



For Immediate Release

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TG Co-Sponsors Study on Borrower Aversion **Study finds some students won't borrow despite financial need**

Round Rock, TX — A TG co-sponsored report just released by the Institute for Higher Education Policy (IHEP) and *Excelencia* in Education contends that a large percentage of students do not use student loans to help pay for their college expenses, even if there is a financial need to do so. For many, the lack of funding or the choice to not use student loans could result in these students not acquiring a degree, potentially undermining their ability to realize the increased earning power a degree can bring.

The report, “Student Aversion to Borrowing: Who Borrows and Who Doesn’t,” highlights the borrowing patterns of students and provides insight about why certain students may not borrow. Interviews taken from students and financial aid officers, along with student demographic and enrollment characteristics, were used to formulate the basis of the study.

“An aversion to borrowing could be limiting college enrollment choices for some students, which is a possible indication of a larger problem that is related to student decision-making,” said IHEP President Michelle Asha Cooper, Ph.D. “It is important to identify if there are certain patterns and behaviors of students who do not want to borrow in an effort to help financial aid administrators, high school counselors, and others target students who may need additional help in deciding how to finance their college career.”

Many of the discoveries point to a borrowing divide along some racial groups, such as Asian and Hispanic students being less likely to borrow than their White or African-American counterparts. The study also found that non-borrowers may follow a family or ethnic culture related to taking on debt. For instance, Latino students and parents expressed reluctance to take on student loan debt for fear of not being able to pay back the loan amount, and instead use a “pay-as-you-go” system for attending college.

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(TG press release, continued)

“The report helps substantiate our support of policies that increase the level of need-based grant aid for students,” said Sue McMillin, President and CEO of TG. “There are many cases, however, where students choose to finance higher education by using strategies that undermine their ability to complete a degree.

“The more we understand how students make these decisions, the better able we are to provide all of the information they may need to make an informed decision,” she added.

According to TG data, in Texas more than 80 percent of all financial aid awarded to students comes from the federal government. Nearly two-thirds of the aid to Texas students is in the form of low-interest, federally guaranteed student loans, with the majority of the loans being taken out by White (non-Hispanic) students.

“TG is pleased to have served as a financial supporter of this important new study,” said McMillin. “As one of the leading student loan guarantors in the nation, we have an interest in how students and families choose to pay for college, and most importantly, how those choices may affect their success in attaining a degree or certificate, and the affects of student loans post-graduation.”