

Student Loan Debt

October 2007

SAMFORD UNIVERSITY

EXECUTIVE SUMMARY

Recent college graduates carry the heaviest student loan debt compared to any previous generation. According to data, recently released by the US News & World Report, at some national universities less than 20% of the class of 2006 graduated debt free. At some liberal arts colleges, 100% of the class of 2006 carried some type of student loan debt.

Among national universities, Seton Hall University (NJ) was ranked as the school with most debt. 61 % of its 2006 class had student loan debt with the average amount of debt equal to \$37,724.

In the South, Embry Riddle Aeronautical University (FL), Freed-Hardeman University (TN), Grambling State University (LA), Tuskegee University (AL), and Alderson-Broaddus College (WV) were ranked as the schools with most debt. Their percent of the class of 2006 with debt ranged from 42% (Tuskegee, AL) to 95% (Alderson-Broaddus College, WV). The average amount of debt ranged from \$29,292 (Alderson-Broaddus College, WV) to \$52,495 (Embry Riddle Aeronautical University, FL).

At Samford, 39% of the class of 2006 carried student loan debt with an average debt amount of \$16,292.

In Fall 2007, 33.8 % of all undergraduate students and 66.5% of all professional/graduate students received at least one student loan.

STUDENT LOAN DEBT BRIEF

INTRODUCTION

The heavy load of student loan debt carried by recent college graduates has become a national problem. Student debt can pose serious obstacles, both before and after a student goes to college. The prospect of student debt can prompt students to compromise on college choice, drop out, or forego higher education altogether. After graduation, a high debt burden relative to income can keep college graduates from the financial and professional opportunities that their education was supposed to provide.

NATIONAL OUTLOOK

Every year about 5 million people take out student loans nationwide. According to the Project on Student Debt, a public-policy group, the average debt of the class of 2006, reported by institutions, is \$19,646. The actual average debt of the class of 2006, adjusted for the unreported data, is estimated at \$21,100. This is an 8 percent increase from the previous year.

HIGH DEBT STATES		LOW DEBT STATES	
State	Average Debt	State	Average Debt
District of Columbia	\$27,757	Hawaii	\$11,758
New Hampshire	\$24,800	Utah	\$12,807
Vermont	\$23,839	Kentucky	\$15,406
Connecticut	\$23,469	Wyoming	\$16,855
Minnesota	\$23,375	Maryland	\$16,872
Iowa	\$22,926	California	\$17,270
Maine	\$22,877	Delaware	\$17,589
Pennsylvania	\$22,776	Kansas	\$17,617
Indiana	\$21,179	Illinois	\$17,650
Michigan	\$21,169	Oklahoma	\$17,680

FIVE HIGHEST DEBT NON-PROFIT COLLEGES AND UNIVERSITIES			
Institution	State	Average Debt 2005	Average Debt 2006
University of New England	ME	\$37,507	\$39,014
Saint Mary's College	IN	\$24,617	\$35,143
Manhattan College	NY	\$15,715	\$35,130
University of New Haven	CT	\$30,399	\$35,118
Milwaukee School of Engineering	WI	\$31,808	\$34,862

STATE OUTLOOK

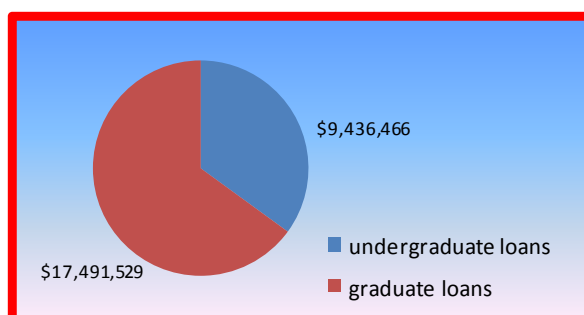
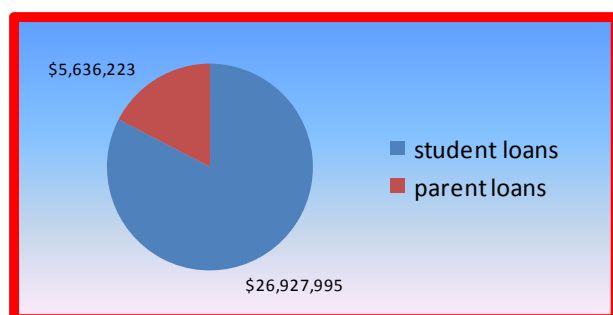
For the class of 2006, the average student loan debt in the state of Alabama was \$20,389. This put Alabama in 16th place among 46 states, with 1st place reflecting the highest average debt and 46th the lowest. Altogether, 56% of all members of the class of 2006 carried student loan debt.

SAMFORD OUTLOOK

Loan Distribution Fall 2007

In Fall 2007, 2078 Samford students received at least one loan, including parents' loans, for a total amount of \$32,564,218. Approximately 83% of this amount was received by students and 17% was received by parents.

Out of 2047 recipients of student loans, 967 students (47%) are pursuing undergraduate studies while 1080 students (53%) are attending graduate or professional schools.



The average student loan amount for undergraduate students was \$2406. The average student loan amount for graduate students varied greatly by school.

GRADUATE/PROFESSIONAL STUDENTS' LOANS BY SCHOOL			
School	Total Loan Amount	Average Loan Amount	Number of Graduate Students Receiving Loans
Arts & Sciences	\$82,757	\$3,941	9
Business School	\$278,098	\$4,090	35
Divinity School	\$370,470	\$3,900	55
School of Education	\$605,206	\$4,386	66
Law School	\$7,200,977	\$6,458	392
Nursing School	\$1,654,171	\$5,972	96
School of Arts	\$48,968	\$3,498	7
Pharmacy School	\$7,250,883	\$6,945	420

Loan Types

Traditionally, Samford students use a variety of sources to finance their education. Federal Loans, such as Stafford and Perkins, serve as the main sources. In Fall 2007, Samford students received 1834 various federal loans for a total amount of \$24,160, 455. In addition, external private education loans and institutional loans provide significant financial help. In Fall 2007, Samford students received private and institutional loans for a total amount of \$2, 767, 540.

STUDENT LOANS BY CATEGORY 2006-07			
<i>Loan Type</i>	<i>Loan Title</i>	<i>Loan Total</i>	<i>Number of Students Receiving Student Loans</i>
External	Private Education Loan	\$2,435,840	157
Federal	Fed Graduate PLUS Loan	\$4,195,241	492
	Fed Perkins Loan	\$1,859,686	199
	Health Professions Loan	\$344,585	16
	Nurse Faculty Loan Program	\$20,000	4
	Fed Subsidized Stafford Loan	\$7,373,453	874
	Fed Unsubsidized Stafford Loan	\$10,367,489	249
Institutional	Christ is Our Savior Loan	\$302,700	49
	Cohron Loan-Pharmacy	\$29,000	7

Loan Default

According to recently released data, Samford's cohort-default rates for fiscal year 2005 was 0.3%. This is the lowest rate of any school in the state of Alabama that actively participates in the Stafford-loan program. The cohort-default rate represents the percentage of Stafford-loan borrowers who started repayment during the fiscal year 2005 (October 1, 2004– September 30, 2005) and defaulted either in fiscal year 2005 or fiscal year 2006 (October 1, 2005– September 30, 2006). During this timeframe, 1,253 Samford borrowers entered repayment. Only five Samford borrowers out of 1,253 have defaulted.

FISCAL 2005 COHORT-DEFAULT RATES		
<i>Institution</i>	<i>Type</i>	<i>Cohort- Default Rate</i>
Samford	Private	0.3%
Auburn	Public	1.9%
Birmingham Southern College	Private	1.6%
UAB	Public	3.4%
University of Alabama	Public	1.3%

GLOSSARY

Federal Perkins Loan: The Perkins Loan is a 5% deferred interest loan based on financial need. By federal law, undergraduates may borrow up to \$3,000 per academic year. Cumulative maximums are \$15,000 for undergraduates and \$30,000 for graduates. First priority is given to early FAFSA filers with high financial need. These funds must be repaid. Repayment begins nine months after graduation or leaving school.

Federal Parents PLUS Loan: A PLUS Loan is a student loan offered to parents of students enrolled at least half time in eligible programs at participating and eligible post-secondary institutions. These loans are due for repayment immediately after disbursement and become a commitment by the parent, rather than the student.

Federal Graduate PLUS Loan: Federal Graduate PLUS loan is available for graduate and professional students to borrow. Similar to the Parent PLUS loan for parents of dependent undergraduate students, the Graduate PLUS loan is an unsubsidized federally guaranteed education loan with no annual or aggregate limits. It has no grace period and it goes into repayment as soon as the funds are disbursed to the borrower.

Federal Stafford Loan: A Stafford Loan is a student loan offered to students enrolled in American institutions of higher education to help finance their education. The loans are offered under Title IV of the Higher Education Act of 1965 (with subsequent amendments) and are therefore guaranteed by the U.S. Department of Education either directly or through guarantee agencies. In 1988, Congress renamed the Federal Guaranteed Student Loan program the Robert T. Stafford Student Loan program, in honor of Senator Robert Stafford of Vermont, for his work on higher education.

Subsidized Loans: Subsidized loans are awarded based on financial need. The borrower will not be charged interest before beginning repayment or during periods of deferment. The federal government "subsidizes" (or pays) the interest during these times.

Unsubsidized Loans: Unsubsidized loans are not awarded based on financial needs. Any eligible student can take out Unsubsidized Stafford Loans. The borrower will be charged interest from the time the loan is disbursed, to the time the loan is repaid in full.

This *Higher Education Research Brief* is written and published by the Office of Institutional Effectiveness, Samford University, Birmingham, Alabama 35229.

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