmet need is insufficiently addressed and leads to excessive borrowing (Institute for College Access & Success, 2009; Melguzio et al., 2012). Addressing the widening unmet need generated from the current HE-financing policy is crucial for the success of low-SES students. A higher education task force, mandated with evaluating the St. Louis region HE system, evaluated which universities serve nontraditional students best (degree completion with the least amount of debt) and what strategies are being utilized. Keeping unmet need low, through access to scholarships and need-based funding, as well as restraining tuition and fees, was key (Holt et al., 2017a). Without such intervention, unmet need restricts the decision making of students of low-socioeconomic status, negatively impacting their HE experience.

6.2. - Constraining Choice

Public disinvestment and greater reliance on student loans constrain the choice of low-SES students (Velez et al., 2019), their actions stemming "from necessity rather than choice" (Luna-Torres et al., 2018, p.3). Dwyer et al. (2011) suggest that the terms of most SLPs shield students from the financial stress of debt, which is limited during college given the relative invisibility of loans (monthly payments not being required until after degree termination). Yet, evidence suggests that this is not the case for students of low-socioeconomic status, whose financial constraints weigh heavily on their decision making (Luna-Torres et al., 2018; Soria et al., 2014; Velez et al., 2019). Financial considerations impact which institution they attend, where they live (e.g. the familial home or independently), frequency of attendance (part/full-time), delayed attendance, and working while enrolled (Velez et al., 2019). Debt also impacts these students' academic choices, such as avoiding less lucrative career paths (Dynarski et al., 2013; Stokes et al., 2016), switching from academic programs with restrictive requirements, such as a mandatory unpaid internships, (Dodson et al., 2019; Soria et al., 2014), and/or abstaining from extracurricular, degree-enhancing activities, such as study abroad or internships, due to lack of funding (Soria et al., 2014). The constrained decision making of low-SES students includes more extreme sacrifices, as many must decide between use of financial capital for academic-related costs or for basic necessities, such as food and housing.

6.3. - Generating Food and Housing Insecurity

Unmet need generated from student debt was noted to lead to financial insecurity for low-SES students, especially with regards to food and housing security (Broton et al., 2017; Goldrick-Rab et al., 2010; Institute for College Access & Success, 2017). Low-SES students were found to be 2.59 times more likely to skip meals due to financial hardship (Soria et al., 2014), and data from the FAFSA reports that over 58,000 HE students were homeless when completing their federal aid application (Broton et al., 2017). Surveying over 3,000 low-SES students in the Wisconsin two and four-year HE systems, Broton et al. (2017) found that these students reported facing a difficult choice, being unable to pay for HE without sacrificing other essentials (i.e. housing and food). This not only discourages learning but jeopardizes persistence and attainment (Broton et al., 2017).

Their findings suggest that hunger and housing insecurity was more prevalent in HE than in the general population, with low-SES students being disproportionately affected. Most distressing is that the students who reported food insecurity while growing up were more likely to report similar experiences in HE (Broton et al., 2017), suggesting intergenerational effects. To alleviate some of these insecurities, students and/or policymakers turn to various social programs, but students are often unable to access these programs, such as food stamps, due to the disconnect between social safety nets and federal financial aid programs (Goldrick-Rab et al., 2010). For example, financial aid may require full-time study, while social welfare programs may require full-time employment. Working a part/full-time job increases one's family's FAFSA Expected Family Contribution, thus lowering the student's eligible financial aid package (Broton et al., 2017). This puts the low-SES students in a precarious position, as access to one service often conflicts with and/or disqualifies them for another (Broton et al., 2017; College Board, 2019b Goldrick-Rab et al., 2010).

6.4. - Requiring Excessive Work Hours

Despite the risk of disqualifying for other essential services, unmet need often necessitates students of low-SES to work while studying, far more than their middle/high-SES peers (Craig et al., 2014; Institute for College Access & Success, 2017; Martinez et al., 2012). There is growing evidence to suggest that these students are reaching excessive levels of work hours to address unmet financial need, with students of color (Institute for College Access & Success, 2017) and student parents (Goldrick-Rab et al., 2010; Huelsman et al., 2013) disproportionately affected, often working twice as much as the Department of Education's levels for manageable part-time work while academically enrolled (Huelsman et al., 2013). Working 15-20 hours per week is documented to negatively impact academic success, but weekly work hours needed to meet average unmet need ranged from 20-55 hours per week in 2016-'17 (Institute for College Access & Success, 2017). Debt aversion and lack of social trust among low-SES students further fuels the reliance on part/full-time work (Craig et al., 2014; McDonough et al., 2015), resulting in more students taking a leave of absence from their studies (Soria et al., 2014) and/or jeopardizing degree completion (Institute for College Access & Success, 2017). Unmet need requires students to work more, often results in greater financial hardships, drives up indebtedness, and, ultimately, threatens their academic success (Choitz et al., 2013).

6.5. - Jeopardizing Degree Persistence and Completion

Most concerning is the negative impact student debt has on the degree persistence of low-socioeconomic status students (Advisory Committee on Student Financial Assistance, 2013b; Goldrick-Rab et al., 2010; Holt et al., 2017b; Institute for College Access & Success, 2017; Mayer et al., 2015; Pyne et al., 2018a) Soria et al., 2014). High rates of degree incompletion and rising loan utilization, primarily at nonselective HEIs, put these students at risk of exiting university in a worse financial state than when they started (Hillman et al., 2017; Luna-Torres et al., 2018; Pyne et al., 2018a). For low-SES students, affordability of HE is a central factor in degree persistence (Holt et al., 2017b). Low-SES students participating in the Illinois Promise loan replacement grant were found to be 2.5 times more likely to graduate within 5 years, compared to students utilizing loans (Gershenfeld et al., 2019), and a four-year study on over 2,000 low-SES community college students suggests that replacing student loans with performance-based scholarships greatly improves degree persistence and efficiency (Mayer et al., 2015).
Conversely, research conducted by Herzog (2018) found that student debt negatively impacts degree persistence of Pell Grant-eligible students or students with an EFC of less than $5,200. Those at nonselective HEIs are at greatest risk of degree incompletion with high levels of debt (Hillman et al., 2017; Pyne et al., 2018b). Smith et al. (2009) note that low-SES students at community colleges are half as likely to successfully transition to and earn a degree from a four-year HEI, compared to their middle/high-SES peers. Financial barriers often obstruct this academic pathway and prevent low-SES students from making this crucial, degree-completing transition (Smith et al., 2009). This is conferred by Miller et al. (2011), who demonstrate that the financial aid process is reportedly more difficult for low-SES students at the four-year level and that transfer students are frequently offered less net aid but face greater costs. These challenges are particularly prevalent for those most marginalized low-SES students (e.g. single mothers, racial/ethnic minorities) who report that their effort to achieve social mobility through earning a degree is a "highly regulated pathway" (Dodson et al., 2019, p.37), unnecessarily encumbering degree persistence. Furthermore, these students report a

growing vilification of their reliance on social welfare programs, leading to stricter requirements for accessing aid and, thus, more barriers to academic success (Dodson et al., 2019; Goldrick-Rab et al., 2010; Miller, 2012)

6.6. - Conclusion - Experience in Higher Education

This review finds substantial evidence in the literature to suggest that student loan programs negatively impact the higher education experiences of low-socioeconomic status students. By both contributing to and failing to address the growing unmet financial need of low-SES students, SLPs have constrained choice, exacerbated financial insecurities, and threatened academic success. Students of low-socioeconomic status are particularly vulnerable to these shortages, the results of which greatly endanger their degree persistence. Increasingly, these educational investors are leaving university without a degree – instead, they leave indebted, lacking the promised socioeconomic returns yielded from a university diploma (Hillman et al., 2017; Pyne et al., 2018b).

CHAPTER 7. - OUTCOMES OF STUDENT LOAN PROGRAMS

How do student loans/debt impact post-HE outcomes for low-SES borrowers?

Impacts of student loan programs are not limited to higher education access and experience but also play a key role in the outcomes of HE participation. The commodification of HE has reinforced the view that a degree is a personal investment, the outcomes worth indebtedness (Carnevale et al., 2019). Indeed, a report produced by the Pew Research Center contends that, for Millennials, “on virtually every measure of economic well-being and career attainment” college attendees outperform their non-attendee peers (Morin et al., 2014, p.2). Yet, assessment of SLPs’ impacts on borrower outcomes suffers from a lack of data (Gershenfeld et al., 2019). This is due to the contemporary nature of the topic, lacking sufficient time for outcomes to yet materialize, and the recentness of major changes to SLPs occurring during the 2000s. Nevertheless, a growing consensus in the literature contends that borrowers of low-socioeconomic status are leaving university with unmanageable debt burdens that negatively impact their post-HE outcomes (Craig et al., 2014; Despard et al., 2016; Institute for College Access & Success, 2018), and any positive outcomes from SLPs are restricted to middle/high-SES borrowers (Craig et al., 2014). This review identified three prominent themes in the literature: negative impacts of student loan programs on low-SES students’ general financial wellbeing, risk of default, and long-term, intergenerational outcomes which require future study.

7.1. - Financial Wellbeing & Unmanageable Debt

This review found general consensus in the literature that student loan programs negatively impact the post-HE financial wellbeing of student borrowers of low-SES (Despard et al., 2016; Eden, 2016; Hauser et al., 2016; Morin et al., 2014; Soederberg, 2014; Williams, 2008; Velez et al., 2019). Educational debt represents a major financial risk for this cohort due to low-SES students’ disproportionate enrollment at less successful HEIs, (Looney et al., 2015), lack of financial counseling (Schneider, 2015; Smith et al., 2009), and risk of loan default (de Gayardon et al., 2018; Hillman, 2013a; Institute for College Access & Success, 2018). These student borrowers suffer from less favorable labor market outcomes (low-paying, short-term, unstable employment) and greater financial anxiety (Ratcliffe et al., 2013) compared to their middle/high-SES peers. This is explained, in large part, by low-SES students' propensity for enrollment at nonselective HEIs with poorer student success rates (Hillman, 2013b; Institute for College Access & Success, 2018; McDonough et al., 2015; Pyne et al., 2018b). Furthermore, these nonselective HEIs have the greatest rates of degree incompletion, which often negates any return on investment, leaving students with debt but no degree (Huelsman, 2015). The literature highlights the high cost of this precarious financial position and its consequences, such as damage to credit history, loss of current or potential employment (from a credit check), wage garnishment, loss of student aid eligibility, restricted release of academic records, collection costs, and/or withholding of a professional license (Klepher et al., 2015). Furthermore, low-SES borrowers' debt burdens, coupled with poor labour market outcomes, were found to correlate with difficulties managing household finances and addressing basic needs such as bills, groceries, healthcare, and rent (Despard et al., 2016), worsening their risk of "boomeranging" or returning to the familial home (Houle et al., 2017, p.89). To meet these unmet costs, low-SES students were found to be 2.48 times more likely to utilize credit cards, further undermining their financial wellbeing (Soria et al., 2014). This degrading financial position is the result of debt levels that surpass financial returns.

For students of low-socioeconomic status, debt burdens are unmanageable due to either disproportionately high indebtedness or from attending less successful HEIs, which leaves the student without a financial return on their debt (Eden, 2016; Looney et al., 2015; Pyne et al., 2018a). Low-SES graduates often have higher than average debt burdens, especially those earning a degree at for-profit HEIs (Hayes, 2012; Institute for College Access & Success, 2018). 80% of Pell Grant recipients graduated with student debt in 2017, carrying an average of $4,500 more in debt than their higher-SES peers (Institute for College Access & Success, 2018) and student parents owed 20-30% more in 2008 (Miller, 2012). Two state-specific studies produced similar findings: low-SES graduates in the California State University system (the largest public HE system in the country) report disproportionately high debt burdens and lower post-graduation incomes (Institute for College Access & Success, 2017); and Pell-eligible students and nontraditional students at public HEIs in Kentucky were found to hold more debt than their non-Pell-eligible peers (Kentucky Council on Postsecondary Education, 2015). Conversely, when factoring in all low-SES students (part-time enrollees, degree incompletions), this cohort has the lowest debt burden of any socioeconomic group (Craig et al., 2014). Degree incompletion precipitates significant financial hardship for students of low-socioeconomic status, who exit HE indebted and with no degree to yield financial return (Eden, 2016; Looney et al., 2015; Pyne et al., 2018b). Again, these are often low-SES borrowers who attended nonselective, less successful HEIs. Lynch et al. (2010) contend that students of low socioeconomic status at nonselective HEIs are “getting access, but not much success” (p.2). Their comparatively high or low debt burdens become unmanageable due to the lack of return on their educational investment (Elliot, 2014; Pyne et al., 2018b). For example, median annual earnings in 2013 for individuals with a two-year degree or some college averaged only $2,000 more per year than those with no higher education (Morin et al., 2014). Labour market outcomes suggest that students are better off attending competitive public flagship or private non-profit institutions, both of which are more difficult for low-SES whose enrollment decisions are constrained by student loan programs’ impacts on access (Pyne et al., 2018b).

7.2. - Loan Default

Unable to manage their debt burdens, student borrowers of low-socioeconomic status experience the highest rates of loan default, representing a prominent concern in the literature (Baker et al., 2017; Despard et al., 2016; Federal Reserve Bank of New York, 2019; Institute for College Access & Success, 2018; Looney et al., 2015; Woo et al., 2013; Velez et al., 2019). This is corroborated by the literature review conducted by Baker et al. (2017) which found low income and/or first-generation families’ status to be a positive predictor of default. Indeed, students of low-SES are 5 times more likely to default than their higher-income peers (Institute for College Access & Success, 2018). Those attending nonselective HEIs and/or failing to complete a degree, especially an associate’s, were most likely to default on their loan (de Gayardon et al., 2018; Despard et al., 2016; Hillman et al., 2017; Mendoza et al., 2013; Woo et al., 2015), and some 30% of students who attended for-profit universities defaulted within 12 years (Institute for College Access & Success, 2018). In 2016, the majority of students in default had less than $10,000 in debt upon leaving school, less than half the national average (Eden, 2016). This demonstrates the stratification of success in U.S. higher education. Student loan programs have precipitated enrollment of low-SES students to less successful HEIs. Regardless of their debt levels, these students are unable to match the returns enjoyed by their middle/high-SES peers who used their student debt to attend universities where they are more likely to find success: better graduation rates, better jobs, and the ability to repay their educational investment with a lifetime of financial returns. This segregated success suggests the risk of cyclical indebtedness, one that prevents low-SES families from ever achieving socioeconomic success.

7.3. - Long-Term, Intergenerational Outcomes - A Need for Future Research

Compared to past cohorts, utilization of student loans by contemporary low-SES students has intensified, much more so due to the easy access to credit, rise of nonselective HEIs, and financial crisis occurring during the 2000s. Therefore, assessing the impacts of SLPs on contemporary borrower outcomes, the cohort experiencing the most severe reliance on SLPs, will remain limited until sufficient time has passed for borrowers to exit HE and manage their student debt (Hillman et al., 2017). Yet, long-term outcomes impacted by SLPs are important for future consideration. Preliminary research suggests SLPs have a negative impact on homeownership (Bleemer et al., 2017; Mezza et al., 2016; Miller et al., 2018) but only when including low-SES who did not graduate (Velez et al., 2019). Similarly, student debt may delay traditional family formation (marriage and child-rearing) for low-SES borrowers (Hauser et al., 2016; Velez et al., 2019). Furthermore, Walsemann et al. (2017) warn of the risks associated with the rise of parents borrowing for their children's education, currently $400 billion of the outstanding national debt. Parents risk foregoing funds that could be allocated towards retirement. Social security wages are not exempt from wage garnishment by the federal government and Walsemann et al. (2017) postulate that academic debt could jeopardize the retirement future of middle-life borrowers. Postgraduate educational aspirations may also be hindered; a study by Velez et al. (2019) found no effect, but research conducted by Pyne et al. (2018a) suggests that student loans have become a "mechanism for exclusion" (p.20). Debt aversion and unmet need force many low-SES students into nonselective universities, which often lack the academic rigor and/or prestige necessary for admission at the post-baccalaureate level (Posselt et al., 2017; Pyne et al., 2018a). Furthermore, lack of academic excellence results in less merit-based funding, requiring almost exclusive reliance on loans for postgraduate financing (Joseph et al., 2011).

Viewing student debt as a possible “mechanism for exclusion” (Pyne et al., 2018a, p.20), stakeholders have begun to critique SLPs for their role in systemic injustice and social reproduction (Baker et al., 2017; Eden, 2016; Houle et al., 2018), even comparing it to indenturement (Williams, 2008). With consistent agreement in the literature, the negative impacts aforementioned are most severe for student parents, especially single mothers (Dodson et al., 2019; Goldrick-Rab et al., 2010; Miller, 2012), Black and Hispanic students (McDonough et al., 2015; Miller, 2012; Saunders et al., 2016), females (Despard et al., 2016; Goldrick-Rab et al., 2010) and areas of extreme poverty hit hardest by the 2008 Financial Crisis, such as the South (Suitts et al., 2010). High delinquency rates on student loans experienced in the South were connected to cyclical extreme poverty and intergenerational effects on children born into these circumstances (Suitts et al., 2010). Widening income inequality has been tied to less financial investment in children by parents – relevant due to the rise in PLUS loans which utilize parental wealth to meet unmet need and/or more prestigious undertakings (Schneider et al., 2018). The impacts of student debt on the systemic indebtedness of individuals of low-SES, especially those most vulnerable, may be just one more barrier to social mobility contributing to the “fragility of the next generation” (Houle et al., 2018, p.1) and worsened by the 2008 Financial Crisis (Looney et al., 2015). Therefore, continued assessment of SLPs on the long-term impacts on low-SES students is both judicious and urgent (Harmon et al., 2014).

7.4. - Conclusion - Outcomes of Student Loan Programs

Despite the assertion that SLPs provide the investment necessary to yield middle-class earnings, the snowballing effects of debt on access and experiences have negated much of the possible return on investment. Students of low-socioeconomic status experience unmanageable levels of debt, brought upon by their institutional enrollment. Thus, these students experience greater risk to their financial wellbeing, precipitating the greatest rates of default. Most concerning are the possible long-term effects SLPs have on intergenerational indebtedness. These findings, as well as the previously presented impacts on access and experiences, demonstrate a growing consensus that U.S. student loan programs are failing students of low-socioeconomic status and pose a major threat to equitable education. This general agreement on the deficiencies of SLPs has led to an abundance of policy recommendations for reform, which constitute a conspicuous finding of this literature review.

CHAPTER 8. - POLICY RECOMMENDATIONS

What are the most prominent policy recommendations to improve equity in U.S. student loan policy?

Policy recommendations are particularly prevalent in the discourse on U.S. student loan programs and their impacts. This review found nearly unanimous agreement that the current federal financial aid programs require major renovations (Burd et al., 2013; Congressional Budget Office, 2013; Despard et al., 2016; Executive Office of the President, 2014; Institute for College Access & Success, 2018; Kelly, 2015; Looney et al., 2015; Luna-Torres et al., 2018; Miller et al., 2018; The White House, 2019). Yet, the degree to which these policies should be revised is contentious. I have organized policy recommendations under three broad themes: policy revision; policy replacements; and high-level, correlated action. My findings suggest that policymakers should take a more multifaceted approach to policy improvements (Medoza et al., 2013) or risk enacting ineffectual, misdirected solutions that fail students of low-SES.

8.1. - Policy Revisions

Revisions to existing SLPs are the most prominent policy recommendation in the literature, and simplifying the federal student loan process is the proposal most supported (Advisory Committee on Student Financial Assistance, 2013a; Burd et al., 2013; Congressional Budget Office, 2013; Davidson, 2015; Dynarski et al., 2013; Institute for College Access & Success, 2018; Executive Office of the President, 2009; Executive Office of the President, 2014; Goldrick-Rab et al., 2010; Saunders et al., 2016; The White House, 2019). Indeed, addressing the complexity of the FAFSA was, consistently, advocated to be the most important measure for improving HE-funding for students of low-socioeconomic status, to the extent that the Advisor Committee on Student Financial Assistance (2013) warned of the over-reliance on improving the administration and delivery of the FAFSA. Their report emphasizes the complexity of SLPs and challenges the weight of the FAFSA process on low-SES students' HE access and success. Likewise, advocates noted the need for improved financial aid advising for low-SES students (Klepher et al., 2015; Luna-Torres et al., 2018; Schneider, 2015; Smith et al., 2009) as well as greater transparency regarding costs of HE attendance, loan terms and conditions, and income trajectories (Harmon et al., 2014; Medoza et al., 2013; Melguzio et al., 2012; Schneider, 2015). Furthermore, critics of contemporary SLP policy argue that student loans should be given special consideration, with more favorable terms: such as tax credits, a borrower bill of rights, lower interest rates, and changes to allow student debt to be discharged during bankruptcy (Burd et al., 2013; Institute for College Access & Success, 2018; Miller et al., 2018). Additionally, improved income-driven repayment programs were advocated to assist students struggling with unmanageable debt (Despard et al., 2016; Eden, 2016; Looney et al., 2015; Miller et al., 2018; Saunders et al., 2015; Shireman, 2017).

8.2. - Policy Replacements

For many, the Pell Grant remains the preferred solution for addressing the HE-funding dilemmas of low-SES students. The most prominent policy recommendation for replacing student loan programs is to expand the Pell Grant, improve its purchasing power, and move its appropriation from the discretionary budget to mandatory spending (Advisory Committee on Student Financial Assistance, 2013a; Burd et al., 2013; Dynarski et al., 2013; Executive Office of the President, 2014; Institute for College Access & Success, 2017; Institute for College Access & Success, 2018; McNeil et al., 2009; Melguzio et al., 2012; Saunders et al., 2016). Yet, research on the impacts of the Pell Grant is inconclusive (Dynarski et al., 2013). A report by the Congressional Budget Office (2013) contends that there is no strong evidence to link Pell Grant awards to increases in enrollment for low-SES students, nor does it broaden their institutional choice. The difficulty in determining grant eligibility (i.e. completion of a FAFSA) is blamed (Congressional Budget Office, 2013; Dynarski et al., 2013). Similar programs - such as a lottery grant in Georgia, a veteran and military award for students whose parents were injured or slain in the line of duty, and a tuition assistance grant in D.C. - all have demonstrated greater effectiveness at increasing enrollments for low-SES, and they all share a common feature: a simplified application based on a single characteristic (e.g. grade point average, military service, residency) (Congressional Budget Office, 2013). Similarly, replacing loans with institutional grants (Gershenfeld et al., 2019; Joseph et al., 2011) and establishing child/college savings accounts (Despard et al., 2016; Elliot et al., 2014; Elliot et al., 2018) were also notable policy replacements seeking a simplified, inclusive solution.

8.3. - High-Level, Correlated Action

As previously discussed, many factors are influencing and impacting U.S. student loan programs (i.e. state disinvestment, efforts to broaden access, rising in tuition/fees). Consequently, many stakeholders recommend high-level action directed at addressing these correlated issues (Burd et al., 2013; Craig et al., 2014; Despard et al., 2016; Dynarski et al., 2013; Eden, 2016; Executive Office of the President, 2014; Kelly, 2015; Luna-Torres et al., 2018). Preventing degree incompletion amongst student borrowers of low-socioeconomic status is recommended as a key action (Burd et al., 2013; Despard et al., 2016; Dynarski et al., 2013; Luna-Torres et al., 2018). On average, half of enrollees at nonselective HEIs require remedial coursework (Luna-Torres et al., 2018), and addressing this academic unpreparedness is one policy recommendation aimed at improving degree persistence (2018). Additionally, Dynarski et al. (2013) demonstrate that achievement incentives (i.e. grant or aid tied to academic success) can improve student loan programs' effectiveness at aiding student success, but Sawhill et al. (2014) warn that tying grant funding to academic merit could further isolate low-SES students who, again, often lack academic preparedness. Critically "assessing cost burden" (Despard et al., 2016, p.16) is noted to be imperative in addressing the growing unmet financial need which also threatens degree completion. Halting and/or reversing state disinvestment is also recommended by stakeholders (Burd et al., 2013; Despard et al., 2016; Miller et al., 2018; Schneider, 2015), which impacts unmet need, borrowing levels, and institutional accountability. Similarly, often critiqued for charging excessive fees for a mediocre education (Schneider, 2015), HEIs were encouraged to foster higher returns from educational investment (Burd et al., 2013; Craig et al., 2014; Eden, 2016; Executive Office of the President, 2014; Kelly, 2015; Looney et al., 2015). 'Risk sharing' policies are advocated as an effective way to hold HEIs accountable for low-SES student borrowing and success (Burd et al., 2013; Craig et al., 2014; Eden, 2016; Kelly, 2015). HEIs, along with the federal government and student, would be responsible for a portion of the unpaid debt from degree non-completers, thus, sharing the inherent risk of SLPs. Advocates argue that this would promote better quality service, constrain fee increases, and foster improved graduation rates and post-graduation outcomes (Eden, 2016; Kelly, 2015).

8.4. - Policy Recommendations - Conclusion

Student loan programs have triggered vital conversations regarding higher education financing, with stakeholders increasingly presenting policy recommendations to address contemporary concerns over SLP's negative impacts on students of low-SES. The complexity of the impacts as well as the diversity of recommendations emphasizes the relevance of a study such as this literature review. Recommendations such as an over-emphasis on improving the FAFSA demonstrate that developing a holistic understanding of student loan programs to inform assessment and action is critical to the policy process. As will be discussed in the following chapter, a variegated approach to renovating student loan programs is essential, one that accounts for the needs of the historically marginalized and most vulnerable educational investors.

CHAPTER 9. - DISCUSSION & CONCLUSION

Returning to my original research question – *What are the current understandings of U.S. student loan programs and their impacts on students of low-socioeconomic status across the student life cycle?* – I will now present a discussion on the major themes found in the literature. I then highlight limitations of this review and scholarship focusing on SLPs. I conclude with a discussion of the possible ramifications and direction for future study.

9.1. – Discussion

Despite the pronouncement that student loan programs secure equality of opportunity in HE, current understandings of the impacts on SLPs on students of low-socioeconomic status demonstrate a failure of this policy to deliver equitable avenues of social mobility for all prospective students. This review found a growing consensus in the literature that student loans deter low-SES students from HE and/or drive them to nonselective HEIs, which jeopardizes the success of their HE experiences, resulting in poorer financial outcomes. Since the events of the 2000s, policy dialogues are increasingly critical of student loan programs, warning of ballooning personal and national debt burdens, loan default, and inequity. Yet, paradoxically, many stakeholders contend that improved access to such debt, such as improving the FAFSA, is the solution to the HE-access issues of low-SES students. This demonstrates a degree of shortsightedness, with many of the policy dialogues appearing to be misdirected when considering the needs of low-SES student borrowers. For this demographic, student loan programs have exacerbated existing HE challenges: debt aversion, complexity of processes, financial illiteracy, stringent admissions standards, unmet need, part/full-time work, degree incompletion, and loan default. These impacts of SLPs are driving low-SES students into nonselective HEIs. Ultimately, this is the crux of the impact issue, the segregation of students of low-socioeconomic status into less successful HEIs, which undermines their potential returns on their educational investment. Given the gap between their expected benefits and the limitations just mentioned, contemporary student loans have evolved into an "imperfect tool to reduce educational inequality" (Baker et al., 2017, p.8).

There is, however, an encouraging consensus on the shortcomings of SLPs and efforts towards improvement. Yet, there persists significant oversight by policymakers, lacking considerations for HE equity. The exclusive reliance on improving the administration and delivery of student loan programs, such as the FAFSA, is a prime example (Advisory Committee on Student Financial Assistance, 2013a). This would do very little to increase enrollments of low-SES students at more selective HEIs, which is less the result of a challenging application than institutionalized inaccessibility. Nonselective HEIs attract students of low-socioeconomic status for a reason: more selective schools are too inaccessible due to complexity of processes, cost, and academic rigor. Without addressing all of these barriers to access and success, segregated enrollment patterns will persist. Yet, nonselective HEIs, especially CCs, better cater to the needs of nontraditional students: affordability, academic accessibility, proximity to home, and flexible academic structure/schedules (Gilbert et al., 2013 McDonough et al., 2015). Therefore, 'solutions' cannot simply advocate the abandonment of these low-SES-serving HEIs, lacking a replacement for their services. Furthermore, one risks demonizing these institutions, which in turn could further undermine their academic quality and the success of the low-SES students who rely on these HE services.

In addition to these equity concerns, some stakeholders question the ethics of relying on debt to fund education, given the inherent personal risk and demonstrated inequities (Carnevale et al., 2019; Dwyer et al., 2011; Soederberg, 2014). This is well summarized by Dwyer et al. (2011) who contend that "it is worrisome that young people are being forced to borrow against an uncertain future rather than receiving the education necessary for full participation in society as a forward looking investment by society" (p.738). This is worsened by the now non-fiduciary quality to the student loan industry, which is now commodified, reporting record profits, and fearful of default as a threat to financial gains (Sweet, 2018). Indeed, there is an almost complete absence in the literature of any contemporary debates regarding whether students should or should not be reliant on borrowing for HE. Instead, current understandings of SLPs appear to inherently accept this policy, debating its improvement. Policy recommendations are often narrow in scope, operating within the established paradigm of students as responsible for HE costs and the government as financer. This suggests a comprehensive adoption of the commodification of HE (Soederberg, 2014), acceptance of the "contraction in public support" (Looney et al., 2015, p.6), and an ethic of self-reliance (Carnevale et al., 2019). Clawson et al., (2008) discuss these global trends affecting HE and the marketization of its services, arguing that this emphasis on running a public university like a corporation is to the detriment of low-SES students. Consideration of these larger influences, as well as the contextual information presented in this review, is imperative to addressing the institutionalized social inequities of student loan programs. Again, SLPs may simply be an "imperfect tool" (Baker et al., 2017, p.8) to address equity issues and may even worsen inequities, but it is not the initial cause of the inequity, for…

> "there are major structural problems in American higher education, but debt is a symptom rather than the cause. By identifying student debt, rather than institutional quality and cost, as the problem, politicians are advancing reforms that would provide the most value to financially secure graduates while doing little to fix a system that's failing the rest."
>
> (Eden, 2016, p.3).

9.2. - Research Limitations

Examining debt as a symptom would allow researchers and policymakers to diagnose the real cause of the educational inequities experienced by low-SES students. A greater understanding of those symptoms, through future research, would afford better diagnoses and systematic, sustainable treatment. This lack of broader international and, more importantly, theoretical contexts is one limitation of this paper. Despite the uniqueness of the U.S. student loan system, similar financing policies are being debated, implemented, and criticized in other countries (Clawson et al., 2008; Long, 2018). Future research could benefit from international comparative study and help identify the globalized phenomenon, such as the commodification of HE (Soederberg, 2014), that may be impacting higher education financing. Additionally, the lack of access to good data is a major challenge to accurately understanding the impacts of SLPs (Gershenfeld et al., 2019). Most publications in this review utilize data from longitudinal studies of student cohorts of the 1990s or earlier. This is an inaccurate representation of contemporary student borrowers, especially considering the aforementioned events of the 2000s. Indeed, only the study conducted by Velez et al. (2019) had access to more recent datasets, their samples consisting of 2007-’08 bachelorette recipients. Yet, this and most datasets lack inclusion of non-degree recipients (Gershenfeld et al., 2019), which is demonstrated to be particularly relevant to the impacts of SLPs on students of low-SES. Furthermore, the lack of a universal definition for students with the least financial and cultural/social capital hinder attempts to measure this group’s experiences. These challenges limit the relevance of research and are worsened by the ever-changing nature of HE financing policy, such as the possible Reauthorization of the Higher Education Act and all its subsequent revisions (The White House, 2019). Additionally, data on student finances is restricted by the Higher Education Act and Federal Educational and Privacy Rights Act (Baker et al., 2017), and data regarding repayment by borrowers has only been publicly disclosed by the Department of Education since 2013 (Hillman et al., 2017). This is a common limitation raised in the literature (Gershenfeld et al., 2019) and, thus, extends to this review. These challenges reiterate the importance of future studies by student life-course researchers and an improved assessment on how effective SLPs are for students of low-socioeconomic status.

9.3. - Conclusion

Current understandings of U.S. student loan programs and their impacts on students of low-socioeconomic status represents a multifaceted policy puzzle that is central to improving equity in American higher education. This review found a growing consensus in the literature that SLPs negatively impact the higher education access, experiences, and outcomes of low-SES students. These shortcomings are attributed to the segregating effect SLPs have on this group, driving them to less successful higher education institutions. Ultimately, low-SES students are leaving higher education with unmanageable debt burdens that undermine their efforts at social mobility. Policy recommendations are contentious, often narrow in scope, and risk misdirecting improvement efforts. Policymakers must holistically assess this funding policy and consider the larger, contextual influences impacting the ineffectiveness of student loans for those of low-socioeconomic status. This most vulnerable population is demonstrated to be deeply impacted by policy, and any future studies or reform efforts should seek to address their needs with a holistic, equitable, and inclusive solution.

CHAPTER 10. - BIBLIOGRAPHY

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