

Financial Aid Awards and Services to Graduate/Professional Students in 2002-2003

**Results from the 2003 Survey
of Graduate Aid Policies,
Practices, and Procedures**

Acknowledgments

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Executive Summary

How many students in law, medical, dental, and other graduate/professional schools receive financial aid? What strategies do aid offices use to determine aid eligibility for graduate/professional students? Are there any additional services that aid administrators provide to these students? Unfortunately, it is often difficult to find answers to these and other important questions about financial aid for students enrolled in graduate and professional schools. Most research and media reports on financial aid focus exclusively on undergraduates. Many inquiries about students in business, law, medicine, and other programs above the baccalaureate level often go unanswered.

To help bridge this knowledge gap, the Graduate and Professional Issues Committee of the National Association of Student Financial Aid Administrators (NASFAA) conducted the 2003 Survey of Graduate Aid Policies, Practices, and Procedures (SOGAPPP). The SOGAPPP, co-sponsored by Access Group, Inc, and Peterson's, a part of the Thomson Corporation, focuses on financial aid awards and services to graduate/professional students during the 2002-2003 academic year. SOGAPPP provides new information on the amounts of financial aid received by graduate/professional students and the methodologies used by financial aid administrators at law, dental, medical, business, and other graduate and professional schools to determine aid eligibility and package aid to their students.

This report focuses on SOGAPPP survey results for students in graduate/professional programs with the largest student enrollments: master's of arts, sciences, and education, master's of business administration (MBA), theology, law, dental, and medical schools (the number of respondents from doctoral programs was too low to generate any statistically reliable results). Collectively, these programs account for 83% of the students enrolled in graduate and professional schools that responded to the survey. Highlights of the SOGAPPP include:

- Roughly 2.7 million students were enrolled in graduate/professional schools, 47% of whom were seeking master's degrees in arts, sciences, education, or other fields. About 12% of students were enrolled in MBA programs, 5% were seeking law degrees, 3% were in medical schools, 4% were pursuing degrees at dental, nursing, or other health-care related programs, and 1% were enrolled in theology programs.
- Average total costs of attendance (tuition, fees, educational books and supplies, living costs, and miscellaneous expenses) for most graduate/professional programs were quite high in 2002-2003—ranging from \$17,207 at public college master's degree programs to \$56,370 at private college dental schools. Private medical schools had an average cost of \$44,714, while private law schools reported average total cost of \$43,126.
- Due to the high cost of attendance, most graduate/professional students received some form of financial aid. In 2002-2003, more than 90% of dental students and 75% of law students received some form of financial assistance. About 64% of students in schools of theology were aid recipients, compared with about 50% of those in master's and MBA programs.
- Many of the aid recipients had received student loans; more than 90% of aid awardees at dental, law, and medical schools got at least one student loan. More than 70% of aid recipients in MBA programs and 60% of those seeking master's degrees also received one or more loans. Many aid recipients received multiple loans. More than one third of all law, dental, and medical schools' financial aid offices routinely awarded aid recipients three or more loans to pay educational expenses. Overall, more than three quarters of the financial aid funds awarded to graduate/professional students came from federal and non-federal student loans.

- Meanwhile, grants, scholarships, and fellowships from all sources (federal, state, institutional, and private) accounted for just 15% of the total aid distributed to law school students, 11% at dental schools, and 23% at medical schools. At medical and dental schools, less than 10% of aid recipients were awarded any federal grants and less than half received institutionally funded scholarships or fellowships. At master's programs, only 33% of students received institutional scholarships or fellowships, and less than 10% received any federal grant aid.
- Because institution-based grant dollars were so scarce, most institutions used multiple criteria to award this aid. Most grant/fellowship funds were awarded based on demonstrated financial need *plus* some other non-need factor (such as academic merit, racial/ethnic group identity, field of study, etc.). To determine financial eligibility, most aid applicants were required to submit the federal aid application plus at least one other separate aid form that collected additional financial or demographic data. Additional financial data collected typically included the students' and their families' home equity; the value of stocks, bonds, or other investments; and interest or dividend income.
- As a result of the wide use of student loans, many degree recipients left their institutions with student loan debt. More than 80% of law, dental, and medical school graduates in 2002-2003 had student loan indebtedness, and the average total debt (undergraduate and graduate/professional school student loans combined) for these borrowers ranged from \$54,025 at public law schools to \$144,474 at private dental programs. More than half the MBA and theology school graduates had debt, and their average debt was greater than \$24,000.
- Lenders and higher education experts usually advise that borrowers should use less than 10% of their gross income to repay student loans. But evidence from SOGAPPP suggests that many graduate/professional degree recipients have exceeded this standard. New law school graduates' median monthly student loan payments in 2002-2003 represented more than 11% of their median monthly starting salaries. Graduates from private business and master's degree programs also typically had loan repayments that equaled 11% or more of their pay.
- Borrowers' concerns about loan repayment burdens may have influenced their career choices. Over the past 20 years, the proportion of law school graduates who entered public service law careers has declined from around 5% to less than 3%, while the share entering private practice rose from 49% to 58%. The median starting salary for new law school graduates who took public service jobs was \$36,000, compared with \$90,000 for those who entered private practice. The median student loan repayment for law school graduates who began their careers in public interest fields represented more than 19% of their median starting salary.
- To help students better manage their educational loan debts and other forms of consumer credit, many graduate/professional programs have instituted a variety of financial planning, consumer credit counseling, and debt management services. In addition to packaging financial aid, about 58% of all graduate and professional programs said they offered consumer credit counseling, 35% provided help with debt management, 54% offered financial planning, and 30% offered budgeting advice. These results are not mutually exclusive, as a number of programs provided more than one type of additional financial service. Roughly 15% of all SOGAPPP respondents said they offered their students all four types of additional financial services.

Borrowers' concerns about loan repayment burdens may have influenced their career choices. Over the past 20 years, the proportion of law school graduates who entered public service law careers has declined from around 5% to less than 3%, while the share entering private practice rose from 49% to 58%.

The SOGAPPP results show that students in the various graduate/professional programs face vastly different costs and financing issues. Costs are much higher for students in law, dental, and medical schools than they are for those in MBA and master's of arts and sciences programs. Yet, federal education loan limits are the same for master's and business programs as they are for law schools. As a result, law and business students are much more likely to rely on private, non-governmental loans

in addition to federal loans to meet their costs. This use of non-federal loans increases total student loan debt and makes it even less likely that borrowers will enter public service careers.

One solution to this problem might be to expand the use of differentiated federal student loan limits, which would allow students in higher-cost programs such as law schools to borrow more federal dollars and have less reliance on non-governmental loan funds. This approach is already used for medical school students, who are allowed expanded access to federal loans. If federal loan limits are expanded for students in other high-priced programs, loan repayment burdens might be eased for graduates who enter public service jobs or other fields that traditionally offer lower starting salaries.



Introduction

Recently, the New York Times profiled the trials and tribulations of attorney Paula J. Clifford, who received her law degree in 1998. Clifford began her professional career at the district attorney's office in Bristol County, Massachusetts. Unfortunately, her \$26,000 starting salary was not nearly enough to make payments on her \$70,000 undergraduate and law school student loans. To make ends meet, she worked part-time at a Boston restaurant, lived with her parents, and drove a car with 235,000 miles on it. Finally, after five years of financial struggle, Clifford left the district attorney's office to work for a prestigious private law firm at a much higher salary.

Stories of recent graduates from law, medical, and other graduate and professional programs facing financial difficulties due to loan repayment obligations are becoming more and more common. Increasingly, students from many of these programs are leaving their institutions with greater and greater amounts of student loan debt, and starting salaries in government and public interest fields often are not enough to support their debt payments. “[Our] most educated students are entering the work force with debt loads that will require years of sacrifice to meet debt servicing goals,” said Judith Cramer, director of financial aid for the Virginia Commonwealth University School of Medicine, in a recent interview with *Today’s News*, the on-line newsletter of the National Association of Student Financial Aid Administrators (NASFAA). “This trend towards greater costs and greater debt could limit access to graduate and professional education, reversing years of success at the undergraduate level.”

Recent trends among law school graduates provide a good illustration of the influence of larger debt on students’ career choices. A study from the National Association for Law Placement (NALP) found that less than 3% of 1998 law school graduates entered public interest law fields, while two-thirds were employed at private firms or businesses. Many community service advocates are fearful that large cumulative student loan debts are discouraging graduate and professional school degree recipients from entering public interest and government fields.

Due to their low salary levels, new law graduates who work in the government or public-interest sectors often devote 20% or more of their gross income to repaying student loans. It is no wonder, then, that many young lawyers like Paula Clifford decide to enter higher-paying jobs in private industry. But how representative are stories like Clifford’s of the total population of graduate and professional students? Are students from all fields struggling like she did, or are only those from certain degree fields or school types feeling the pressure of student loans? How does the percentage of loan recipients compare with those who are awarded grants, assistantships, and other types of aid? How does borrowing and cumulative debt in law compare with business, medicine, theology, arts and sciences, and other fields? What types of loans are students receiving? And what services are financial aid administrators in graduate and professional programs providing to help students with financing issues?

NASFAA’s Graduate and Professional Issues Committee (GPIC) conducted the 2003 Survey of Graduate Aid Policies, Practices, and Procedures (SOGAPPP) to provide some answers to these and other pertinent questions about financial aid awards and services to graduate and professional school students. The SOGAPPP was designed to compare financial aid awards received by students attending master’s of arts and sciences, master’s of business administration (MBA), law, theology, medical, and dental school programs during the 2002-2003 academic year. The SOGAPPP also looks at issues in financial aid administration for graduate and professional students—such as loan packaging policies; use of professional judgment; need analysis; and debt management and other services besides packaging financial aid provided by aid offices to students.

The SOGAPPP is unique because it is a survey of financial aid administrators rather than students. This survey collects information on aid packaging strategies and other services that are not reported by other studies. The SOGAPPP also attempts to collect information from a wide variety of graduate and professional programs rather than just one program or student type.

A Brief History of the SOGAPPP

This is the second time GPIC has undertaken a SOGAPPP study. The first survey, conducted in 1999, examined financial aid awards and packaging policies used during the 1997-1998 academic year. This first study found that:

- *Total tuition and fee charges* at law, dental, and medical schools exceeded \$10,000 at public colleges and \$18,000 at private institutions. At private MBA programs, the average tuition charge was more than \$15,000.
- *Roughly half the students* in master's of arts and sciences, MBA, and theology programs received financial aid, compared with more than 80% of those in law, dental, and medical schools.
- *About 62% of the aid funds* provided to students in master's degree programs came from student loans. Approximately 6% of total aid came from state, institutional, private/alternative, and other non-federal loans. At law and health professions programs, 83% of total aid was from loans, with 14% coming from non-federal loans. Scholarship and fellowship funds accounted for 44% of the aid provided to students in master's of arts and sciences programs, but only 21% of the dollars awarded to those in business schools and just 11% at dental programs.
- *Due to the scarcity of scholarship and fellowship aid* at most programs, many graduate and professional schools required students to complete multiple aid applications to determine eligibility for financial aid. Roughly 91% of private medical schools and 71% of public schools required all aid applicants to complete the Free Application for Federal Student Aid (FAFSA) *and* at least one additional aid application. About three quarters of private law schools and 57% of public schools required one or more additional aid applications. These separate aid applications generally collected information on students' or their families' home equity and other financial asset data not collected by the FAFSA.
- *Financial aid administrators at graduate and professional programs* used a wide variety of loan packaging policies and other strategies to award aid to their students. Most programs routinely included at least two loans in students' aid packages.
- *Average cumulative student loans debt* exceeded \$100,000 for graduates from dental programs and \$80,000 for those from medical schools. Debt at MBA programs was close to \$30,000. There was some evidence that concern about cumulative debt levels affected students' career choices and hindered the number of racial/ethnic minority students who applied to attend graduate/professional institutions.

While the results of the prior survey are helpful, for a variety of reasons they do not provide a complete picture of the financing issues faced by today's graduate/professional students. The first survey looked at tuition and fee charges but did not fully consider costs for books, supplies, and other expenses students typically must pay to attend graduate and professional programs. Often, these non-tuition costs can be quite substantial. At some dental schools, for example, students' annual costs for computer, laboratory, and clinical equipment can be \$10,000 or more. Second, a number of changes in financial aid processing technology took place between 1999 and 2003. Now, more institutions use the Web and other electronic means to process financial aid applications and package aid to students. These changes might affect the number and percentage of students who receive awards, their sources of aid, and aid amounts.

Additionally, the 1999 survey did not provide detailed information on the growing number of private/alternative loan borrowers. Private loans have become a major issue in financing higher education;

according to the College Board, the total amount of alternative loans jumped 141% between 1997-1998 and 2002-2003. A report from the Institute for Higher Education Policy found that the number of private loan products for business, law, dental, and medical students more than doubled between 1999 and 2002. Thus, graduate/professional student borrowing undoubtedly has contributed to the growing private loan volume.

And fears that rising student loan debt may be affecting students' decisions to attend graduate school and their career choices after school continue to be paramount in the minds of many analysts who study graduate and professional school education. A report by Dr. Donald Heller from the Pennsylvania State University found that, "Students in doctoral and first professional programs incurred the largest debt level and repaid the least by 1997." Heller's study concludes that "[B]orrowing does not appear to have affected the graduate school enrollment decisions of students who completed their baccalaureate degrees...[b]ut no one yet knows whether increased borrowing will push students' cumulative...debt levels to a point that *does* affect decisions regarding graduate school." These concerns and new issues, along with the 2004 scheduled review of the Higher Education Act, the federal law that authorizes the student financial aid programs, made it imperative for GPIC to initiate another SOGAPPP study.

Fears that rising student loan debt may be affecting students' decisions to attend graduate school and their career choices after school continue to be paramount in the minds of many analysts who study graduate and professional school education.

The 2003 SOGAPPP updates the prior study by giving more complete details on the distribution of financial aid and the methodologies used by aid administrators to serve students in graduate and professional programs during academic year 2002-2003. The survey project began in January 2003 with a meeting of the project's advisory group, which designed the survey instrument and provided advice and guidance on the initial survey results (the Appendix to this report shows the survey instrument). The advisory committee was comprised of financial aid administrators from law, business, medical, theology, and master's in arts and sciences programs from public, private non-profit, and proprietary (private for-profit) colleges and universities throughout the United States. The advisory group also included representatives from a number of organizations that serve graduate and professional schools and students or provide research on a variety of issues in student financial aid; these organizations include: Access Group, Inc., American Bar Association, American Dental Education Association, Association of American Medical Colleges, Graduate Management Admission Council, the Institute for Higher Education Policy, and the National Association of Independent Colleges and Universities.

After the advisory group approved the survey instrument, the Web-based survey, designed by Peterson's, a Thomson Corporation, was field tested by financial aid administrators and their staffs at 21 graduate and professional programs. The field test took place from May to July 2003. After further refinements were made to the survey, it was sent to financial aid administrators at a selected number of graduate and professional schools. These schools were chosen based on their membership in NASFAA or other associations that represent graduate/professional schools, their listings in Peterson's graduate/professional school guidebooks, and lists provided by members of the SOGAPPP advisory group. The survey period opened in September and concluded in December. The survey response rates and results are presented in later sections of this report.

Whenever possible, the results of the SOGAPPP are supplemented with the data from the National Center for Education Statistics' 2000 National Postsecondary Student Aid Study (NPSAS). There are a number of differences between SOGAPPP and NPSAS. NPSAS is based on a statistically weighted sample of graduate and professional students enrolled at all types of postsecondary education institutions in 1999-2000. SOGAPPP is based on financial aid administrators' reports on financial aid received by students at a selected number of graduate/professional programs during the 2002-2003 academic year. NPSAS collected data from students and their families, and includes information about students who did not receive financial aid and students who were enrolled in non-degree programs. SOGAPPP gathered data from the aid administrators exclusively and only includes

information on aid recipients who were seeking degrees. NPSAS also includes data on the aid students received from employers and other outside sources. SOGAPPP's information is limited to financial aid that is processed through the aid office. That is, SOGAPPP does not include employer assistance or fellowships or assistantships from academic departments unless this aid is processed by the aid office. For this reason, data on aid recipients and amounts presented in this report may underestimate financial aid awarding for students in some academic programs.

NPSAS does not include information on uses of professional judgment and other information on aid applications or operations, which is collected from the aid offices who responded to the SOGAPPP. Nonetheless, NPSAS does provide important information that is used to supplement the results for SOGAPPP. In all cases, however, any comparisons between the results of the two surveys should be interpreted cautiously.



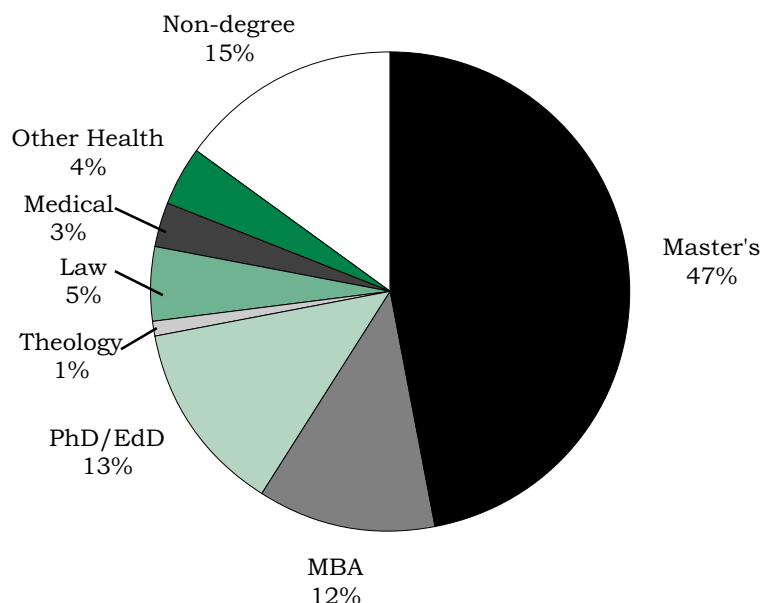
Population and Respondents

How many graduate and professional students are enrolled at American colleges and universities? How many are pursuing master's, doctoral, and first professional degrees? And how many students are enrolled full-time and part-time? Before discussing the SOGAPPP survey results, it is important to have a more complete picture of the enrollment characteristics of students seeking degrees beyond the baccalaureate level.

Enrollment Characteristics of Graduate/Professional Students

About 2.7 million students are enrolled in graduate/professional schools. As Figure 1 shows, during the 1999-2000 academic year 47% of graduate/professional students were seeking master's degrees in arts, sciences, education, or other fields, while 15% were engaged in post-baccalaureate certificate or other "non-degree" course work. Just 12% of students were enrolled in MBA programs, 5% were pursuing law degrees, 3% were in medical schools, 4% were attending dental, nursing, or other health-care related programs, and 1% were pursuing theology degrees. Collectively, 59% of the students were attending master's of arts, science, education, and business administration programs, 13% were seeking doctoral degrees, 13% were enrolled in the traditional "professional" programs of law, medicine/health care, and theology, and the remainder were engaged in non-degree coursework.

Figure 1
Distribution of 1999-2000 Graduate/Professional Students, by Degree Program*

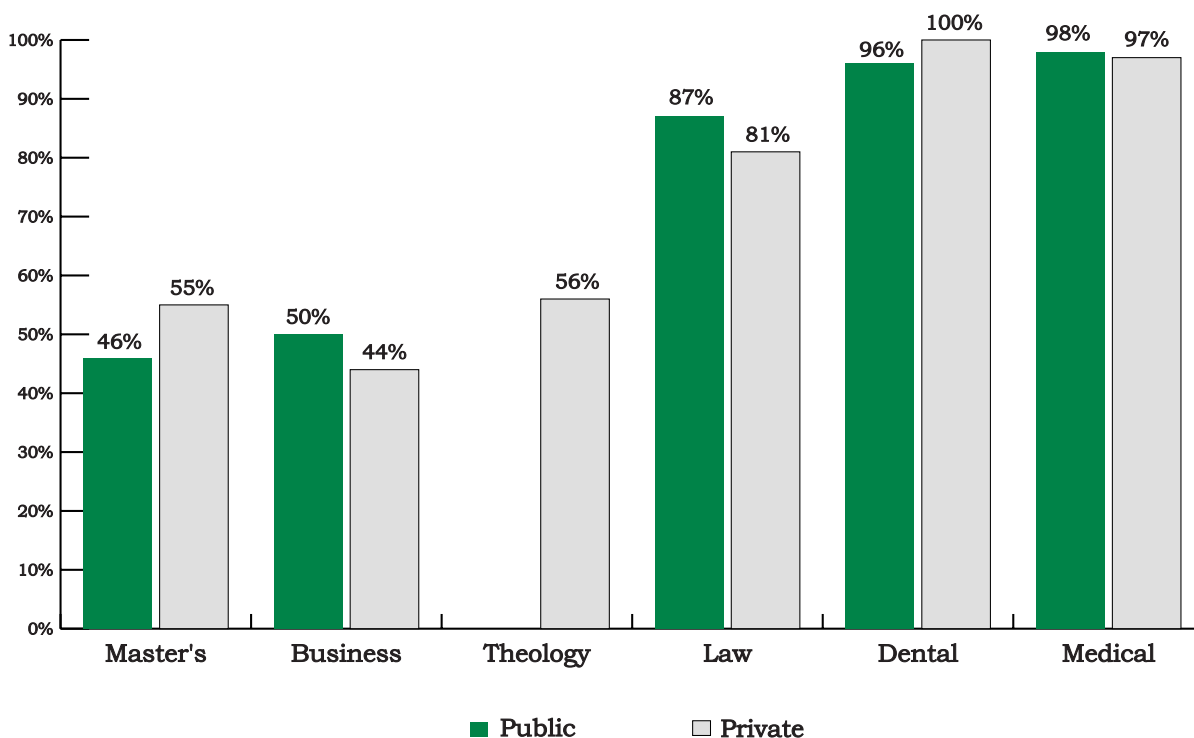


*Based on the results from approximately 2.7 million graduate/professional students enrolled during the 1999-2000 academic year.

Source: National Center for Education Statistics, 2000 National Postsecondary Student Aid Study, Graduate/Professional Data Analysis System, February 2003.

A second point to keep in mind is that the proportion of students enrolled full-time varies substantially by program and institution type. During the 2002-2003 school year, about 46% of the students at public college master's* programs and 50% at public business schools were enrolled full-time, compared with 87% at law school and nearly all of those attending medical and dental programs (see Figure 2). The percentages were similar at private college programs (55% at master's programs, versus 81% at law, 100% dental, and 97% at medical schools). Overall, at both public and private colleges, it appears that roughly half the students in master's and MBA programs were enrolled full-time, compared with nearly all those who attended medical, law, and dental schools.

Figure 2
Percentage of Students Enrolled Full-Time in Graduate/Professional Programs in 2002-2003, by Program and Institution Type



Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

These data show that the majority of students attending college beyond the bachelor's degree level were enrolled in master's degree programs. This point is important to remember because, as later tables and figures in this report will demonstrate, master's programs have lower average costs than medical, dental, and law schools. Further, approximately half the students in master's degree programs reduced their attendance costs even more by attending class only part time. Full-time students tended to enroll in higher-cost law or other professional school programs. These points should be kept in mind while reviewing the full results of the survey.

*Throughout the report, master's of arts, sciences, engineering, and education programs are collectively referred to as master's programs.

SOGAPPP Respondents and Response Rates

The SOGAPPP survey instrument was sent via electronic mail to financial aid administrators at 1,468 graduate and professional programs at four-year public and private colleges and universities and proprietary institutions throughout the United States. The overall survey response rate, 34.2%, is based on 502 usable surveys that were received (see Table 1). The response rates vary by type of program—ranging from 11.8% for doctoral programs to 58.8% for medical schools. (The response rate for doctoral programs was too low to generate any statistically reliable results, and therefore no further data for these programs is presented.)

Table 1
SOGAPPP Response Rates, by Program Type

| | Survey Population | Percent of Total | Survey Respondents | Percent of Total | Response Rate |
|--------------|--------------------------|-------------------------|---------------------------|-------------------------|----------------------|
| Master's | 389 | 26.5% | 110 | 21.9% | 28.3% |
| Doctoral* | 287 | 19.6% | 34 | 6.8% | 11.8% |
| Business | 357 | 24.3% | 120 | 23.9% | 33.6% |
| Theology | 67 | 4.6% | 39 | 7.8% | 58.2% |
| Law | 157 | 10.7% | 92 | 18.3% | 58.6% |
| Dental | 51 | 3.5% | 23 | 4.6% | 45.1% |
| Medicine | 80 | 5.4% | 47 | 9.4% | 58.8% |
| Other Health | 62 | 4.2% | 29 | 5.8% | 46.8% |
| Veterinary | 18 | 1.2% | 8 | 1.6% | 44.4% |
| Total | 1,468 | 100.0% | 502 | 100.0% | 34.2% |

*Response rate for doctoral programs was too low to calculate any estimates of results.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

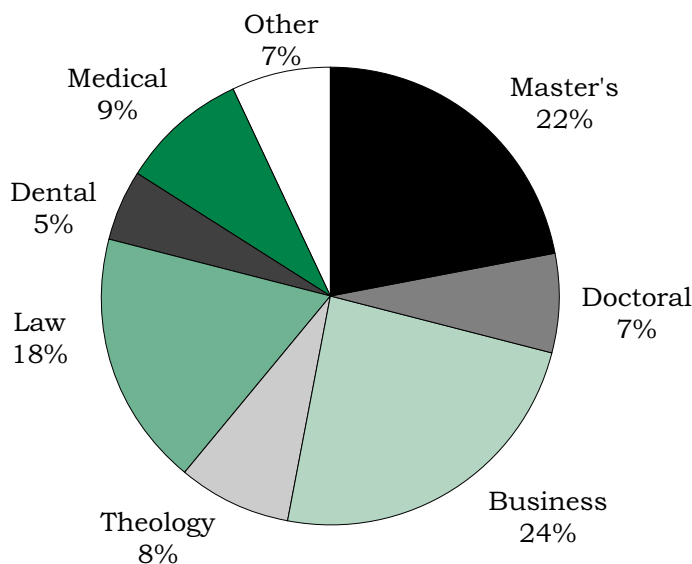
As Figure 3 shows, the survey responses came from a wide variety of graduate and professional programs. Collectively, 86% of the respondents came from the programs with the largest student enrollments—master's (22%), business (24%), theology (8%), law (18%), dental (5%), and medical (9%). These programs enrolled 83% of the total graduate/professional student population at SOGAPPP respondents. Due to their large share of the enrollment, this study focuses on the survey responses from these programs. The responses from these programs were statistically weighted to control partially for any possible bias between survey respondents and non-respondents. All results presented in this report are based on the weighted number of respondents.

About two-thirds of the respondents came from private non-profit colleges and universities. Generally, the proportion of respondents from public and private institutions was identical to the survey population. Among master's programs, for instance, 33% of the survey population came from public colleges and universities, 60% were from private non-profit schools, and 7% came from proprietary institutions* (see Table 2). Among the survey respondents from master's programs, 36% came from public colleges and universities, 60% from private non-profit schools, and 4% from proprietary institutions. These comparisons suggest generally that the characteristics of the survey respondents will

*The number of respondents from proprietary institutions was too low to generate statistically reliable results for these programs.

be similar to their underlying populations. However, in some cases, the number of responses to individual survey questions may have been low, and thus may not reflect the total populations.

Figure 3
Respondents to the 2003 Survey of Graduate Aid Policies, Practices, and Procedures, by Program Type



Total Respondents = 502

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Table 2
SOGAPPP Population and Respondents, by Institution Type

| | Population | | | Respondents | | |
|--|------------|---------|-------------------------|-------------|---------|-------------------------|
| | Public | Private | Proprietary/ Missing | Public | Private | Proprietary/ Missing |
| Master's | 33% | 60% | 7% | 36% | 60% | 4% |
| Business | 41% | 58% | 1% | 42% | 57% | 1% |
| Law | 38% | 61% | 1% | 38% | 61% | 1% |
| Dental | 67% | 33% | | 61% | 39% | |
| Medical | 46% | 52% | 2% | 47% | 51% | 2% |
| Theology (Population and Respondents) | | 100% | | | | |

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

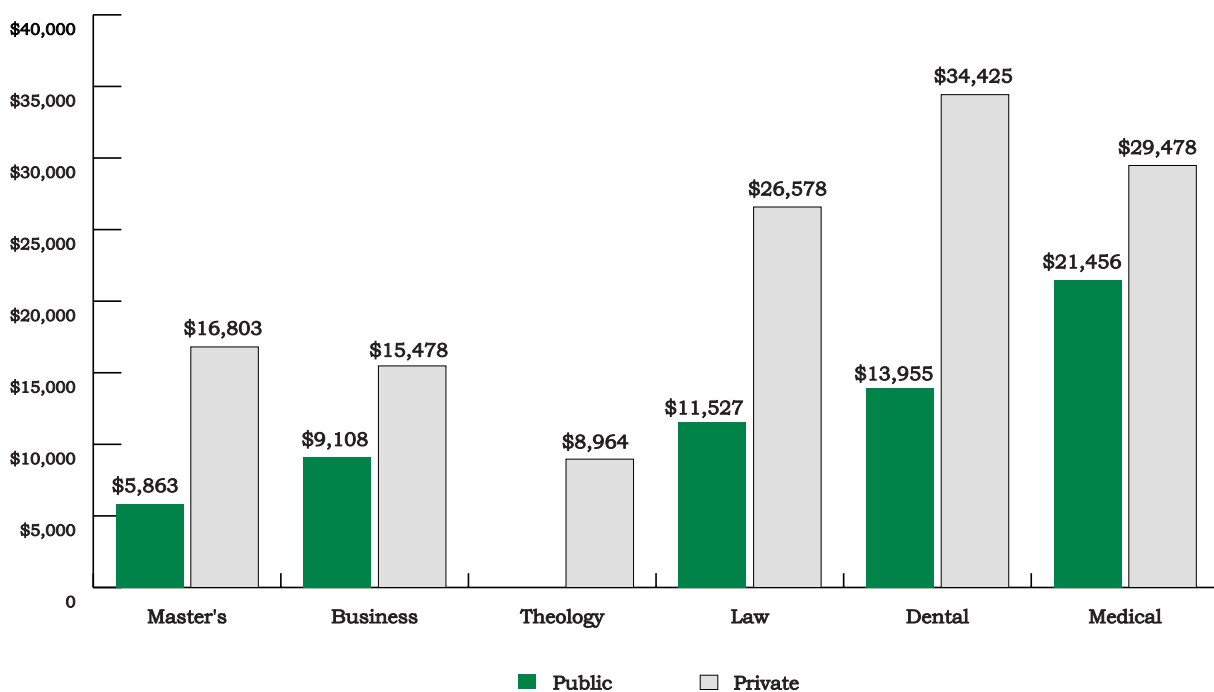
Cost of Attendance and Receipt of Financial Aid

Cost of Attendance

Students in graduate and professional programs usually face much higher tuition and fee charges and other costs of attendance than undergraduates because they engage in more intensive instruction from professors and other instructors. Medical, dental, and law schools have particularly high costs due to the clinical and laboratory instruction students are required to undertake.

Figure 4A compares the average 2002-2003 resident tuition and fee charges for full-time, full-year graduate/professional students by program and institution type. These charges are weighted by full-time enrollment. As might be expected, tuition prices vary widely by program and institution type. Public college master's programs charged an average price of \$5,863, compared with \$9,108 at business schools and \$11,527 at law schools. At both public and private institutions, students in medical and dental programs faced the highest tuition and fee charges. While public medical and dental schools had average tuition prices of \$13,955 and \$21,456, respectively, private dental programs charged an average price of \$34,425, while the average private medical school price was \$29,478.

Figure 4A
2002-2003 Average Resident Tuition and Fee Charges* for Full-Time, Full-Year Graduate/Professional Students, by Program and Institution Type



*Tuition and fee charges are weighted by full-time enrollment.

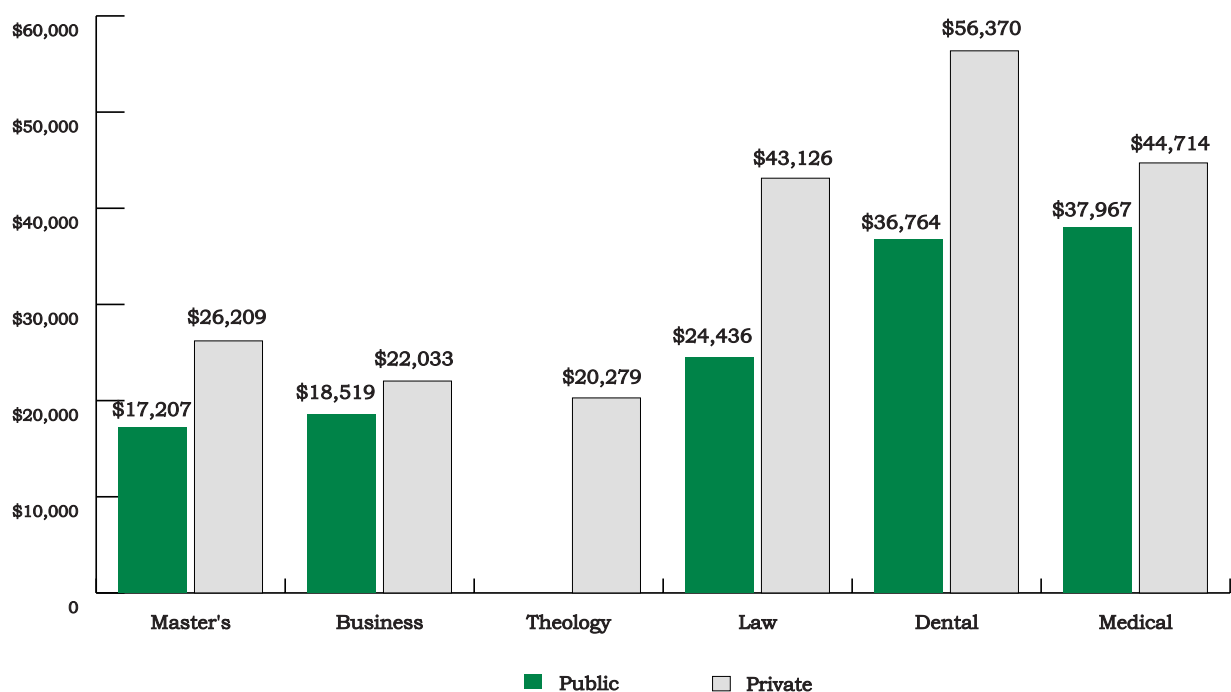
Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

However, as mentioned previously, tuition and fees are not the only costs full-time students incur. They must also pay for books, educational supplies, and costs for living (e.g., meals and housing) during the school year. Figure 4B shows the weighted average total cost of attendance at graduate and professional schools.

During the 2002-2003 year, dental, medical, and law students faced the highest average total costs. Public dental programs had total attendance costs of \$36,764; private dental schools had total costs of \$56,370. Private medical schools had average costs of \$44,714, while private law schools reported average total cost of \$43,126. Public law and medical school also had extremely high total attendance costs (\$24,436 and \$37,967, respectively).

Costs for these programs were certainly substantial, but once again it must be noted that only a small minority of all students were enrolled in law and health professions schools; relatively few students faced expenses of this magnitude. At master's programs, where the plurality of students were seeking degrees, average total costs were \$17,207 at public colleges and universities and \$26,209 at private institutions. Total costs for MBA and theology students also were under \$30,000. Keep in mind, however, that there is a great deal of variation in costs within these programs, particularly at business schools. A number of MBA programs charge substantially more in tuition and other prices than what is shown in Figures 4A and 4B, and it is possible that more lower-priced business programs responded to SOGAPPP than higher-priced institutions. But, for the most part, master's

Figure 4B
Average 2002-2003 Total Cost of Attendance* for Full-Time, Full-Year Graduate/Professional Students, by Program and Institution Type



*Cost of attendance figures include tuition, fees, books, educational supplies, living costs, transportation, and miscellaneous educational expenses. Figures are weighted by full-time enrollment and are based on resident tuition and fee charges.

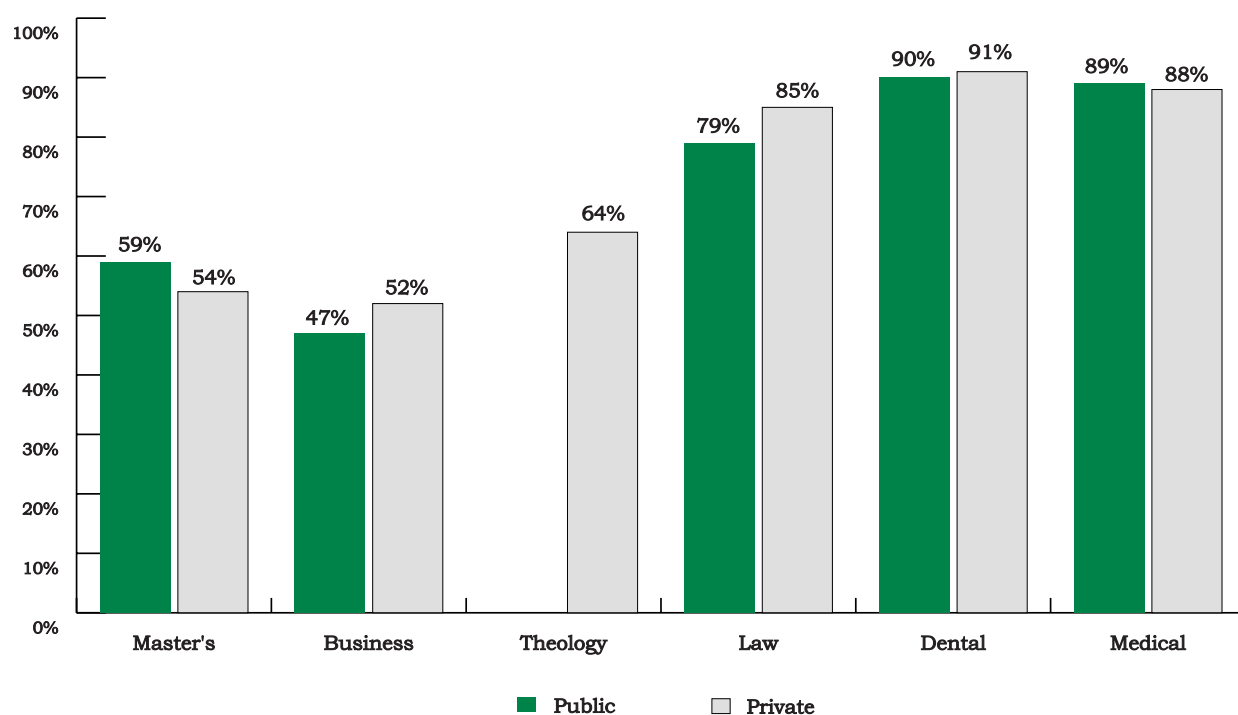
Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

degree and MBA programs do enroll the majority of students and appear to charge much less, on average, than law and health professions schools.

Receipt of Financial Aid

Given their extremely high costs of attendance, it is not surprising to find that students in law and health professions programs were the most likely to receive financial aid. During the 2002-2003 time frame, more than 90% of the full- and part-time students who attended dental schools received financial aid (see Figure 5). More than three quarters of those at public and private law schools also received some form of financial assistance, as did 64% of students in schools of theology. Comparatively smaller shares of those in public and private business schools (47% and 52%, respectively) received aid.

Figure 5
Percentage of Graduate/Professional Students Who Received Financial Aid in 2002-2003, by Program and Institution Type

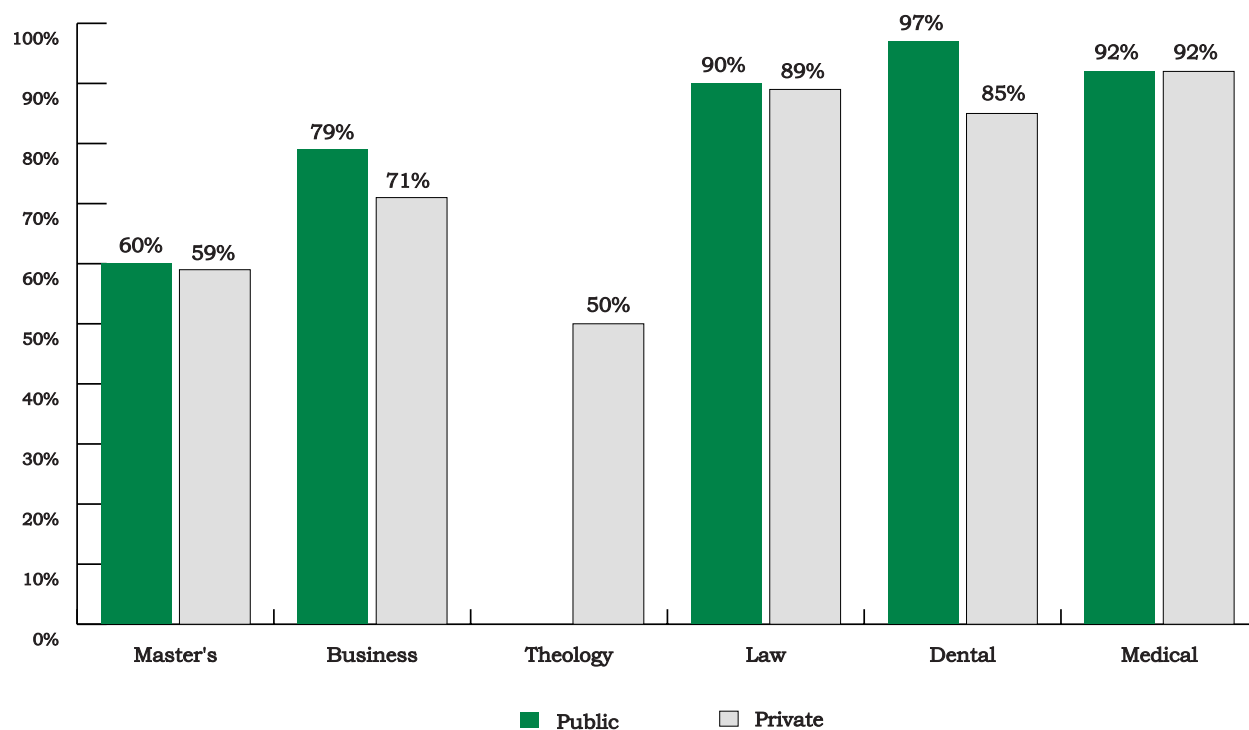


Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

The data on aid recipients includes students who received any type of assistance through the financial aid office—grants, scholarships, fellowships, tuition waivers, assistantships, work-study, and student loans. While aid does come in a variety of forms, most of the recipients received student loans, as Figure 6 illustrates. About 97% of the aid awardees at public dental schools, 92% at public medical schools, and 90% at public law programs had received at least one student loan during the survey period. Even at lower-cost MBA and master's programs, a vast majority of the aid recipients were student loan borrowers. And at theology schools, 50% of the aid recipients borrowed at least one student loan.

While most aid recipients received loans, much lower proportions were awarded federal and state grant aid, as Table 3 reveals. Only 5% of aid recipients attending master's degree programs received grant aid from federal programs such as the National Science Foundation (NSF). Only 5% and 3% of

Figure 6
Percentage of Graduate/Professional Aid Recipients Who Received Student Loans in 2002-2003, by Program and Institution Type



Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Table 3
Percentage of Graduate/Professional Student Aid Recipients Who Received Federal, State, or Institutional Grants in 2002-2003, by Program Type

| | Title VII/VII Grants | Other Federal Grants | State Grants | Institutional Grants | Institutional Tuition Waivers | Private Grants |
|---------------------|-----------------------------|-----------------------------|---------------------|-----------------------------|--------------------------------------|-----------------------|
| Master's | * | 5% | 9% | 42% | 11% | 9% |
| Business | * | 4% | 7% | 34% | 3% | 3% |
| Theology | * | * | * | 68% | 7% | 18% |
| Law | * | * | 4% | 46% | 5% | 2% |
| Dental | 5% | 4% | 13% | 28% | 3% | 4% |
| Medical | 3% | 6% | 9% | 43% | 3% | 7% |
| All Programs | 1% | 3% | 7% | 45% | 7% | 7% |

*Less than 1 percent.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

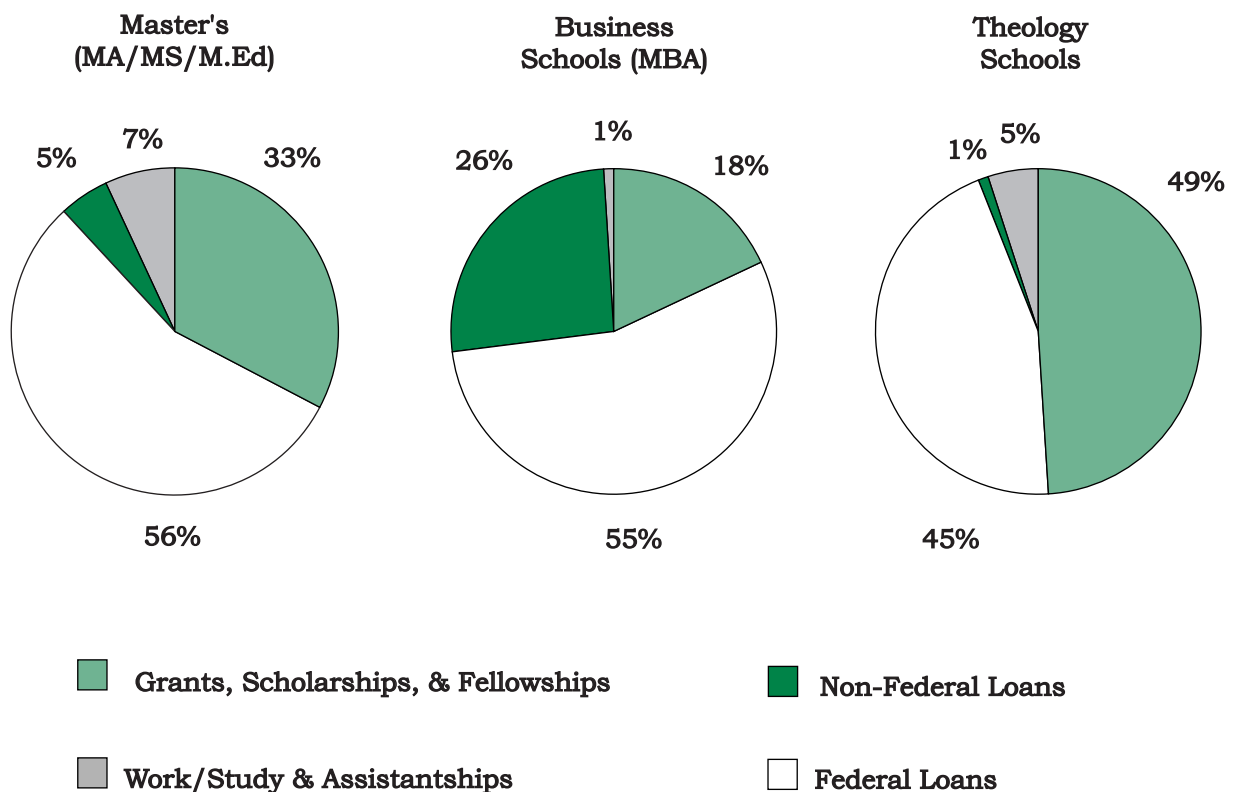
dental and medical student aid recipients, respectively, got federal grants from programs authorized under Titles VII and VIII of the Higher Education Act. Fewer than 10% of master's, business, law, and medical students had received state grants, scholarships, or fellowships. About 13% of dental school students received state grants.

Conversely, a much higher share of students at the graduate/professional level received institutional grant aid. About 68% of the aid recipients at theology schools received institutional scholarships, fellowships, or grants in 2002-2003. About 46% of law, 43% of medical, 42% of master's, and 34% of MBA aid recipients were also awarded institutional grants. Fewer than 10% of aid recipients in most of these programs were awarded grants from private (non-governmental or institutional) sources. Generally, these data show that the vast majority of grant funds received by students in graduate and professional programs came from institutions, as federal and state grant aid was extremely limited.

Distribution of Financial Aid Funds

The dearth of grant aid at most graduate and professional programs is further illustrated by Figures 7A and 7B, which show the distribution of financial aid funds to students by program. At master's programs (see Figure 7A), 56% of the total aid dollars came from federal student loans (primarily Federal Stafford Subsidized Loans, Stafford Unsubsidized Loans, and Federal Perkins Loans, all of which are authorized under Title IV of the Higher Education Act). Another 5% of total aid came from

Figure 7A
Distribution of Student Financial Assistance Funds at Master's, Business, and Theology Programs in 2002-2003



Source: NASFAA, 2003 Survey of Graduate Aid Policies, Practices, and Procedures, December 2003.

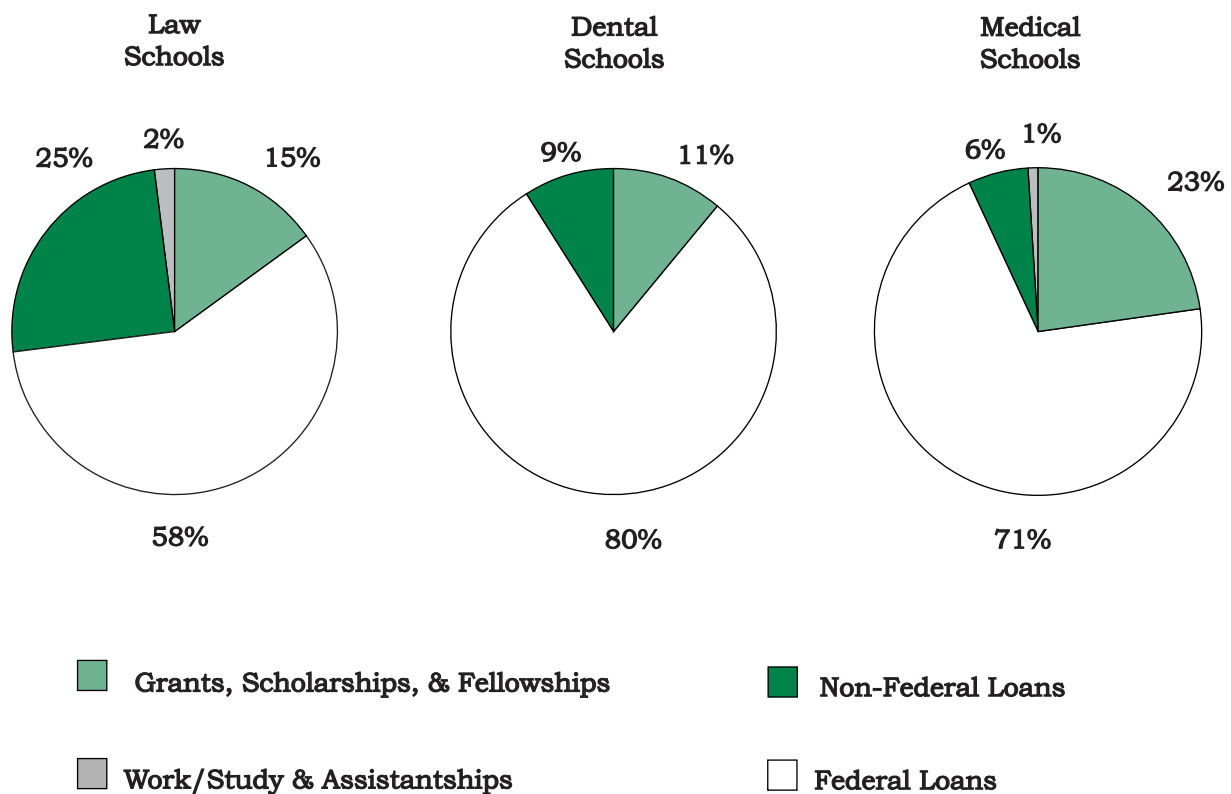
non-federal loans (primarily state government loans, institutional loans, and private/alternative loans. Additional data on private loans is provided in the *More Information on the Use of Private/Alternative Loans* section of this report). In total, 61% of the aid funds to master's degree students came from federal and non-federal loan programs, 33% came from scholarships, fellowships, and grants from all sources, and 7% came from work-study and assistantships (including institutional tuition waivers).

At business schools, 81% of total aid dollars were provided by loan programs—with 55% of funds coming from federal loans and 26% from non-federal loans. Only 18% of the aid for students seeking MBAs was provided by scholarships, grants, and fellowships, and just 1% came from work-study, assistantships, and tuition waivers.

In contrast, at theology schools, scholarships and grants accounted for a much greater share of the aid funds (49%). Many schools of theology are religiously affiliated, and it is possible that both the institutions and the religious organizations for these schools were providing the grant aid to these students. Still, theology students appear to have been relatively heavy users of Stafford and Perkins Loans; approximately 45% percent of the aid they received came from federal loans. Only 1% of the aid dollars came from non-federal loans and 5% was provided from work-study/assistantship programs.

The distribution of financial aid funds for law schools is very similar to that of business programs (see Figure 7B). Roughly 58% of the dollars provided to law students came from federal loans and 25%

Figure 7B
Distribution of Student Financial Assistance Funds at Law, Dental, and Medical Schools in 2002-2003



Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

came from non-federal loans. In total, federal and non-federal loans accounted for 83% of the aid provided by law schools, while only 15% came from grants, scholarships, and fellowships, and just 2% was attributable to work-study, assistantships, and tuition waivers.

Health professions programs had an even greater share of aid dollars that came from federal student loans. Approximately 80% of the total financial aid dollars awarded to dental school students during the study period came from federal loans, 9% came from non-federal loans, and 11% was provided by grants, scholarships, and fellowships. Similarly, more than 70% of the financial aid funds provided by medical schools came from federal student loans, 6% came from non-federal loans, and 23% came from grants and fellowships. Overall, federal and non-federal loans accounted for 89% of total aid distributed to students at dental schools, and 78% at medical schools.

The SOGAPPP findings are confirmed by the College Board's most recent *Trends in Student Aid* study, which found that federal and non-federal loans accounted for 75% of the total financial aid dollars awarded to students in all graduate/professional programs in 2002-2003. The findings are also confirmed by the observations of financial aid administrators at a number of these programs. As Colleen MacDonald, director of financial aid at the Stanford University Graduate School of Business and a member of the SOGAPPP advisory group, said in an article for *Today's News*, "The high cost of attendance, absence of federal and state grant aid, and limited availability of institutional fellowship funds force many graduate and professional students to finance their educational programs through borrowing."



Determining Eligibility for Financial Aid

What procedures do graduate/professional aid administrators use to determine which students will receive grants, loans, and other types of aid? What criteria do aid offices use to distribute scarce institutional grant dollars? Of course, some unknown share of aid (particularly research and teaching assistantships) is awarded by academic departments and thus is not under the direct control of aid officials. But aid administrators still often determine eligibility for the need-based grants and loans that many students depend on to attend their institutions.

To get a better sense of the procedures graduate/professional aid officials use to determine eligibility for awards—particularly institutional scholarships and fellowships—the SOGAPPP asked respondents to describe the applications that prospective recipients needed to file in order to qualify for financial assistance. Administrators were also asked to describe the procedures they used to adjust aid awards for students who might face unique circumstances.

Need Analysis

In order to qualify for Federal Stafford Subsidized Loans or other federal aid authorized by Title IV of the Higher Education Act, prospective recipients must first file the Free Application for Federal Student Aid (FAFSA), which collects demographic, income, and other data that is used to determine the amounts students and their families are expected to contribute toward their estimated cost of attending higher education. As described earlier, total costs of postsecondary education include tuition and fees, housing, meals, and other living costs, books and educational supplies, and other miscellaneous education-related expenses. The estimated amount students and families are expected to pay is called the Expected Family Contribution (EFC). The formula used to determine the EFC is called the Federal Methodology (FM), which is established in Part F of Title IV of the Higher Education Act. The entire aid application process is sometimes referred to as “need analysis,” because program administrators are trying to determine each applicant’s need for financial assistance.

In addition to completing the FAFSA, some graduate/professional programs require students to file at least one other aid application. The proportion of programs that require an additional application varies by program type, with a higher share of the programs at private institutions requiring additional aid forms. As Table 4 shows, in 2002-2003 39% of master’s degree programs at private non-profit colleges and universities required aid applicants to file at least one aid application in addition to the FAFSA, compared with 17% of those at public institutions. Roughly 49% of private law schools required an additional application, versus 36% of public law programs. In total, about 53% of all graduate/professional programs at private institutions required aid applicants to file one or more additional aid applications, compared with 35% of those at public schools.

About 66% of the respondents used their separate aid applications to determine eligibility for institutional grants, while approximately 62% collected information about students’ special or unique circumstances (see Table 5). Separate applications were also used by a number of schools to collect additional financial information. About 26% of the respondents used their additional aid applications to gather aid applicants’ home equity (which is not required by the FAFSA), and 41% used additional applications to collect information about aid applicants’ additional income—such as interest or dividend earnings. Home equity and any other income information not collected on the FAFSA is often used to determine eligibility for institutional grants or other aid from non-federal sources (only

data collected from the FAFSA can be used to determine eligibility for federal financial assistance authorized by Title IV of the Higher Education Act).

Generally, a higher proportion of the higher-cost graduate/professional programs required students to supply additional income or other financial data to determine aid eligibility. Approximately 57% of law schools and 38% of medical programs required home equity data, versus only 5% of master's degree programs. About 60% of law schools, 52% of medical programs, and 48% of dental schools asked for additional income data, versus 30% of schools of theology and 27% of master's programs. About 88% of dental schools used additional applications to determine institutional grant eligibility, compared with 80% of theology programs, 70% of law schools, and 69% of medical schools.

Table 4
Percentage of Graduate/Professional Programs that Required One or More Financial Aid Applications in Addition to the FAFSA*, by Program and Institution Type

| | Public | Private |
|---------------------|---------------|----------------|
| Master's | 17% | 39% |
| Business | 25% | 43% |
| Theology | n/a** | 69% |
| Law | 36% | 49% |
| Dental | 81% | 29% |
| Medical | 65% | 78% |
| All Programs | 35% | 53% |

*Free Application for Federal Student Aid

**“n/a” means not applicable.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practises, and Procedures*, December 2003.

Table 5
Types of Information Collected by Additional Financial Aid Applications Required by Graduate/Professional Programs, by Program Type*

| | Additional Income¹ | Home Equity | Other Assets² | Information on Special Circumstances | More Detailed Biographic Information |
|---------------------|--------------------------------------|--------------------|---------------------------------|---|---|
| Master's | 27% | 5% | 27% | 49% | 44% |
| Business | 44% | 24% | 32% | 56% | 52% |
| Theology | 30% | 20% | 35% | 60% | 80% |
| Law | 60% | 57% | 67% | 80% | 70% |
| Dental | 48% | 19% | 19% | 68% | 88% |
| Medical | 52% | 38% | 41% | 66% | 69% |
| All Programs | 41% | 26% | 38% | 62% | 66% |

*Includes only those programs that required one or more additional aid applications.

¹(e.g., dividends)

²(e.g., stocks)

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

**Table 5 (cont.)
Types of Information Collected by Additional Financial Aid Applications Required,
by Graduate/Professional Programs, by Program Type***

| | Data to Determine Eligibility for Institutional Grants | Federal Certification Statement | Information on Non-Spousal Dependents | Other |
|---------------------|---|--|--|--------------|
| Master's | 44% | 23% | 38% | 17% |
| Business | 52% | 20% | 36% | 32% |
| Theology | 80% | 20% | 50% | 20% |
| Law | 70% | 47% | 63% | 13% |
| Dental | 88% | 36% | 48% | 20% |
| Medical | 69% | 31% | 49% | 17% |
| All Programs | 66% | 27% | 47% | 20% |

*Includes only those programs that required one or more additional aid applications.
Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Professional Judgment: Adjusting Aid Awards

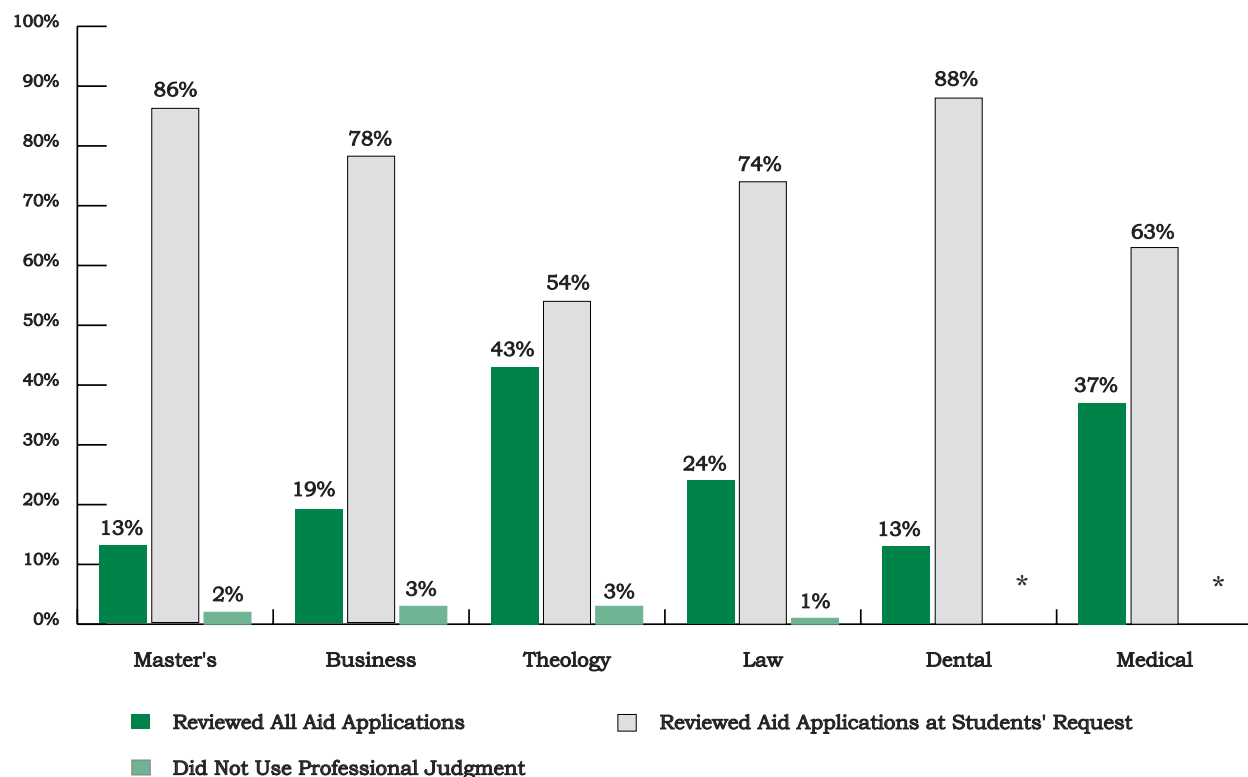
Even after the aid applications have been processed and initial assistance amounts are calculated, aid administrators still might have to determine the eligibility for students in unique or special circumstances. What, for instance, happens with students who have unexpected medical expenses? What happens if students get married or have children during the school year? What adjustments can aid administrators make for students who face circumstances that may not have been considered in the original aid application?

For these situations, most graduate/professional aid administrators have the ability to adjust the initial data used to determine students' eligibility for federal financial assistance. The process aid administrators use to change aid applicants' data is referred to as "professional judgment." Professional judgment is reserved for students in extraordinary circumstances that warrant a review or adjustment of their information for purposes of calculating financial need for federal financial aid. Under professional judgment, aid administrators review the data collected on the FAFSA and may change the data elements used to determine students' award eligibility, if such change is necessary.

During the 2002-2003 award year, 98% of SOGAPPP respondents said their programs used professional judgment, but the use of professional judgment varied somewhat by program type. About 43% of theology schools and 37% of medical programs said they normally reviewed the need analysis data for *all aid applicants* and exercised professional judgment, if warranted, even if such a review was not requested by the students (see Figure 8). Only 13% of master's programs and dental schools, 19% of business schools, and 24% of law schools automatically reviewed the need analysis data for all aid applicants. On the other hand, 88% of dental schools, 86% of master's programs, 78% of business schools, and 74% of law schools said they performed professional judgment reviews primarily *when they are requested by student aid applicants*. Roughly 54% of theology programs and 63% of medical schools conducted professional judgment reviews primarily at students' requests.

The differences in use of professional judgment may have occurred because of program size. Theology and medical schools tend to have smaller student enrollments than business, law, or master's degree programs; thus, their aid offices may have been more able to provide routine reviews of need analysis information for all aid applicants, rather than only for those who requested these reviews. But these differences are relatively small, as the majority of aid offices at all program types conducted professional judgment reviews principally when they were asked for by students.

Figure 8
Use of Professional Judgment by Graduate/Professional Programs in 2002-2003,
by Program Type



*Less than 1%.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

The plurality of all respondents also said they were more likely to undertake these reviews when aid applicants initiated some action that they believed might influence their aid awards. Overall, 41% of respondents said they were most likely to conduct professional judgment reviews when students appealed their initial award letters (see Table 6). About 56% of master's degree and MBA programs, 31% of law schools, and 26% of theology schools said they most frequently began professional judgment proceedings when aid applicants appealed award letters.

A second action that frequently resulted in professional judgment reviews was students' reports of unexpected reductions in income; about 37% of theology programs, 27% of business schools, and 25% of dental schools said they were most likely to begin a review when aid applicants told their aid offices of unexpected declines in income. About 32% of law schools, 27% of dental programs, and 23% of medical schools conducted professional judgment reviews most frequently when they received reports of unexpected changes in students' total cost of attendance (such as a significant increase in expenses for educational books or supplies). However, in total just 12% of all respondents cited this item as the most frequent action on their campuses to lead to a review.

Students' reports of changes in family or other circumstances were much less frequently cited as primary reasons for beginning professional judgment reviews. Only 2% of all survey respondents were most likely to initiate professional judgment reviews based on changes in students' marital or

other family status, and just 1% said they were most likely to begin a review based on new information about students' non-spousal dependents. Similarly, 5% or fewer of the respondents said they would be most likely to begin professional judgment reviews based on information from students' income tax returns or the aid office's review of the aid applicants' FAFSA data.

Table 6
Actions that Most Frequently Triggered a Professional Judgment Review at Graduate/Professional Programs 2002-2003, by Program Type*

| | Review of FAFSA Data | Information on the Aid Application | Edit Messages on Federal Documents | Information from Students' Tax Returns | Students' Appeals of Award Letters |
|---------------------|-----------------------------|---|---|---|---|
| Master's | 7% | ** | 3% | 2% | 56% |
| Business | 2% | 3% | ** | 3% | 56% |
| Theology | 11% | 8% | ** | 8% | 26% |
| Law | ** | 3% | 3% | 2% | 31% |
| Dental | ** | 5% | 13% | 8% | 22% |
| Medical | 3% | 3% | 5% | 15% | 25% |
| All Programs | 5% | 3% | 3% | 5% | 41% |

*Includes only those programs that used professional judgment and identified an action that most frequently triggered a professional judgment review. Due to rounding, details may not total to 100%.

**Less than 1 percent.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Table 6 (cont.)
Actions that Most Frequently Triggered a Professional Judgment Review at Graduate/Professional Programs 2002-2003, by Program Type*

| | Unexpected Reduction in Students' Income | New Information on Students' Non-Spousal Dependents | Change in Students' Marital or Other Family Status | Unexpected Change in Cost of Attendance | Other |
|---------------------|---|--|---|--|--------------|
| Master's | 20% | ** | 3% | 6% | 3% |
| Business | 27% | 3% | 2% | 3% | ** |
| Theology | 37% | ** | ** | 3% | 8% |
| Law | 19% | 2% | 2% | 32% | 6% |
| Dental | 25% | ** | ** | 27% | ** |
| Medical | 21% | ** | 3% | 23% | 3% |
| All Programs | 25% | 1% | 2% | 12% | 4% |

*Includes only those programs that used professional judgment and identified an action that most frequently triggered a professional judgment review. Due to rounding, details may not total to 100%.

**Less than 1 percent.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Aid applicants apparently initiated professional judgment reviews when they believed their new information would positively affect financial aid award amounts. However, given the scarcity of grant dollars at most programs, it is likely that the majority of such reviews usually resulted in increased student eligibility for federal or non-federal loans.

Aid Packaging Strategies

Determining Eligibility for Institutional Grants

As suggested previously, most institutions required students to submit one or more application forms in addition to the FAFSA in order to qualify for institutional scholarships, fellowships, or grants. Given the shortage of institutional “free money” at many programs, it is important to examine more closely the criteria graduate/professional programs use to distribute these dollars.

Nearly all graduate/professional programs awarded institutionally funded scholarships or fellowships, as Table 7 demonstrates. During the survey period, just 6% of all graduate/professional schools did *not* provide grant aid to their students. About 9% and master’s of arts, sciences, and education, and 15% of MBA programs did not offer institutional grants, compared with less than 1% of law, dental, and medical schools. This means that the overwhelming majority of higher-priced professional schools awarded at least some “free money.”

Table 7
Criteria Used to Distribute Institutional Scholarships, Fellowships, and Assistantships to Graduate/Professional Students in 2002-2003, by Program Type

| | Need-Based Criteria Only | Need and Non-Need-Based Criteria* | Non-Need Criteria | Do not Award Any Institutional Aid |
|---------------------|---|--|------------------------------|---|
| Master’s | 9% | 61% | 22% | 9% |
| Business | 4% | 49% | 31% | 15% |
| Theology | 7% | 90% | ** | 3% |
| Law | 6% | 69% | 25% | ** |
| Dental | ** | 73% | 27% | ** |
| Medical | 20% | 68% | 12% | ** |
| All Programs | 8% | 66% | 20% | 6% |

*Non-need criteria include academic merit, race/ethnicity, state of residence, academic program, or any other selection device besides demonstrated financial need.

**Less than 1 percent.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

For the most part, institutions required prospective aid recipients to demonstrate financial need in order to receive these grants. Collectively, 74% of all programs awarded their institutional aid based partially or exclusively on students’ demonstrated financial need. However, 66% of the programs required students to show need *and* meet at least one non-need-based criterion in order to qualify. Non-need criteria include: academic merit, racial/ethnic background, state of residence, or some other category besides demonstrated financial need. On the other hand, demonstrated financial need was the sole criterion used to award grants at just 8% of all programs, and 20% of programs used non-need criteria exclusively. These results suggest that the wide majority of programs targeted their aid dollars on students who were both financially needy and demonstrated some other characteristic

or attribute that advanced other institutional goals—such as enrolling students with high academic ability, or students from racially/ethnically diverse backgrounds.

There was some variation in the differences among programs in the use of need- and non-need criteria for distributing institutionally provided scholarships. About 31% of the business schools and 27% of dental programs used non-need-based eligibility standards exclusively, compared with 22% of master’s programs and less than 1% of theology schools. Nearly 90% of the theology programs used both need- and non-need eligibility standards, versus 49% of MBA programs, 61% of master’s programs, 68% of medical schools, and 73% of dental schools. Approximately 20% of schools of medicine used need-based grant criteria exclusively, versus 9% of master’s programs, 7% of theology schools, and 6% of law schools.

Loan Packaging Policies

With so little grant aid to distribute to students, many programs routinely awarded multiple student loans in the packages of their aid recipients. “Routinely packaged loans” are those that are automatically offered to prospective recipients, assuming the students meet the eligibility requirements for all loans, even if the loans are not specifically requested by students or their families.

As Table 8 illustrates, the vast majority of all programs except schools of theology had loan packaging policies. Nearly half (44%) of master’s programs, 38% of business schools, 30% of dental schools, 26% of medical schools, 16% of law programs, and 15% of theology schools routinely included both Federal Stafford Subsidized and Stafford Unsubsidized Loans in students’ aid packages. About 63% of theology schools did not routinely package *any* student loans.

It was not uncommon for some programs to package even more loans. Taken together, 58% of law schools, 43% of dental schools, 32% of medical schools, and 23% of business programs routinely included three or more loans in the packages of their aid awardees. However, the loan types included in the aid letters issued by these programs varied somewhat within program type. While 26% of law schools, 29% of dental programs, and 16% of medical schools routinely packaged Federal Stafford Subsidized and Unsubsidized Loans with *Federal Perkins Loans*, nearly 16% of law schools, 14% of dental programs, and 7% of medical programs packaged Federal Stafford Subsidized and Unsubsidized Loans with *private/alternative loans*.

Table 8
Loan Packaging Policies* at Graduate/Professional Programs, by Program Type

| | None | Federal Stafford Subsidized & Unsubsidized Loans | Stafford Subsidized, Unsubsidized & Perkins Loans |
|---------------------|-------------|---|--|
| Master’s | 23% | 44% | 17% |
| Business | 28% | 38% | 15% |
| Theology | 63% | 15% | 8% |
| Law | 18% | 16% | 26% |
| Dental | 12% | 30% | 29% |
| Medical | 13% | 26% | 16% |
| All Programs | 28% | 32% | 16% |

*Loans that are automatically included in students aid award packages, assuming students qualify for all loans, even if students do not specifically request all loans.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Table 8 (cont.)
Loan Packaging Policies* at Graduate/Professional Programs, by Program Type

| | Stafford Subsidized, Unsubsidized & Private/Alternative Loans | Stafford Subsidized, Unsubsidized Perkins & Private/Alternative Loans | Other |
|---------------------|--|--|--------------|
| Master's | 6% | 5% | 5% |
| Business | 1% | 11% | 7% |
| Theology | 0% | 0% | 14% |
| Law | 16% | 16% | 8% |
| Dental | 14% | 0% | 15% |
| Medical | 7% | 9% | 29% |
| All Programs | 6% | 8% | 10% |

*Loans that are automatically included in students aid award packages, assuming students qualify for all loans, even if students do not specifically request all loans.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

One reason so many programs offered students multiple loans is because the annual federal student loan limits for graduate and professional programs accounted for only a fraction of the total cost of attendance. Currently, the maximum amount that all students can receive each year for Federal Stafford Subsidized Loans is \$8,500. At law schools, this amount covered only 35% of the average total costs at public institutions and just 20% at private colleges and universities. The total combined graduate/professional annual loan limit for Stafford Subsidized and Unsubsidized Loans in non-health-related programs is \$18,500. On average, this amount represented roughly 70% of the 2002-2003 total attendance cost at private master's programs but only 43% at private law schools.

Annual federal loan limits are higher for dental and medical students than for those in other programs. Students enrolled in 9-month dental and medical school programs may borrow up to \$38,500 in Stafford Subsidized and Unsubsidized Loans. For 12-month dental and medical programs, students may borrow up to \$45,167 each year. Still, for some dental and medical programs, these higher amounts are often not enough to cover total costs. At private dental schools, the federal loan limit covered 80% of the average total cost in 2002-2003. To cover the gap between federal loan limits and total costs, dental and other health-related programs sometimes included three or more loans for their eligible students.

Of course, students do not have to accept all the loans in their aid packages, and it is likely that some borrowers declined all or a portion of the loans they were offered. But it is also likely that many students simply accepted the aid packages that were offered by their institutions, and used two or more loans during the award year.

More Information on the Use of Private/Alternative Loans

As SOGAPPP advisory group member Colleen MacDonald observed, "Federal student loans can no longer meet our students' financing needs. Our business school students are relying upon the use of more and more private loans to finance their educational experience."

Indeed, as the prior section indicates, many business and law programs packaged private loans (also often referred to as alternative loans) to help meet students' total educational expenses. These loans are typically provided by banks, credit unions, and other lenders. Unlike federal student loans, repayment of private loans is not insured by government agencies. The loans also typically have higher interest rates and less generous loan repayment provisions than federal student loans. For instance,

Federal Perkins, Stafford Subsidized, and Stafford Unsubsidized Loans are usually cancelled if borrowers die or become permanently and totally disabled. Many private loans do not have these cancellation provisions.

Despite these disadvantages, private loans have become a more popular option for graduate and professional students. According to the 2000 NPSAS survey, about 5% of all graduate/professional students received private loans in 1999-2000, and the average loan was \$9,523. But as Table 9 reveals, the proportion of students who got private loans and the amounts borrowed in 2002-2003 are much higher than these older national averages.

Table 9
Percentage of Graduate/Professional Students Who Received Private/Alternative Loans, and Average Loan Amounts, by Program and Institution Type

| | Percent of Students With Loans | Average Loan Amount |
|----------------------|---|--------------------------------|
| Public Master's | 1% | \$7,221 |
| Private Master's | 3% | \$10,471 |
| Public Business | 5% | \$23,896 |
| Private Business | 16% | \$17,823 |
| Private Theology | 1% | \$2,072 |
| Public Law | 16% | \$11,011 |
| Private Law | 39% | \$14,671 |
| Public Dental | 2% | \$11,896 |
| Private Dental | 24% | \$20,830 |
| Public Medical | 2% | \$6,448 |
| Private Medical | 9% | \$8,870 |
| All Public Programs | 4% | \$13,500 |
| All Private Programs | 15% | \$14,749 |
| All Programs | 10% | \$14,548 |

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

During the 2002-2003 year about 16% of the students at private business programs received alternative loans, and their average loan amount was \$17,823. About 39% of students attending private law school students received alternative loans, and their average amount borrowed was \$14,671. Almost one quarter of the students at private dental schools received these loans, and their average award was \$20,830.

Alternative loans were used much less frequently at master's and theology programs. Only 3% of students at private master's degree programs were awarded these loans, and their average loan amount was \$10,471. At theology schools, only 1% of students borrowed alternative loans, with an average amount of just \$2,072. Just 5% of students at public MBA programs received private loans, but their average amount borrowed was very high—\$23,896.

Why do so many students in law, business, and other programs receive large amounts of private/alternative loans, especially given the availability of aid from other governmental and institutional sources? At focus groups on private loan borrowing conducted by the Institute for Higher Education Policy, aid administrators and private loan lenders were asked to give their opinions on the reasons

why more students were borrowing through non-government sources. Some focus group participants believed older students received alternative loans to help maintain their current “lifestyle”—that is, to pay living or other costs not directly related to tuition, fees, books, and educational supplies. One graduate school aid administrator commented, “[M]any older students come to school with a particular standard of living. Younger students might be more capable of going without certain conveniences; older students don’t want to give these things up.” Another aid professional said, “Students are borrowing private loans to accommodate the high cost of living in the area.” Other focus group interviewees said that their students got private loans because the recipients “believe that private loans are easier to obtain than federal loans.”

The SOGAPPP also asked survey participants to give their observations on students’ most frequently cited reasons for wanting to receive alternative loans. The SOGAPPP respondents’ opinions are displayed on Table 10. The most frequently cited reason, selected by 56% of all respondents, for students wanting private loans was that the borrowers had received funding from federal loans and other sources, but still needed additional aid to pay their educational costs. This reason was selected by 56% of respondents at master’s degree programs, 59% at medical schools, 66% at dental schools, 68% at business schools, and 91% at law schools. At 11% of MBA programs, 13% of master’s programs, and 14% of theology schools, borrowers received the loans primarily because they were ineligible for federal student loans. Roughly 13% of aid administrators at dental programs and 7% of those at medical schools believed students received the loans primarily because they were ineligible for *any* federal aid.

Table 10
Financial Aid Administrators’ Opinions on the Most Frequently Cited Reasons for Graduate/Professional Students to Seek Private Loans, by Program and Institution Type

| | Students Ineligible for Federal Loans | Students Ineligible for Any Federal Aid | Students Rec’d Federal Aid but Still Needed Additional Funds | Other/ Missing |
|---------------------|--|--|---|-----------------------|
| Master’s | 13% | 7% | 56% | 24% |
| Business | 11% | 4% | 68% | 17% |
| Theology | 14% | * | 14% | 72% |
| Law | 2% | * | 91% | 7% |
| Dental | * | 13% | 66% | 21% |
| Medical | 7% | 7% | 59% | 27% |
| All Programs | 10% | 4% | 56% | 30% |

*Less than 1 percent.

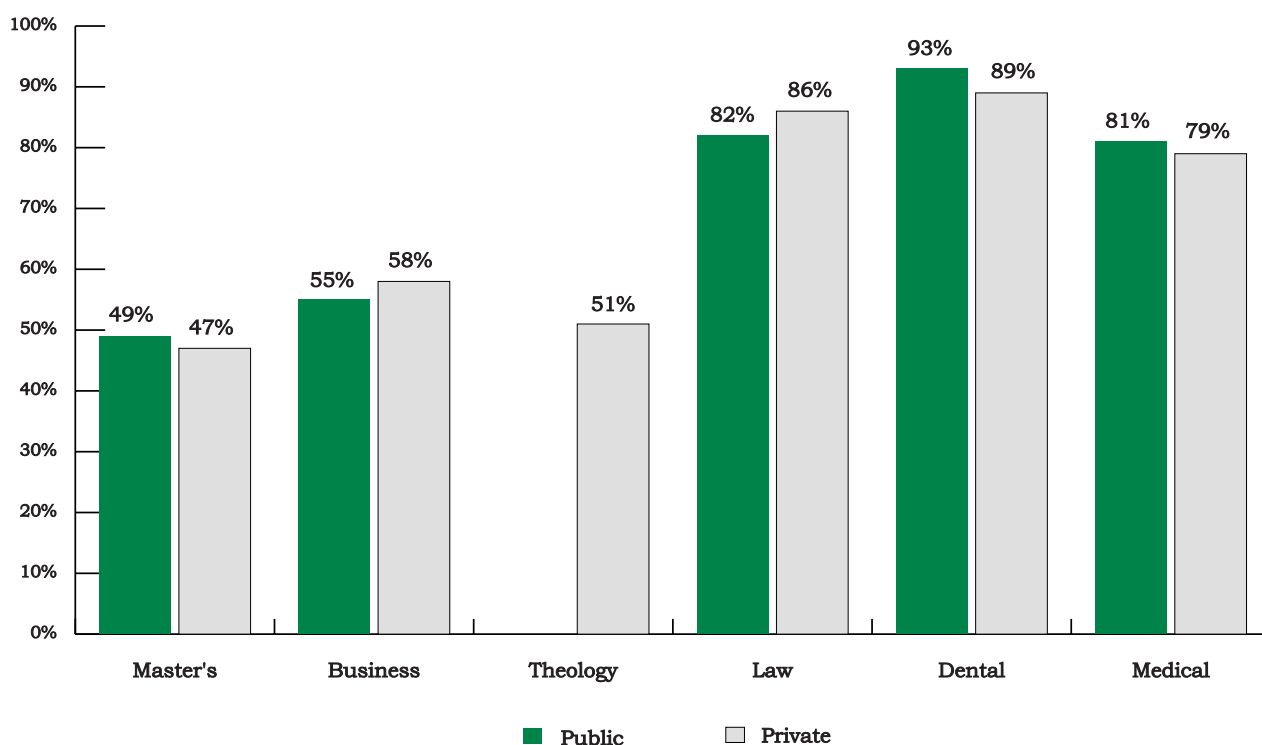
Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

As the Institute for Higher Education Policy’s 2003 study on private loans, *Private Loans and Choice in Financing Higher Education*, concludes: the graduate/professional students most likely to receive these loans are “professional students, particularly law school students, who face high tuition prices and have high financial need.” These loans do provide a key service: they help meet the financial need of students who otherwise could not afford to attend higher-cost law, business, medical, and dental schools. Unfortunately, this heavy reliance on debt from private and federal sources leads most students in law and other costly programs to graduate from their institutions with very large cumulative loan balances.

Cumulative Student Loan Debt

Due to the frequent use of federal and private loans, most graduates from law and health professions programs left their institutions with student loan debt. In 2002-2003, 79% or more of degree recipients from public and private medical, dental, and law schools left their institutions with student loan indebtedness (see Figure 9). At other programs, the incidence of graduates with debt was lower but still considerable. Slightly more than half of MBA and theology graduates had student loan debt, compared with less than 50% of master's degree students.

Figure 9
Average Percentage of Graduate/Professional Degree Recipients Who Left Their Institutions With Any Student Loan Debt* in 2002-2003, by Program and Institution Type

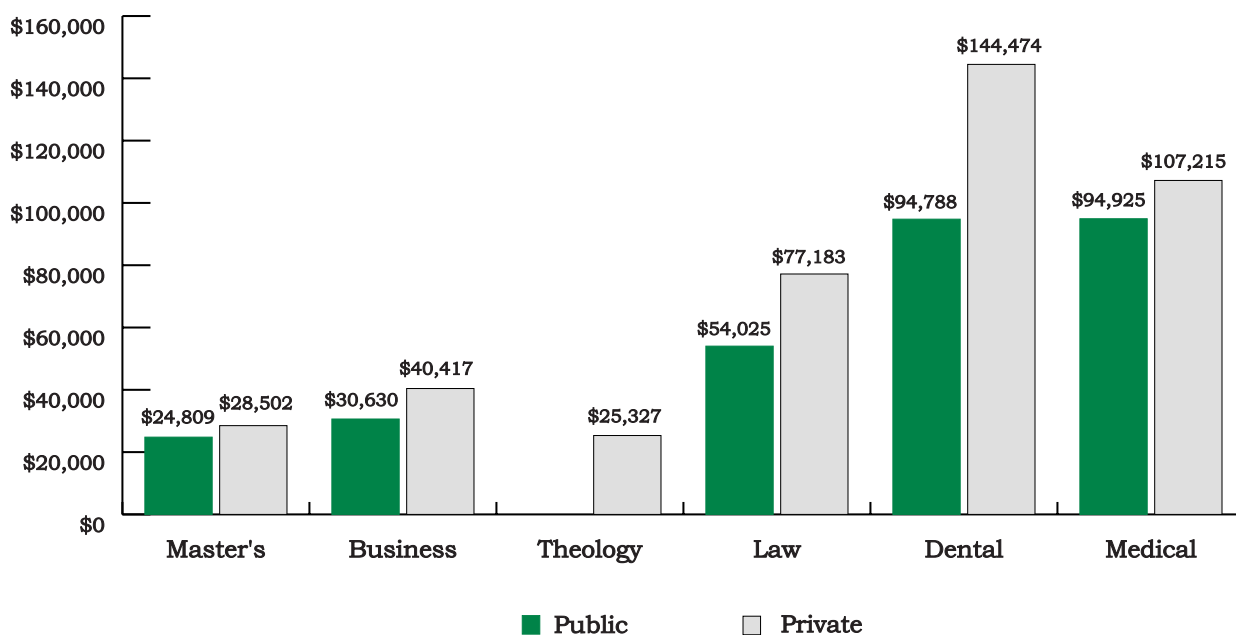


Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Cumulative debt—the total amount borrowed at both the undergraduate and graduate/professional level—for law, dental, and medical schools was quite high, especially for degree holders from private institutions (see Figure 10). On average, student loan borrowers who received degrees in academic year 2002-2003 from private dental school programs had cumulative student loan debt of \$144,474. At private medical schools, average cumulative debt was \$107,215, and at private law schools, the average total amount borrowed was \$77,183. At public law, medical, and dental schools, average indebtedness was \$54,025, \$94,925, and \$94,788, respectively. These debt figures include total principal amounts borrowed from federal and non-federal student loans, but do not include any accrued interest.*

*During periods of enrollment, interest accrues on Federal Stafford Unsubsidized Loans and most private/alternative loans. Borrowers may pay the interest while they are enrolled, or have it capitalized (added to the principal balance).

Figure 10
Average Cumulative Student Loan Debt* for Graduate/Professional Students Who Received Degrees in 2002-2003, by Program and Institution Type



*Includes the principal balance of debt from federal and non-federal loans received for undergraduate and graduate/professional education. Figures are based on students who left their institutions with student loan debt.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

It should be noted that degree recipients from law and health care programs represent only 13% of all graduate/professional degree recipients, according to the 2000 NPSAS study. Roughly 70% of the students received master's degrees in arts, sciences, engineering, education, and business administration. Among MBA recipients, the average cumulative debt for loan recipients who attended private business schools was \$40,417, versus \$30,630 at public business schools. For other master's degree recipients, average debt was \$24,809 at public colleges and \$28,502 at private institutions.

These average debt figures are somewhat deceptive because they are influenced by extreme outliers. That is, the average debt amounts are affected by some programs that have especially high or low borrowing figures. For this reason, it is more appropriate to report the median and lower- and upper-quartiles of debt. The median and quartile amounts provide a clearer picture of the range of debt amounts faced by typical degree recipients from graduate and professional programs. The median is the mid-point in the distribution of debt amounts—that is, one half of the borrowers will have debt that is higher than the median, and one half will have debt that is lower. The quartiles are the upper- and lower-quarters in the range of debt amounts. About 25% of the graduates will have debt that is at or above the upper quartile, and about 25% of the graduates will have debt that is at or below the lower quartile.

Using the median and quartile figures demonstrates that borrowers have cumulative debt that varies widely from the averages. At private business school programs, the median cumulative total debt was \$37,500 (see Table 11). However, the upper-quartile of debt was \$53,895, and the lower-quartile was \$25,750. At private law schools, one quarter of the degree recipients had cumulative debt of \$84,025 or higher, while one fourth had debt of \$68,971 or lower. Debt for public medical school graduates ranged from a lower-quartile of \$90,559 to an upper-quartile of \$101,136.

These data show that, for one fourth of borrowers from all programs, cumulative debt amounts were much higher than the averages or medians, but one quarter of borrowers had borrowed amounts that were considerably lower. Such wide extremes in total borrowing amounts suggest that using average figures for debt may underestimate the indebtedness situation for a large number of borrowers from graduate and professional programs.

Table 11
Distribution of 2002-2003 Cumulative Student Loan Debt*, by Program and Institution Type

| | Lower Quartile (Bottom 25%) | Median (Middle 50%) | Upper Quartile (Top 25%) |
|------------------|--|--------------------------------|-------------------------------------|
| Public Master's | \$14,360 | \$20,000 | \$29,694 |
| Private Master's | \$16,785 | \$30,308 | \$39,302 |
| Public Business | \$25,555 | \$27,068 | \$39,456 |
| Private Business | \$25,750 | \$37,500 | \$53,895 |
| Private Theology | \$19,000 | \$25,500 | \$31,147 |
| Public Law | \$45,425 | \$53,612 | \$61,706 |
| Private Law | \$68,971 | \$73,834 | \$84,025 |
| Public Dental | \$85,926 | \$93,925 | \$105,487 |
| Private Dental | \$120,039 | \$142,802 | \$176,050 |
| Public Medical | \$90,559 | \$92,973 | \$101,136 |
| Private Medical | \$85,087 | \$104,064 | \$135,295 |

*Includes debt for undergraduate and graduate/professional education from federal and non-federal loans. Figures are based on students' principal loan balances.

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practises, and Procedures*, December 2003.

Life After College: Cumulative Debt, Loan Repayment Burden, and Career Choice

Average and median student loan debt amounts are important because they exemplify the extent to which borrowing might affect students' lives after college. As Heller points out, "The student loan level can affect a student's ability to obtain other types of loans, such as home mortgages and car loans. Higher loan levels may also influence students to take jobs with higher pay rather than jobs that fit their other interests or needs." It is thus important to have some understanding of how loans might affect the graduates' post-college lives. One indicator is graduates' loan repayment burdens after they leave college.

Traditionally, lenders and education analysts suggest that, in order to avoid financial difficulties, borrowers' post-college loan repayments should be 10% or less of their gross (before taxes and other deductions) salaries. If loan repayments can be kept to this level, borrowers are less likely to have trouble obtaining car loans, mortgages, or other forms of consumer financing. As Table 12 demonstrates, it appears that many borrowers have loan repayments that exceed this level.

The proportion of starting salaries used by borrowers to repay their loans is sometimes referred to as the loan repayment burden. The median loan repayment burden for new graduates who received master's of degrees from private colleges and universities in 2002-2003 was 11.2%. That is, the median monthly loan repayments for these graduates was equal to approximately 11.2% of their median monthly gross starting salaries (these calculations assume a weighted average interest rate of 5% on federal and non-federal student loans and that borrowers chose the standard ten-year loan

repayment term). For new law school graduates from private institutions, student loan payments represented 16.3% of starting salaries. Loan repayment burdens were generally under 10% for graduates of public master's and business school programs, but exceeded 11% at public law schools.

Table 12
Estimated Loan Repayment Burdens for 2002-2003 Degree Recipients from Master's, Business, and Law School Programs, by Institution Type

| | Median Monthly Starting Salary* | Median Monthly Student Loan Payment** | Student Loan Payment as A Pct. of Salary |
|----------------------------------|--|--|---|
| Public Master's ¹ | \$2,868 | \$212 | 7.4% |
| Private Master's ¹ | \$2,868 | \$321 | 11.2% |
| Public Business (Non-technical) | \$3,667 | \$287 | 7.8% |
| Private Business (Non-technical) | \$3,667 | \$398 | 10.8% |
| Public Law ² | \$5,000 | \$569 | 11.4% |
| Private Law ² | \$5,000 | \$815 | 16.3% |

*Monthly income is based on the median annual starting salaries for graduates who left school in 2002-03 and gained employment by September 2003.

**Estimates of monthly loan repayments are based on median cumulative undergraduate and graduate student loan debt and assume a weighted average student loan interest rate of 5 percent. Estimates also assume borrowers took a standard ten-year loan repayment term.

¹Monthly starting salary is based on a weighted average of starting salaries of master's degree recipients who received job offers by September 2003.

²For law schools, estimates are based on median cumulative undergraduate and law school debt as of academic year 2001-02. Estimates include only those lawyers who secured jobs from which passage of the bar exam was required for employment.

Sources: National Association for Law Placement. 2003. *Jobs & J.D.s: Employment and Salaries of New Law Graduates, Class of 2002*.

National Association of Colleges and Employers. 2003. *Salary Survey: A Study of 2002-2003 Beginning Offers*.

NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

The data from Table 12 should be interpreted cautiously, however, as they are based on median salaries and loan amounts. Because salaries are vastly different by occupational field, some borrowers' loan repayment burdens may have been much smaller or larger than these figures suggest. This is particularly true for degree recipients who graduated from master's degree programs. Data from the National Association for Colleges and Employers show that the weighted average starting salary for new graduates with master's degrees in engineering-related fields was \$57,370, while those who received master's in education had mean salaries of \$34,737. Loan repayment and debt burden will therefore be much different for graduates from each of these fields. Even so, the data do provide evidence that some borrowers face large debt burdens after completing graduate/professional programs.

There is also some evidence that borrowers' concerns about debt have influenced their career choices. Each year, the National Association for Law Placement tracks new law graduates' first jobs after completing juris doctor (J.D.) degrees. In 2002, the most recent year of published data, only 3% of new lawyers who received J.D.'s from law schools accredited by the American Bar Association entered public interest law fields.* Since 1975, the share of new lawyers who entered public interest

*Public interest jobs include employment as public defenders, jobs that provide legal services for the indigent, or jobs as legal advocates for community service organizations.

fields has declined from 5.4% to just 2.9%. In the same time span, the proportion of new J.D.'s who worked in private practice or law firms rose from 49.2% to 58.1%.

An examination of the starting salaries and loan repayment burdens for new law graduates might partially explain why fewer new J.D.'s have entered public interest fields (see Table 13). In 2002, among new lawyers who obtained jobs for which passage of the bar exam was required, the median starting salary was \$36,000, compared with \$90,000 for those in private practice and \$60,000 in business or private industry. Based on the median debt levels, median loan payments were equivalent to 19% of the monthly starting salary of new public interest lawyers who received degrees from public colleges and 27.2% of the salary for those who graduated from private institutions. Loan debt burdens for new lawyers who took jobs in academia and government service were also very high—ranging from 16.4% for those with degrees from public colleges to 24.5% for those who attended private institutions. New J.D.'s who worked at private practice firms, on the other hand, generally appear to have had much more manageable loan debt burdens, ranging from around 7.6% for those with degrees from public law schools to 10.9% for private college graduates.

Table 13
Student Loan Repayments as a Percentage of 2002-2003 Law School Graduates' Median Starting Salaries, by Institution Type and Employment Field

| | Percentage of Salaries Reported | Median Monthly Salary | Student Loan Repayments as a Pct. of Monthly Salary (Public)** | Student Loan Repayment as a Pct. of Monthly Salary (Private)** |
|-----------------------|--|------------------------------|---|---|
| Academic | 0.2% | \$3,333 | 17.1% | 24.5% |
| Business | 2.3% | \$5,000 | 11.4% | 16.3% |
| Private Practice | 67.4% | \$7,500 | 7.6% | 10.9% |
| Government | 11.6% | \$3,462 | 16.4% | 23.5% |
| Public Interest | 2.4% | \$3,000 | 19.0% | 27.2% |
| All Employment Fields | 100% | \$5,000 | 11.4% | 16.3% |

*Monthly salary is based on the median annual starting salaries for law school graduates who left school in 2002. Estimates include only those jobs for which passage of the bar exam was required for employment.

**Estimates are based on median cumulative undergraduate and law school debt as of academic year 2002-03. Estimates assume a weighted average student loan interest rate of 5 percent and that borrowers will choose a standard ten-year loan repayment term.

Sources: National Association for Law Placement. 2003. *Jobs & J.D.s: Employment and Salaries of New Law Graduates, Class of 2002*.

NASFAA, *2003 Survey of Graduate Aid Policies, Practices, and Procedures*, December 2003.

Undoubtedly, some graduates with high debts from law and other graduate/professional programs took advantage of loan consolidation* or other special repayment programs that eased their repayment burdens, and these data may exaggerate their potential financial difficulties. And surely fears about debt burdens were not the only reasons for the declines in new lawyers entering public interest fields. But, as Paula Clifford's story indicates, a number of law and other graduate/professional degree holders genuinely are struggling with loan payments and career choices after college. Public

*Under loan consolidation, borrowers' loans are repaid by their lenders and a new consolidated loan is created. Interest rates on consolidated loans may be lower than on the underlying original loans. In addition, the monthly payments on consolidation loans are usually lower and the repayment term may be extended beyond what was available in the separate loan programs. For more information on federal consolidation loan programs, see <http://loanconsolidation.ed.gov/index.shtml>.

interest, academic, and government service fields just pay too little for many of these graduates to manage their loan payments easily and pay for other costs of living. Large post-college debt burdens may be deterring new lawyers and other graduate/professional degree recipients from entering career fields that traditionally have low starting salaries.

Other Financial Services to Students

Student loans are just one way of borrowing to finance higher education. Many college attendees use credit cards or other types of consumer debt to pay their educational or other expenses. According to a study from the Institute for Higher Education Policy, 87% of graduate/professional students have at least one credit card, and more than one quarter of these students have four or more cards. Anecdotal evidence suggests that many of the students with credit cards are also using student loans to meet their educational or other expenses. Aid administrators often worry about students' debt levels from loans and other types of consumer debt.

These concerns are reflected by the fact that, in addition to awarding and packaging financial assistance, the majority of financial aid offices at law, dental, medical, and other graduate and professional schools have begun to offer a wide array of consumer credit counseling and other financial services to students. "The financial aid office continues to expand beyond the traditional role of processing applications and providing alternatives for direct educational expenses," said Richard Woodland, director of financial aid at the Camden campus of Rutgers, the State University of New Jersey, in an article for *Today's News*. "Many of our students come to us with significant credit card debt, sometimes make unwise financial decisions while in school, and often need educated, professional financial advice as they prepare to begin their careers."

As Table 14 shows, 93% of medical schools, 79% of dental schools, 76% of law schools, and 67% of theology programs said they provided consumer credit counseling services to their students during the 2002-2003 academic year. Consumer credit counseling is used to help students better manage the use of credit cards, car loans, and other forms of indebtedness besides student loans.

Additionally, 74% of medical schools, 47% of law schools, and 43% of theology schools provided debt management services, which are designed to help borrowers cope with their indebtedness

Table 14
Additional Financial Services to Students Provided by Graduate/Professional Financial Aid Offices, by Program Type

| | Financial Planning | Debt Management | Consumer Credit Counseling | Budgeting |
|---------------------|---------------------------|------------------------|-----------------------------------|------------------|
| Master's | 44% | 25% | 46% | 26% |
| Business | 27% | 15% | 35% | 13% |
| Theology | 70% | 43% | 67% | 37% |
| Law | 66% | 47% | 76% | 35% |
| Dental | 68% | 32% | 79% | 16% |
| Medical | 91% | 74% | 93% | 56% |
| All Programs | 54% | 35% | 58% | 30% |

Source: NASFAA, *2003 Survey of Graduate Aid Policies, Practises, and Procedures*, December 2003.

from student and consumer loans. About 91% of medical schools, 70% of theology programs, 68% dental schools, and 66% of law programs said they offered financial planning services. Approximately 56% of medical schools, 37% of theology schools, and 35% of law schools provided budgeting services.

Overall, about 58% of all graduate and professional programs said they offered consumer credit counseling, 35% provided students with debt management services, 54% offered financial planning, and 30% offered budgeting services. These results are not mutually exclusive, as a number of programs provided more than one type of additional financial service. Roughly 15% of all SOGAPP respondents said they offered their students all four types of additional financial services.



Conclusions

Financial aid personnel use diverse and multi-faceted strategies, application processes, and services to help graduate and professional students meet their educational expenses and manage their finances. The SOGAPPP results provide convincing evidence that students in different degree programs enroll differently and face vastly different educational expenses.

The plurality (47%) of graduate/professional students are seeking master's degrees in arts, sciences, engineering, and education. Slightly more than half of the master's degree students are enrolled full-time. In 2002-2003, the average total educational costs for full-time master's students ranged from around \$17,200 at public colleges and universities to about \$26,000 at private institutions. Only one third of the financial aid to students attending master's programs came from grants, scholarships, and fellowships. Aid administrators at most master's programs thus had little choice but to package both Federal Stafford Subsidized and Stafford Unsubsidized Loans to help meet their students' attendance costs.

Roughly 12% of students are enrolled in master's of business administration programs. At many business school programs, particularly at private colleges and universities, annual Federal Stafford Subsidized and Unsubsidized Loan limits do not cover the full cost of attendance, and aid administrators are more likely to package private/alternative loans with federal loans to help close the resulting gap between total costs and available aid from other sources. Indeed, non-federal loans accounted for 26% of the aid funds distributed to business school students, and the average private loan at private business schools was close to \$18,000. At public business programs, the average alternative loan was nearly \$24,000.

Just 13% of students are enrolled in law, medicine, dentistry, and theology programs. Unlike students pursuing master's and MBA degrees, nearly all law, dental, and medical students are enrolled full-time. Average annual total costs for many of these students are very high—in 2002-2003, costs ranged from approximately \$24,400 at public law schools to an incredible \$56,400 at private schools of dentistry.

Theology programs are unique because, unlike other programs, nearly half their aid funds come from grants, scholarships, and fellowships. Two-thirds of theology student aid recipients in 2002-2003 received institutional grants, compared with less than half at other program types. And yet, about half the theology aid recipients were awarded at least one student loan, and 45% of the students' total aid funds came from federal loan programs. The grant aid to theology students thus was not enough for them to avoid federal student loans completely, but very few of these students needed non-federal loans to meet their costs.

Law students, on the other hand, are very heavy users of non-governmental loans. Yearly federal loan limits covered 76% of the total average cost of attendance at public law schools, and less than half the average cost at law programs. Aid administrators at public and private law schools appear to have targeted the limited institutional grants available to them toward aid recipients with both financial need and academic merit or some other non-need criterion. For other students, aid personnel appear to have routinely included private/alternative loans along with federal loans in aid packages.

Aid packaging policies at dental and medical programs were similar to those used at law schools, with the exception that the dental and medical students' access to expanded annual loan limits for Federal Stafford Unsubsidized Loans helped to reduce aid recipients' use of non-federal loans. Even so, private dental students who got private loans borrowed, on average, more than \$20,000.

The heavy reliance on federal and private loans therefore brings huge cumulative student loan balances for graduate/professional degree recipients generally, and graduates from law and health professions programs particularly. Many medical and dental graduates' cumulative debt was in excess of \$100,000, while graduates from private law schools faced an average student loan indebtedness of more than \$77,000. Average total debt for new MBA and master's degree holders was certainly much less than those from law and health professions schools—ranging from \$25,000 at public master's programs to \$40,400 at private business schools.

As a result of these large debts, a number of borrowers had loan debt repayments that represented 11% or more of their starting salaries. The typical master's degree recipient from a private institution had to devote more than 11% of his or her gross starting salary to repaying education-related debts, while some law school graduates appeared to be using 16% or more of their monthly earnings to repay educational loans.

Given the cumulative debt figures, many educational analysts and advocates for community service are worried that students' fears about indebtedness are having adverse effects on their lives after college. One possible effect of the growth in debt is the declining number of new lawyers who enter government or public interest jobs. Many of these jobs have starting wages of under \$40,000 per year, and borrowers often have to devote 19% or more of their salaries to repaying loans.

One possible solution to the problem of large indebtedness caused by the use of multiple loans is to increase the annual Federal Stafford Subsidized and Unsubsidized Loan limits, which have remained unchanged since 1993. The current limits now cover only a fraction of the costs of education for medical, dental, and law students at private colleges. As Judith Cramer points out, "While the solution to this problem is multi-faceted, it most certainly includes bringing loan limits current with the present state of educational costs." Unfortunately, raising loan limits for all students would probably increase program costs to extremely high levels. To reduce potential cost increases, it might be better to target loan limit increases on students in graduate/professional programs with the highest costs and most use of non-federal loan sources. That is, instead of raising loan limits for all students, it might be better to raise limits for law and other programs that have seen large use of private/alternative borrowing. Differentiated loan limits are currently used for medical and health professions borrowers with some success. Still, raising loan limits might not lessen the reliance on loans for students in law and other programs. Other strategies—such as increasing the use of loan forgiveness programs at law and other fields—should also be considered. Loan forgiveness programs allow borrowers who agree to work in public service fields to have a portion of their loans repaid by federal or state governments. Expanding these programs might attract more students into public interest, academic, or government service fields.

Aid offices in all programs appear to have taken matters into their own hands by establishing financial service programs that are aimed at helping students better manage their student loans, credit cards, and other types of debt. As the SOGAPPP results show, the majority of all programs provide at least one type of financial planning, consumer credit counseling, or budgeting service to students. These programs are designed to teach financial skills to students before they enter the workforce. While it is not possible through the SOGAPPP to evaluate these programs, their wide use suggests that aid professionals and their institutions have felt the need to help students avoid difficulties in post-college loan repayment responsibilities.

The SOGAPPP still leaves a number of questions about graduate/professional aid unanswered. No information about students in doctoral programs could be provided due to their very low response rate. There is also no specific information about assistantships and other types of aid that generally is awarded outside the aid office (such as employer-provided tuition remission). Even so, the survey project does provide new information on strategies used by aid administrators to package grants and loans to graduate and professional students. It is hoped that this information will be used to help limit borrowing so that new degree recipients like Paula Clifford do not have to struggle to help make ends meet when they complete their educational programs.

Appendices

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2003 Survey of Graduate Aid Policy, Practices, and Procedures



2003 Survey of Graduate Aid Policy, Practices, and Procedures

Thank you for participating in the 2003 Survey of Graduate Aid Policies, Practices, and Procedures (SOGAPPP). The survey project is sponsored by NASFAA's Graduate and Professional Issues Committee, with generous support from Access Group, Inc., and Peterson's, a division of the Thompson Corporation. The results of the SOGAPPP will be used by NASFAA in its research and planning for the upcoming reauthorization of the Higher Education Act.

All respondents will be eligible for a drawing to win a complimentary registration to the 2004 NASFAA National Conference in Minneapolis, MN, or the 2004 Access Group Graduate and Professional Financial Aid Conference. Responses must be received by November 21, 2003, in order to be eligible for the drawings.

All responses to this survey should be based on financial aid awards, policies, and practices during the 2002-2003 academic year. Please keep in mind that the data you provide should be based on financial aid policies and practices you followed for distributing funds to graduate and/or professional students. These students are defined as those seeking a degree or certificate above a bachelor's degree during the appropriate year.

Note that all responses to this survey will be kept completely confidential. If, however, there is a question you find objectionable, please skip it and answer the remaining questions.

You should have received a Web link to use to respond to the survey. Please respond via the Web if at all possible. This paper copy is provided as a convenience, however, so if you do have trouble accessing the Web and prefer to respond by paper you may send your copy to the e-mail address noted below. If you respond via the Web, you will not need to complete the entire survey in one setting. If you are interrupted with other tasks while responding to the survey, click on the "Continue" button of the bottom of each page of the survey and your responses from that page and all previous pages will be saved automatically. You can then exit the survey and resume responding at a later time.

If you have any questions on the 2003 SOGAPPP project or results, please do not hesitate to contact Kenneth Redd, NASFAA's Director of Research and Policy Analysis, at "reddk@nasfaa.org" or (202) 785-0453, ext. 138. Remember to respond by November 21 in order to become eligible for the conference registration drawings.

Cost of Attendance

1. Please indicate the cost of tuition and fees, room and board/living expenses, books and supplies, and other education-related expenses for full-time, full-year, first-time entering state resident graduate/professional students in your program .

- | | |
|---|--------------|
| a. Tuition and fees | \$ _____ .00 |
| b. Room and board/living expenses | \$ _____ .00 |
| c. Books, equipment, and educational supplies | \$ _____ .00 |
| d. Other education-related expenses | \$ _____ .00 |

2. Are tuition and fees charges for non-state residents in your program normally higher than charges to state residents? (Choose only one response.)

- a. Yes b. No (If No, skip to Question 4.)

3. Please indicate the cost of tuition and fees, room and board/living expenses, books and supplies, and other education-related expenses for full-time, full-year, first-time entering non-state resident graduate/professional students in your program.

- a. Tuition and fees \$ _____ .00
- b. Room and board/living expenses \$ _____ .00
- c. Books, equipment, and educational supplies \$ _____ .00
- d. Other education-related expenses \$ _____ .00

Enrollment

- 4. In 2002-2003, what was the total unduplicated headcount enrollment of graduate/professional students in your program? _____
- 5. Of the total unduplicated headcount enrollment (from Question4), approximately how many students were:
 - a. Full-time/full-year (i.e., enrolled full-time for at least 8 months during the 2002-2003 academic year) _____
 - b. Non-state residents (not including international students or non-U.S. citizens) _____
 - c. International students or non-U.S. citizens _____

Financial Aid Recipients & Award Amounts

- 6. Of the unduplicated headcount of students enrolled in your graduate/professional program, approximately how many received financial aid from any source known to you? (Include the unduplicated count of students who received any grant, scholarship, or fellowship; teaching, graduate, or research assistantship; work-study, student loan, or any other aid type known to you, whether or not your office directly selected the recipients.) _____
- 7. For your program, please indicate the number of aid recipients and total amount of financial aid awarded from each of the following programs during the 2002-2003 award year (For aid amounts, include amounts actually disbursed to students Please write in a zero [0] for any aid program for which no graduate/professional students from your program received aid. When entering recipient and aid dollar figures, please do NOT include commas. When entering dollar amounts, please enter whole numbers (no decimal points for cents.)

| | Number of Recipients | Total Amount of Awards |
|--|----------------------|---------------------------|
| Title IV | | |
| Federal Perkins Loans | _____ | \$ _____ .00 |
| Federal Work Study | _____ | \$ _____ .00 |
| Subsidized Stafford (Direct Loans and/or FFEL) | _____ | \$ _____ .00 |
| Unsubsidized Stafford (Direct Loans and/or FFEL) | _____ | \$ _____ .00 |
| Title VII/VIII | | |
| SDS | _____ | \$ _____ .00 |
| Loans (PCL, HPSL, NSL, LDS) | _____ | \$ _____ .00 |
| Title IX (GANN, Javitz, etc.) | _____ | \$ _____ .00 |
| State Aid Programs | | |
| Grants, Scholarships, & Fellowships | _____ | \$ _____ .00 |
| Loans (including Loan Forgiveness/ Loan Repayment Programs) | _____ | \$ _____ .00 |
| State Work-Study | _____ | \$ _____ .00 |

13. Which of the following student information management systems does your institution use?
(Check all that apply.)

- a. Banner
- b. CAMS
- c. CARS
- d. Datatel
- e. Exeter
- f. Homegrown
- g. Oracle
- h. People Soft
- i. Powerfaids
- j. Power Campus
- k. SARA
- l. Sigma
- m. SIS Plus
- n. Other (please specify):

14. Assuming there were no significant changes in aid recipients' financial circumstances or academic situations, how did the percentage of grant/scholarship/fellowship, loan, and work-study/assistantship awards normally provided to continuing graduate/professional students in your program compare with what they received as first-year entering students? (Please choose one response for each item.)

| | Normally Higher | About the Same | Normally Lower | We do not award this aid type |
|------------------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|
| a. Grants/Scholarships/Fellowships | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Loans | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Work-study/Assistantships | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

15. What criteria does your institution use to award institutional scholarship/fellowship/grant aid to graduate/professional students in your program? (Choose only one response.)

- a. Demonstrated financial need exclusively
- b. A combination of financial need and non-need criteria (e.g. academic merit, state of residence, academic program, race/ethnicity, etc.)
- c. Non-need criteria exclusively (e.g. academic merit, state of residence, academic program, race/ethnicity, etc. (Skip to Question 17a))
- d. We do not award any institutionally funded scholarship/fellowship/assistantship aid to graduate/professional students in this program (Skip to Question 17a.)

16. Which of the following need analysis methodologies do you use to award need-based institutional scholarship/fellowship/grant aid (Choose all that apply):

- a. Federal Methodology
- b. Institutional/ Alternative Methodology

17a. In award year 2002-2003, did your institution normally meet the full demonstrated financial need (based on the Federal Methodology) for state resident graduate/professional student aid recipients in your program? (Please base your answer on aid received from all sources, including private/alternative loans if applicable. Choose only one response.)

- a. Yes
- b. No

17b. In award year 2002-2003, did your institution normally meet the full demonstrated financial need (based on the Federal Methodology) for state non-resident graduate/professional student aid recipients in your [Q1] program? (Please base your answer on aid received from all sources, including private/alternative loans if applicable. Choose only one response.)

- a. Yes
- b. No

Professional Judgment Practices

18. Which statement best describes your institution's use of professional judgment practices? (Check only one.)

- a. We normally review the need analysis data for all aid applicants and exercise professional judgment, if warranted.
- b. We normally review the need analysis data at the student's request and exercise professional judgment, if warranted.
- c. We do not exercise professional judgment. (Skip to Question 21)

19. How often do the following actions trigger a professional judgment review?

- | | 1-Never | 2-Rarely | 3-Sometimes | 4-Frequently | 5-Always |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. Review of FAFSA data | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Information collected on a financial aid application | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Edit messages on the federal output document | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Tax returns submitted by the student and/or parent | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Student appeal after receipt of additional information | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Significant reduction in estimated year income vs. base year | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Information on dependents other than a spouse | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Any other new information from students or their parents/guardians (e.g., change in marital status) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Unexpected changes in students' total cost of attendance (e.g., increases or decreases in living costs) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j. Other (Please specify: _____) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

20. Of the reasons listed for using professional judgment in Question 19, which one was the most likely to trigger a professional judgment review? (Choose one letter, a-j) _____

Student Borrowing

21. Which of the following student loans do you routinely package (i.e., award without a specific request from the student) for graduate/professional aid recipients in your program? (Check all that apply.)

- a. Stafford Subsidized Loans (from the Direct and/or FFEL Programs)
- b. Stafford Unsubsidized Loans (from the Direct and/or FFEL Programs)
- c. Federal Perkins Loans
- d. Institutional Loans
- e. Private or Alternative Loans
- f. We do not routinely package student loans.

22. How many preferred lenders do you use for distributing loans through the FFEL Program? (Check only one.)

- a. We do not participate in the FFELP. (Skip to Question 24)
- b. We do not use a preferred lender list for FFELP
- c. One
- d. Two to Five
- e. Six or more

23. Does your institution act as an FFELP lender? (Choose only one response.)

- a. Yes
- b. No

24. Of the unduplicated headcount of graduate/professional aid recipients in your program in 2002-2003 (as reported in Question 6 of this survey), how many received at least one student loan from any source known to you? (Include the unduplicated count of all student aid recipients from your program who received at least one federal student loan, state loan, institutional loan, private/alternative loan, or educational loan from any other source. Include private/alternative loans for which parents or legal guardians were cosigners, but do NOT include home equity loans, credit cards, or personal lines of credit. When entering numbers, please do not use commas.) _____
25. Approximately what percentage of the graduate/professional students who completed degrees or certificates from your program in 2002-2003 left with any student loan debt? (Include debt from federal, state, institutional, and private/alternative loans [except Federal PLUS]. Do NOT include debt from credit cards or home equity loans. If possible, include students who borrowed for undergraduate and graduate/professional education. When entering percentages, please round to the nearest whole number—do NOT include decimal points.) _____%
26. What was the average cumulative amount of loan indebtedness for a graduate/professional student who completed a degree or certificate from your program in award year 2002-2003? (If possible, include the average cumulative debt for all levels of education— that is, amounts borrowed for undergraduate and graduate/professional education—from federal, state, institutional, and private/alternative student loans [except Federal PLUS]. Do NOT include debt from credit cards or home equity loans. Please base your answers on students who left your program with student loan debt, not the total number of all students. When entering dollar amounts—do NOT use commas or include cents.) \$_____.
27. For your program, how many preferred lenders do you use for private/alternative loans? (Choose only one response.)
- No students in this program received private/alternative loans (Skip to Question 29)
 - We do not use preferred lenders for private/alternative loans
 - One
 - Two to Five
 - Six or more
- 28a. To the best of your knowledge, which of the following reasons did students cite for receiving private/alternative student loans in this graduate/professional program in 2002-2003? (Check all that apply.)
- Borrowers were ineligible for federal student loans.
 - Borrowers were ineligible for any federal financial aid.
 - Borrowers received federal student loans, but still needed the additional funds from private/alternative loans to pay their remaining postsecondary education expenses.
 - Borrowers did not want to apply for federal financial aid.
 - Borrowers believed it was easier to get private/alternative loans than it was to get federal student loans.
 - Borrowers believed the loan repayment terms and interest rates for private/alternative loans were better than those for federal student loans.
 - Other (Please specify): _____
- 28b. Of the reasons listed in Question 28a, which one was the most often cited by borrowers in this program for wanting to receive private/alternative loans? (Choose one letter answer, a-g): _____
29. What type(s) of format do you use for loan entrance and exit counseling? (Check all that apply.)
- | | Entrance | Exit |
|------------------------------------|--------------------------|--------------------------|
| a. Individual in person | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Group in person | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Video | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Web based | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Telephone/voice response | <input type="checkbox"/> | <input type="checkbox"/> |
| f. U.S. Mail | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Other (Please specify): _____) | <input type="checkbox"/> | <input type="checkbox"/> |
| h. None | <input type="checkbox"/> | <input type="checkbox"/> |

30. Do you provide any assistance to your graduate/professional students in any of the following areas? (Check all that apply.)

- a. Financial planning
- b. Debt management
- c. Credit counseling (credit cards, car loans, and other forms of consumer debt)
- d. Budgeting

Management Issues

31. Which of the following best describes the institution for which you are providing data?

- a. Public College or University
- b. Private, Non-Profit College or University
- c. Private, For-Profit (Proprietary) College or University
- d. Other, please specify: _____

32. In what state is your institution located? (Please type in your state's two-letter post office abbreviation. For distance education programs, please base your answer on the state location of your parent institution.) _____

33. Please estimate the number of full time equivalent (FTE) professional staff in the financial aid office who provide services to graduate or professional students in your program. (Please record your answer in two decimal places, e.g., 3.00 or 2.25) _____

34. Please estimate the number of full time equivalent (FTE) support staff in the financial aid office who provide services to graduate or professional students in your program. (Record your answer in two decimal places, e.g., 3.00 or 2.25. Do NOT include work-study employees or student interns.) _____

35. Choose the one response that is best at describing the financial aid environment for graduate/professional students in your program.

- a. Our financial aid office is responsible for all aspects of financial aid services and reporting for one specifically defined graduate/professional program.
- b. Our financial aid office is responsible for all aspects of financial aid services and reporting for several graduate/professional or other programs.
- c. Our financial aid office provides some aspects of services to students in this graduate/professional program, but students also receive financial aid services from a centralized aid office on campus.

Institutional and Financial Aid Administrator Information

(Note: information collected from this section will be kept completely confidential.)

36. What is the title of the chief financial aid administrator at your program? (Choose only one response.)

- a. Vice President
- b. Dean
- c. Director
- d. Associate/Assistant Director
- f. Manager/Supervisor
- g. Counselor
- h. Associate/Assistant Counselor
- i. Other (Please specify: _____)

37. What is the title of the official to whom the chief financial aid administrator at your graduate/professional program reports? (Choose only one response.)

- a. President/Chancellor
- b. Vice President/Vice Chancellor/Provost
- c. Associate/Assistant Vice Chancellor/Provost

- d. Dean
- e. Associate/Assistant Dean
- f. Director
- g. Associate/Assistant Director
- h. Other (Please specify: _____)

38. What is the current 12-month full-time, full-year salary of the chief financial aid administrator of your program? (Choose only one response.)

- a. Less than \$20,000
- b. \$20,000 to \$39,999
- c. \$40,000 to \$59,999
- d. \$ 60,000 to \$79,999
- e. \$ 80,000 to \$99,999
- f. \$100,000 and over

39. What is the highest level of educational attainment for the chief financial aid administrator for your program? (Choose only one response.)

- a. High School Diploma
- b. Some college, no degree
- c. Associate's Degree
- d. Bachelor's Degree
- e. Master's Degree
- f. Doctoral Degree
- g. First Professional Degree
- h. Other (Please specify:_____)

40. What is the gender of the chief financial aid administrator for your program? (Choose only one response.)

- a. Male
- b. Female

41. How many total years of experience in financial aid administration does the chief financial aid administrator of your program have? (Include any years spent as a student worker or intern in a financial aid office and any previous professional financial aid experience at any institution. Choose only one response.)

- a. less than 5 years
- b. 5 to 9 years
- c. 10 to 14 years
- d. 15 to 19 years
- e. 20 to 24 years
- f. 25 years & over

42. What is the age level of the chief financial aid administrator at program? (Choose only one response.)

- a. Less than 25 years old
- b. 25 to 34 years old
- c. 35 to 44 years old
- d. 45 to 54 years old
- e. 55 years old and older

43. In addition to student financial aid administration, what other areas of responsibility does the chief financial aid administrator of your program have at the institution? (Check all that apply.)

- a. Admissions
- b. Registrar
- c. Student Services
- d. Career Services
- e. Academic Instruction
- f. Academic Advising

- g. Other (Please specify)_____
- h. None

44. In order to become eligible for the complimentary conference registrations, please provide the name and e-mail address of the person who completed this survey.

Name: _____

E-Mail Address: _____

Thank you for completing the 2003 Survey of Graduate Aid Policies, Practices, and Procedures. By completing this survey, you have become eligible for a drawing to receive a complimentary registration to the 2004 NASFAA National Conference in Minneapolis, MN, or the 2004 Access Group Graduate and Professional Financial Aid Conference. Responses must be received by November 21, 2003, in order to be eligible for the drawings.

