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MARYLAND HIGHER EDUCATION COMMISSION

**Survey of Maryland Public College Students  
With Unmet Financial Need**

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**MARYLAND HIGHER EDUCATION COMMISSION**  
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## Introduction

Recent research suggests that paying for college poses a serious challenge for millions of Americans. An analysis by Postsecondary Education Opportunity concluded that undergraduates in the United States had nearly \$32 billion in unmet financial need in 2003-2004 – the gap between college costs and the ability to pay even after factoring in student aid. The difference was greatest for students from low and middle-income backgrounds. The unmet need of students from households with an annual income of \$62,240 or less was \$3,600 – compared to \$4,689 for those from families which earned \$34,288 or below. The statistics suggested that unmet need was greatest for those students with the most modest financial means. A 2006 study by the Southern Regional Education Board reached a similar conclusion: many students at public four-year colleges and universities were found to be unable to cover the cost of college attendance even with the aid they received. The gap was most severe for students from lower-income families.

A 2006 study by the Maryland Higher Education Commission found similar patterns among undergraduate aid recipients enrolled at public colleges and universities in the State. A strong majority (83 percent) of aid recipients with need had unmet need averaging \$7,415. Nearly all (94 percent) of community college aid recipients with need had unmet need averaging \$7,126. Community college students at the lowest income level (adjusted gross income of \$15,000 or below) had the highest amount of unmet need (\$7,988 for those who received no loans and \$5,747 for those who received loans). Nearly three-fourths of aid recipients at public four-year campuses with need had unmet need averaging \$7,746. Unmet need was highest for public four-year students in the two lowest income categories (adjusted gross income under \$40,000), both for students who did and did not receive a loan. Unmet need exceeded \$10,000 for those students who did not receive a loan, and it was over \$7,200 for those who did.

The high amount of unmet need, especially at the lowest income levels, raises an important policy question: how are students and their families meeting their obligation? This report discusses the results of a survey conducted by staff of the Maryland Higher Education Commission to determine how students with unmet need were covering the cost of their education after family contributions and financial assistance are taken into consideration. The analysis examines the extent to which alternative, non-financial aid funding sources differed for students based on the type of institution attended (community college or public four-year), attendance (full- or part-time), dependency status, expected family contribution (a measure of the amount a student's family can reasonably be expected to spend in support of a college education which correlates highly with family adjusted gross income), and the amount of unmet need.

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## Study Design

A questionnaire was designed and mailed to all undergraduate aid recipients with unmet need who had been enrolled at a Maryland public two- or four-year college or university during the 2004-2005 academic year (a copy of the instrument is provided in Appendix A.). Students were asked to identify from a list the fund sources they had used to cover their unmet need in order to meet college costs.

A total of 54,461 questionnaires was administered. Of these, 4,826 surveys were completed and returned. Subtracting a high amount of undeliverable surveys (6,966), the response rate was 10.2 percent. To determine how well the survey respondents compared to all 2004-05 students known to have unmet need, a comparison was made between the two groups on a series of key characteristics such as type of institution, gender, race, dependency status, enrollment status, amount of expected family contribution (EFC), and amount of unmet need. As Tables 1. and 2. show, the survey respondents were very similar to the universe of students with unmet need on all of these variables, suggesting that the study group is representative of students with unmet need.

		Survey Respondents		All Students w Unmet Need	
		n	Percent	n	Percent
Gender	Men	1,323	27%	22,851	32%
	Women	3,503	73%	48,474	68%
		4,826	100%	71,325	100%
Ethnicity	Black	2,016	42%	33,175	47%
	Native American	19	1%	310	1%
	Asian	420	8%	4,574	6%
	Hispanic	201	4%	2,997	4%
	White	1,805	37%	25,024	35%
	Foreign	40	1%	718	1%
	Other	325	7%	4,527	6%
		4,826	100%	71,325	100%
Enrollment	Full-Time 2004-05	2,175	45%	27,605	39%
	Part-time 2004-05	1,127	23%	15,300	22%
	Mixed Attendance	1,524	32%	28,420	39%
		4,826	100%	71,325	100%
Dependency	Dependent	2,194	45%	31,746	44%
	Independent	2,557	53%	37,495	53%
	Unknown	75	2%	2,084	3%
		4,826	100%	71,325	100%

Table 2. Financial Characteristics of Public Undergraduate Aid Recipients with Unmet Need, 2004-05: Survey Respondents vs. All Students			
		Survey Respondents (n=4,826)	All Students w Unmet Need (n=71,325)
		Percent	Percent
EFC	\$0	32%	38%
	\$1 to \$3,850	42%	40%
	\$3,851 to \$9,999	21%	17%
	\$10,000 +	5%	5%
	Total	100%	100%
Unmet Need	Below \$3,000	23%	20%
	\$3,000 to \$6,999	35%	32%
	\$7,000 to \$10,000	20%	21%
	Over \$10,000	22%	27%
	Total	100%	100%

## Survey Findings

Survey results show that the top funding source used by students with unmet need to cover the remaining cost of their college education was outside jobs (cited by 60 percent). The use of credit cards was also common (cited by 52 percent). Private scholarships (47 percent), private loans (45 percent), and personal savings (42 percent) were the next most-often mentioned means of covering college costs. More than one-fourth (27 percent) received gifts from relatives or friends.

Source	Percent
Outside jobs	60%
Credit Cards	52%
Private Scholarships	47%
Private Loans (Bank, etc.)	45%
Personal Savings	42%
Gifts from Relatives/ Friends	27%
Federal Tuition Tax Credits	17%
Loans from Relatives/ Friends	17%
Employer-Provided Funds	15%
Other	14%
Home Equity Line of Credit	7%
Investments	5%
Sale of Assets	4%
Retirement Accounts	3%
College Savings Plan	2%
Second Mortgage	2%
Trust Funds	1%

### *By Segment*

Community college and public four-year students with unmet need listed the same top six funding sources in almost the same order. A higher percentage of public four-year students cited outside jobs (65 percent compared to 56 percent of community college students). The second most popular source, credit cards, was mentioned by 52 percent of each group. Private loans, private scholarships, personal savings, and gifts from relatives or friends were all slightly more popular with public four-year students.

**Table 4. Top Funding Sources Used by Students to Make Up Unmet Need, by Segment**

Source	Community College (n=1,913)	Public 4yr (n=2,337)
Outside jobs	56%	65%
Credit Cards	52%	52%
Private Scholarships	45%	49%
Private Loans	39%	51%
Personal Savings	39%	44%
Gifts from Relatives/ Friends	25%	29%

***By Dependency Status***

For both dependent and independent students with unmet need, the relative order of funding sources was the same, the top two being outside jobs and credit cards. For independent students, however, credit cards proved to be just as popular a means of paying for education as outside jobs (54 percent cited jobs; 53 percent, credit cards). Dependent students relied on outside jobs with far greater frequency (68 percent). Dependent students also used private scholarships, personal savings, private loans, and gifts from friends and relatives somewhat more often.

**Table 5. Top Funding Sources Used by Students to Make Up Unmet Need, by Dependency Status**

Source	Independent (n=2,557)	Dependent (n=2,194)
Outside jobs	54%	68%
Credit Cards	53%	52%
Private Scholarships	45%	50%
Private Loans	44%	47%
Personal Savings	36%	48%
Gifts from Relatives/ Friends	25%	29%

***By Enrollment Status***

Beyond financial aid, the top funding source that full-time students with unmet need used to pay for college was outside jobs (66 percent) and private scholarships and credit cards were virtually tied for second (52 percent and 51 percent respectively). In contrast, for part-time students with unmet need, credit cards were the most popular means of meeting college costs (53 percent), while outside jobs ranked second (49 percent). Also, part-time students did not cite private scholarships, private loans, personal savings, and gifts from friends and/or relatives as often.

Source	Full-time (n=2,175)	Part-time (n=1,127)
Outside jobs	66%	49%
Private Scholarships	52%	44%
Credit Cards	51%	53%
Private Loans	48%	40%
Personal Savings	44%	38%
Gifts from Relatives/ Friends	30%	22%

*By Expected Family Contribution*

For students with unmet need at all levels of EFC, holding outside jobs was mentioned more often than any other funding source (frequency ranged from 58 percent to 67 percent). Students with EFC of \$3,851 to \$9,999 (which is too high to qualify for federal Pell grant aid) cited outside jobs the most often (67 percent). Credit cards came in second for everyone with the exception of those with the highest EFC levels (over \$10,000). A majority of students in each EFC category indicated that they had relied on credit cards. Compared to others, a higher proportion of students in the \$3,851 to \$9,999 EFC range cited credit cards (58 percent). Personal savings and private loans were more often mentioned by students at higher EFC levels.

Source	EFC Level			
	\$0 (n=1,556)	\$1 - \$3,850 (n=2,017)	\$3851 - \$9,999 (n=1,006)	\$10,000+ (n=247)
Outside jobs	58%	59%	67%	60%
Credit Cards	50%	52%	58%	51%
Private Scholarships	47%	49%	46%	40%
Private Loans	39%	44%	54%	52%
Personal Savings	36%	40%	49%	58%
Gifts from Relatives/ Friends	28%	26%	27%	27%

*By Unmet Need*

Students with all levels of unmet need cited outside jobs most often as the way they covered remaining college costs. Credit cards came in second for students with unmet need of at least \$7,000, but for students with less than \$3,000 of unmet need, the use of lower-interest private loans (such as bank loans) was about as important as credit cards (cited by 52 percent). A majority of students in each of the unmet need categories relied on credit cards. As unmet need

increased, students were less likely to make use of private loans, private scholarships, or personal savings.

Source	Unmet Need			
	< \$3,000 (n=1,128)	\$3,000 - \$6,999 (n=1,671)	\$7,000 - \$10,000 (n=980)	\$10,000 + (n=1,047)
Outside jobs	61%	64%	56%	57%
Credit Cards	53%	51%	52%	54%
Private Loans	52%	44%	44%	39%
Private Scholarships	50%	49%	46%	43%
Personal Savings	43%	43%	40%	39%
Gifts from friends, relatives	25%	28%	27%	26%

## Appendix A

### 2007 Survey of Payment Methods for Education by Maryland State College Students

Undergraduate students who attend a Maryland college or university (2- or 4-year) have access to many types of financial assistance from the federal government, the State of Maryland, and their educational institution. This aid can come in the form of grants, scholarships, loans, and work-study programs. Parents also may pay a portion of the college expenses out of their income. However, many students find that the amount of money they obtain from financial aid or are provided by the parents does not cover the total cost of college. In these situations, students and their families may utilize other sources. Please place a check next to the item(s) in the list below that you and/or your family have used in the past to cover part of the costs of your college education, including tuition, fees, room and board, and any additional costs.

- College savings plans (such as 529 or Coverdell plans)
- Credit cards
- Employer-provided funds, such as tuition assistance plans
- Federal tuition tax credits
- Gifts from relatives or friends
- Home equity lines of credit
- Investments (such as stocks, bonds and mutual funds)
- Jobs other than college work-study programs that you personally hold
- Loans from private sources, such as banks or other lending institutions
- Loans from relatives or friends
- Personal savings (such as bank accounts, certificates of deposit or money market funds)
- Retirement accounts (such as IRA, 401k, 403b, and 457 plans)
- Sale of personal assets  
(please specify \_\_\_\_\_)
- Scholarships or grants from private sources
- Second or third mortgages on a home
- Trust funds
- Other source (please specify \_\_\_\_\_)

Thank you for completing our survey!