

## PROJECT ABSTRACT

This proposal seeks funding for an initial pilot study focusing on the role of social trust in the postsecondary loan decisions of low-income latino/a students. The proposed study serves as part of a broader, long-term research endeavor intended to improve our understanding of the mediating effects of generalized trust on low-income postsecondary financing, particularly as it relates to current financial aid policies and procedures. To this end, our current study seeks to answer the following question: *In what ways does social trust affect the college financing decisions of low-income latino/a students?*

## PROJECT SUMMARY

**Project Background:** The continued importance of loans to the financing of college costs makes the question of debt and debt aversion among low income, people of color a critical concern in the ongoing effort to improve college opportunity (McPherson & Shapiro, 1998; Kane, 1999; St. John, 2001; Hearn, 2001; Paulsen & St. John, 2002; Redd, 2004). Given current trends in financial aid policy, the presumption remains that families will use loans as leverage against the escalating cost of college (McPherson & Schapiro, 1998; De La Rosa, 2006).

Prior research on loan usage by underrepresented populations indicates that, when confronted with escalating college costs, Latino/as and African Americans, in particular, take out far fewer loans than their white, middle and upper class counterparts (Paulsen & St. John, 2002; Redd, 2004; Burdman, 2005; Tomas Rivera Policy Institute, 2005). Findings from the National Postsecondary Student Aid Survey (NPSAS) (2004) found that Latino/a and African American students were the least likely to accept loans in any form (26.7% and 27.8% respectively).

“Loan aversion,” as it is often termed in the research literature<sup>1</sup>, has served as conceptual shorthand for explaining the resistance of low-income, students of color to assuming debt in order to finance college. Many rationales have been offered for why this is the case, including cultural stigma around loans (St. John, 2001; De La Rosa, 2006; McDonough & Calderone, 2006), imperfect financial aid information (Redd, 2004; Perna, 2006), as well as locus of control concerns among low-income students and their families (Trent, Lee, & Owens-Nicholson, 2006).

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<sup>1</sup> See Burdman, 2005, Kim, 2004

Social trust has long been considered an essential feature of a well-functioning, productive democratic society (Putnam, 2000; Rothstein & Uslaner, 2005; Uslaner & Brown, 2005). Civic engagement, voting behavior, and a general faith in government have all been attributed to high levels of social trust (Rothstein & Uslaner, 2005; Uslaner & Brown, 2005). Yet, recent research has documented disparate levels of social trust across socioeconomic strata, and in particular, the low sense of trust amongst low-income populations (Burnham, 1967; Deininger & Squire, 1996; Uslaner, 2002; Rothstein & Uslaner, 2005; Uslaner & Brown, 2005). Likewise, a 2006 Pew Research Center survey found significant differences in levels of social trust across race/ethnicity categories with white respondents enjoying higher levels of social trust and at much greater rates (64%) than African Americans (34%) and Hispanic (36%) respondents (Pew Research Center, 2006).

There are multiple justifications for the disparate levels of social trust across racial and class lines. Most common among them is the belief that perceived vulnerability leads to increased social guardedness in order to ward off the damaging effects of misguided trust (Wuthnow, 1998; Paxton, 2005). Subsequent research has also identified correlates such as urbanicity, social heterogeneity, crime rates, and governmental corruption as rationales for waning levels of social trust (Uslaner, 2002).

This proposed qualitative study is designed to better understand the connections between social trust, postsecondary choice, and low-income access. In particular, we intend to explore how social trust may enhance our collective understanding of Latino/a, low-income borrowing patterns. We argue that limited social trust may be one of many factors that contribute to Latino/a student resistance to loan assumption. Just as research on consumption

has long held trust to be a mitigating factor in purchasing deliberations, so too should it be considered in the context of college financing decisions.

**Research Design:** This proposed pilot study lays the groundwork for understanding the degree to which 30-40 low-income, urban dwelling, first-generation, college-bound Latino/a high school place generalized faith in social institutions (such as schools, local and national government, community based organizations, etc.) and how their college financing decisions reflect this generalized sense of trust in terms of postsecondary financing information and sources, loan decisions, and the perceived risk that loans and debt play in their decision process. Key guiding questions will be: To what extent do Latino/a students place faith in external “others” such as school personnel, administrators, government, banks, etc.? Who transmits key financial information to students? How are those informants determined? How is debt understood more generally? What are the sources of fear related to debt assumption? In what ways does social trust affect the college financing decisions of low-income latino/a students?

We intend to interview 30-40 college eligible Latino/a students enrolled within the same school setting. Students will be selected according to following criteria: self-identified Latino/a, A-G completion, self-reported first-generation status, parental education, and self-reported income status as per an in-class student survey. We’ve controlled for school setting in order to ensure all college-bound students are provided with relatively similar school-based informational resources. Likewise, controlling for gender, first-generation status and income also permits us to analyze findings across these important categories.

Interviews will occur at the end of the spring 2009 of their junior year and late fall/early winter of their senior year. Spring interviews will focus on questions intended to

probe key areas of social trust (see Urslaner, 2002; Pew, 2006) as well as postsecondary admissions and financing planning. Subsequent interviews in the late fall/winter will readdress these financial planning issues and final matriculation decisions. Focus groups will also be held among study participants in Winter 2009 to triangulate initial findings generated from the interview data.

**Proposed Outcome:** The funding provided through CERPP is intended to fully support this initial pilot study as well as to provide the time and resources necessary to diversify our funding sources for the future. Our long-range plan is to expand our work on social trust low-income postsecondary access to include focused inquiry into family decision-making processes, school-family interactions, postsecondary information and the role of trust in the processing of information, etc. The current list of long-term funding sources identified includes the Lumina Foundation, College Board, Ford Foundation among others. Likewise, the co-PI's plan to actively promote the findings of this study through publication in such leading journals as *Research in Higher Education*, *Journal of Higher Education*, *AERA-J* as well as other relevant venues. Both PI's are active members within American Educational Research Association (AERA), Association for the Study of Higher Education (ASHE), and the American Sociological Association (ASA) and fully intend to report findings at their national conferences. CERPP funding support will provide us with seed monies necessary to jumpstart this important, and as yet under-researched, work in the area of social trust and postsecondary access. It is our belief that focused inquiry in the area of social trust promises to offer a more nuanced understanding of the barriers that delimit the educational opportunities for low-income students of color.

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