AN ANALYSIS OF EDUCATIONAL DEBT AMONG THEOLOGICAL AND RABBINICAL STUDENTS

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AN ANALYSIS OF EDUCATIONAL DEBT AMONG THEOLOGICAL AND RABBINICAL STUDENTS

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1.0 Are theological/rabbinical students going into debt for their education?

Theological and Rabbinical Debt

While many theological and rabbinical students borrow, many do not. The percentage of borrowers varies by degree program, as may be seen on Figure 1.1: 47.8% of Master of Divinity students borrow, 33.9% of other masters degree students borrow, and 80.6% of rabbinical graduates borrow during their preparation for ordination or lay ministry. Thus the "typical" or median[1] *theological* student graduating from a Protestant or Roman Catholic theological school has no formal educational debt for theological school,[2] although a substantial percentage of his or her classmates graduate with loans to be repaid. By contrast, the typical *rabbinical* graduate has educational loans; those with no debt are outnumbered by about four to one.

The average amount borrowed by degree program is shown on Table 1.1 and Figure 1.2. Just as the percentage of borrowers varies with the degree program, so does the average amount borrowed. "Other" masters degree graduates borrow less than Master of Divinity graduates, while rabbinical graduates have dramatically more debt.

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[1] The median is the value midway between the lowest and highest value of a series of numbers. It is the same as the 50th percentile.

[2] Our research could only obtain accurate information about loans that were acquired with the assistance of the financial aid services of the school. Throughout this report we will use the shorthand phrase "theological debt" or "rabbinical debt" to refer to educational loans incurred by an individual while he or she was studying for his or her theological or rabbinical degree. Some graduates may have borrowed from commercial sources or from private sources, such as family members, as well; these debts are not reflected in this report.

Table 1.1

Average Educational Indebtedness Incurred in Theological or Rabbinical School by 1991 Graduates, by Degree Program

	All Graduates		Borrowers	
Program	Average	Cases	Average	Cases
For Entire Population	$ 4,871	5,164	$ 11,160	2,254
Master of Divinity	$ 5,267	3,550	$ 11,043	1,693
Masters Degrees	$ 3,397	1,424	$ 10,017	483
Other Degrees	$ 867	123	$ 4,446	24
Rabbinical programs	$ 19,563	67	$ 24,273	54

Total Cases = 5502
Missing Cases = 338 or 6.1 percent.

The length of the degree program accounts for much of the difference in theological and rabbinical school debt shown in Table 1.1 and Figure 1.2. The masters degrees require two years of study, the Master of Divinity (henceforth M.Div.) degree usually requires three or four years, depending on denominational requirements for internships, and rabbinical programs typically require six years of full-time study. Clearly, full-time study is not economically profitable, as full-time study detracts from or eliminates the time available for full-time employment. The student, lacking the compensation and benefits attendant to full-time employment, necessarily turns to loans to pay for tuition and living expenses.

We can see a more complete picture of debt levels by reviewing the distribution of debt. Table 1.2, below, shows debt levels by percentiles.[3]

[3]Percentiles are values above and below which certain percentages of the cases fall. For instance, in Table 1.2 the 75th percentile of M.Div. theological indebtedness shows that 75 percent of the 1991 M.Div. graduates had theological debt of $8,500 or less. Conversely, this percentile shows us that 25 percent of the M.Div. graduates had theological debt equal to or more than $8,500.

Table 1.2

Theological and Rabbinical School Graduates of 1991: Reported Theological/Rabbinical School Indebtedness by Percentiles

Percentile	Master of Divinity	Other Masters	Rabbinical
0 to 15th	$ 0	$ 0	$ 0
20th	0	0	1,845
25th	0	0	5,000
30th	0	0	9,280
35th	0	0	12,620
40th	0	0	15,230
45th	0	0	17,050
50th	0	0	20,750
55th	1,200	0	22,500
60th	2,832	0	23,127
65th	4,976	0	26,540
70th	6,893	2,178	28,560
75th	8,500	5,000	29,926
80th	11,218	7,500	33,038
85th	14,147	10,000	35,990
90th	17,795	13,500	39,814
95th	22,500	17,075	44,550
maximum	57,000	38,492	51,943

Clearly, some students are more heavily indebted than others. Figure 1.3, Figure 1.4, and Figure 1.5 show the indebtedness data contained in Table 1.2 in a slightly different way, showing the percentage of the 1991 graduating groups at particular levels of debt.

These tables and figures can be interpreted to indicate that educational borrowing is not extensive among theological school graduates. As stated earlier, the typical or median theological school graduate incurred no formal educational debt in pursuing the theological degree. Although not extensive, we see that borrowing is intense for a small group of students, such as the seven percent of Master of Divinity graduates with more than $20,000 in theological school educational loans. Such loans typically have a monthly payment of more than $250, an amount that could strain a modest income.[4]

A higher percentage of rabbinical students borrow, and borrow more, than theological students. Their long course of study is undoubtedly the chief reason such levels of debt are necessary.

[4]The size of the monthly payment depends upon the amount borrowed, the interest rate, and the number of years until the loan is fully repaid. A $20,000 loan at nine percent over ten years (a typical rate and schedule) would have a monthly payment of about $254.

Undergraduate Educational Debt

Financial aid officers report that the increasing costs of undergraduate education are reflected in the educational debt students bring with them as they arrive. Nearly one third (33.1 percent) of the 1991 graduates have some educational indebtedness from their undergraduate degree. Overall, the average undergraduate indebtedness is $1,978, but this average includes the approximate two-thirds of students with no undergraduate indebtedness. Some percentiles of undergraduate debt are shown on Table 1.3.

Table 1.3

Theological and Rabbinical School Graduates of 1991: Reported Undergraduate Indebtedness–Selected Percentiles

Percentile	Undergraduate Debt
0 to 65th	$ 0
70th	$ 1,434
75th	$ 2,500
80th	$ 4,000
85th	$ 5,553
90th	$ 7,500
95th	$ 10,000
maximum	$ 34,000
Valid cases: 3,635	Missing cases: 1,867

We see that undergraduate debt is modest on average, and not as widespread as one might fear. It is also true that a small number of cases (such as those at or above the 95th percentile) clearly present a challenge or problem to the student, to his or her theological/rabbinical school financial aid officer, and, perhaps, to the student's denomination or congregation. We see again (as we did with theological debt) that the typical and average occurrence of debt is not troublesome, but, in addition, we see some comparatively few cases of debts large enough to provoke serious concern. Figure 1.6 places undergraduate debts in perspective, showing, as it does, that nearly 94 percent of theological and rabbinical school graduates have undergraduate debt of less than $10,000.

The data show that non-U.S. citizens among the graduates have much less undergraduate indebtedness than U.S. citizens. (U.S. citizens' average undergraduate indebtedness is $2,090; non-U.S. citizens' is $328). As will be discussed later, non-U.S. citizens are barred from federally sponsored loans unless deemed eligible by the

Immigration and Naturalization Service.

There is some difference in undergraduate indebtedness by degree program in theological/rabbinical school. These are shown on Table 1.4.

The modest difference in undergraduate debt between rabbinical graduates and the other program graduates seems attributable to age, as rabbinical graduates are, on average,

Table 1.4

Average Undergraduate Indebtedness of 1991 Theological/Rabbinical Graduates by Program

Program	Mean Undergraduate Indebtedness	Number
Master of Divinity (M.Div.)	$ 2,177	2,392
Masters	$ 1,876	898
Rabbinical Graduates	$ 3,336	50

over three years younger than the M.Div. and masters graduates. In June of 1991 the average rabbinical graduate was about 31.4 years old, while the typical M.Div. graduate was almost 35. The long course of rabbinical studies implies that most rabbinical students entered rabbinical school while in their early or middle twenties, while theological students were about thirty years old when they started. The older students entering theological schools (sometime called "second career" students) probably paid down any undergraduate loans during the interval between college graduation at, approximately, age twenty-one, and the beginning of theological studies at an average age of thirty. Whatever the reason, undergraduate debt is mildly correlated with year of birth (+.2156). In other words, our data support the notion that younger students are likelier to have undergraduate debt.

Students with undergraduate debt tend to borrow for theological or rabbinical school as well. Eighty-eight percent of 1991 M.Div. degree graduates with undergraduate loans also borrowed for theological school. Among two-year masters degree graduates and rabbinical school graduates with undergraduate debt the borrowing percentages were 84 percent and 98 percent, respectively. Undergraduate borrowing clearly implies a strong likelihood that the student will continue to borrow, and that the management of such cumulative debts will require attention from the student and the school.

Educational Debt Incurred in Other Graduate Programs

Some theological and rabbinical students enter the school following other graduate work. These students are comparatively rare, as shown by the percentile distribution on Table 1.5.

Table 1.5

Theological and Rabbinical School Graduates of 1991 – Reported Indebtedness From Other Graduate Schooling: Selected Percentiles

Percentile	Other Graduate School Debt
0 to 96th	$ 0
97th	$ 2,500
98th	$ 5,000
99th	$ 8,000
maximum	$ 32,844

Valid cases: 3201 Missing cases: 2301

This fits the pattern described above, in that the median or average debt is negligible, while a relative handful of students have considerable educational debt from other graduate schooling. As with undergraduate borrowers, those students who come to theological or rabbinical school with other graduate debt are highly likely (85 percent) to borrow for their theological or rabbinical education.

Total Educational Debt

The total educational debt that we are able to measure consists of the sum of undergraduate debt, other graduate educational debt, and debt incurred in theological school or rabbinical school.[5] The graduates' average repayment dollar is pictured in Figure 1.7. From about two-thirds to as much as 78 percent (for rabbinical students) of the debt is for theological or rabbinical school. While undergraduate debt plays a secondary role, it is still a noticeable piece of the pie.

Figures 1.8, 1.9, and 1.10 show the percentages of graduates at particular levels of total educational debt. Table 1.6 shows the distribution, in percentiles, of the total educational debt we were able to measure. We see from that table that the median Master

[5]While financial aid officers usually had excellent records of the amounts borrowed in theological or rabbinical school, information about undergraduate debt and other graduate debt was, in many instances, not available. Thus the cumulative debt picture presented here may understate the actual indebtedness of students due to the limits of our data. Moreover, as previously noted, these figures do not include consumer debt that students may have additionally incurred.

of Divinity graduate has an educational debt of $1,000, that more than ten percent have educational debts of more than $20,000, and that five percent have borrowed $26,000 or more, in total, for their education. The single most indebted individual graduated with $83,500 in educational loans.

Table 1.6

Theological and Rabbinical School Graduates of 1991: Reported Total Educational Indebtedness by Percentiles

Percentile	Master of Divinity	Other Masters	Rabbinical
0 to 15th	$ 0	$ 0	$ 0
20th	0	0	4,600
25th	0	0	9,400
30th	0	0	13,374
35th	0	0	16,990
40th	0	0	20,900
45th	0	0	22,471
50th	1,000	0	24,500
55th	2,515	0	27,470
60th	4,943	0	28,592
65th	7,000	1,000	30,086
70th	8,926	3,000	32,566
75th	11,285	5,959	34,926
80th	14,000	8,328	37,065
85th	16,927	12,000	43,000
90th	21,164	15,000	44,817
95th	26,000	21,026	48,049
maximum	57,000	48,282	71,265

The overall picture in theological schools is mixed. Theological borrowing is widespread, but cannot be characterized as universal or even extensive among all graduates. Most students avoid taking loans for theological school; nearly half graduate without any formal educational debt. That said, it must also be recognized that a small minority has a burdensome level of outstanding loans, although the size of this minority depends upon where one draws the line between "manageable" and "burdensome" amounts of debt.

Rabbinical students normatively borrow for their preparation as rabbis, usually adding this debt on top of undergraduate loans. The distribution of their debt differs from that of theological students. As we saw on the pie charts (Figures 1.8 and 1.9), the largest group of theological students borrowed nothing, and in each succeeding $5,000 interval, or slice of the pie, the number borrowing at that level became smaller. With rabbinical students, those who borrow tend to borrow from $20,000 to $35,000, these being the largest slices of the pie in Figure 1.10, excepting the "no debt" slice. Figures 1.11 and 1.12 present the same information as Figures 1.8 and 1.10, but in histogram form. One sees that the $5,000 interval with the most rabbinical borrowers was the $25,000 to $29,999 interval. If one ignores the non-borrowers, we see the number of borrowers in each interval tending to increase to the $25,000 to $29,999 interval, and tending to decrease after that interval. In this rise and decline the distribution resembles the curve of a normal distribution.

To summarize, we find that about one-sixth of rabbinical students are able to complete their study without educational debt. Two-thirds of the new rabbis have educational debts in the range of $10,000 to $45,000, with nearly 40 percent borrowing in the range of $20,000 to $35,000. About nine percent borrow more than $45,000, and nine percent have educational debt less than $10,000.

2.0 What are the differences between students who borrow and those who do not?

We shall see that citizenship, family configuration, personal finances, racial/ethnic differences, gender, denomination, and the conditions in individual schools all play a part in influencing indebtedness levels. Each of these factors will be examined in the subsections which follow below.

2.1 Does citizenship make a difference?

Whether or not one is a United States citizen strongly affects the ability to obtain loans for theological school. The average theological debt differences by citizenship and by program are shown on Table 2.1.1, below. Only two rabbinical students were not U.S. citizens, so those results are not reported.[6]

Table 2.1.1

Average Educational Indebtedness Incurred in Theological School by 1991 Graduates by Degree Program and Citizenship Status

	All Graduates		Borrowers	
Program	Average	Cases	Average	Cases
M.Div., U.S.	$ 5,494	3,345	$11,240	1,635
M.Div., Non-U.S.	2,559	204	9,002	58
Masters, U.S.	3,633	1,284	9,947	469
Masters, Non-U.S.	1,263	137	12,364	14

[6]These are not reported as it is probably unwise to generalize on the basis of two cases.

Figure 2.1.1 shows the percentage of U.S. and non-U.S. student citizens who borrow. In both degree groups (M.Div. and two-year masters degrees) a substantially higher percentage of U.S. citizens borrow. Nearly half (48.9 percent) of U.S. citizen M.Div. graduates have borrowed, while 28.4 percent of non-U.S. M.Div. graduates had educational debt. While 36.5 percent of U.S. citizen masters graduates have theological debt, only 10.2 percent of non-U.S. citizens masters degree graduates have such debt.

One apparent reason for these differences in the extent of borrowing is the widespread availability of Perkins, Stafford, and SLS loan funds to U.S. theological students.[7] "International" students, i.e. non-U.S. citizens, are usually ineligible for these loans. An international student may become an "eligible non-citizen" borrower from these programs if the student receives a green card from the Immigration and Naturalization Service certifying him or her as a permanent resident.

When international students are able to borrow, their average educational indebtedness is not unlike those of their U.S. counterparts. As seen in Table 2.1.1 and in Figure 2.1.2, non-U.S. citizens graduating with the M.Div. degree borrow, on average, $2,238 less than U.S. citizen M.Div. graduates. By contrast, non-U.S. two-year masters degree graduates borrow, on average, $2,417 more than their U.S.-citizen borrower classmates.

2.2 What about marital status and number of dependents?

Both married and single students borrow, but at different rates and, on occasion, at different levels. Because the Master of Divinity and two-year masters degree populations are considerably larger than the rabbinical school population, we shall review the groups separately.

Master of Divinity and two-year masters degree graduates

We divided the 1991 graduating classes by marital status and by the number of dependents. For the sake of simplicity we divided each marital status (single or married) into two categories, namely, those who have no dependents and those who clearly have dependents.

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[7] About 95 percent of schools participating in our research offer the Stafford loans, 39 percent the Perkins loan, and 74 percent the Supplemental Loans for Students (SLS). About 20 percent of schools loan their own funds to students. About 19 percent of schools administer denominational or diocesan loans.

The popularity of the federally sponsored loan programs with theological schools may be due in part to the availability of capital. The programs require little of the school's own funds as loan principal. No school funds are required for the Stafford loan program, which was formerly known as the Guaranteed Student Loan (GSL) program. No school funds are required for the SLS program. The Perkins Loan (formerly National Defense Student Loans and National Direct Student Loans, or NDSL) requires a portion of the loan to be funded by the school. All programs require the school to perform a variety of administrative tasks, although some programs require more effort than others to administer.

Table 2.2.1

Average Theological Debt – 1991 M.Div. Graduates, by Marital Status and Number of Dependents

	All Graduates		Borrowers only	
	Average	Number	Average	Number
Single, no dep.	$6,680	1,052	$11,616	605
Single w. dep.	$8,409	159	$13,644	98
Married, 0-1 dep.	$4,209	1,039	$10,193	429
Married, 2 or more dep.	$4,923	918	$10,659	424

Single students are more likely than married students to borrow. This may be seen visually on Figure 2.2.1 and Figure 2.2.2, as the percentage of borrowers, by degree and marital status, is graphed. On a percentage basis, for M.Div. graduates (Figure 2.2.1), about 60 percent of single students borrow, while approximately 44 percent of married students borrow.[8] The difference is even more dramatic among two-year masters students (Figure 2.2.2); about 49 percent of single students borrow, while about 27 percent of married two-year masters students borrow.[9]

The tendency of single students toward greater borrowing is illustrated in the two pie charts comprising Figure 2.2.3. The top pie chart shows the borrowers in the 1991 M.Div. graduates group. The bottom pie chart shows the non-borrowers. The single student share of the "borrowers" pie (45.2 percent) is much larger than their share of the "non-borrowers" pie (31.5 percent).

Figure 2.2.4 shows two more pies. These show the marital status of the most indebted of the 1991 M.Div. and two-year masters degree graduates. "Most indebted" in this instance means the 25 percent of borrowers with the most debt. As one can see, single students, who are a minority of M.Div. and two-year masters degree graduates, are a majority of the most indebted for each degree.

Not only are single students more likely to borrow, for these two degree groups (M.Div. and two-year masters), single students are likely to borrow somewhat more than married students. The average borrowing for these degrees is shown on Table 2.2.1 and Table 2.2.2, and illustrated by Figure 2.2.5 and Figure 2.2.6.

[8]The exact percentages in Figure 2.2.1 are: single with no dependents, 57.5 percent borrowers; single with dependents, 61.6 percent borrowers; married with zero or one dependent, 41.3 percent borrowers; married with two or more dependents, 46.2 percent borrowers.

[9]The exact percentages in Figure 2.2.2 are: single with no dependents, 47.8 percent borrowers; single with dependents, 50 percent borrowers; married with zero or one dependent, 25.9 percent borrowers; married with two or more dependents, 27.9 percent borrowers.

Table 2.2.2

Average Theological Debt – 1991 Two-Year Masters Graduates by Marital Status and Number of Dependents

	All Graduates		Borrowers only	
	Average	Number	Average	Number
Single, no dep.	$ 5,011	508	$10,475	243
Single w. dep.	$ 5,647	36	$11,295	18
Married, 0-1 dep.	$ 2,037	401	$ 7,853	104
Married, 2 or more dep.	$ 2,843	283	$10,184	79

The preceding tables and a number of the figures show some tendency for those students with dependents to borrow more than those students who do not have dependents. Single students with dependents consistently show the highest borrowing levels. This finding is borne out by our survey of graduates from 1984 and 1989. Table 2.2.3 reports those results, and generally confirms the finding from the 1991 graduates that single students borrow modestly more, on average, than married students. In the survey of 1984 and 1989 graduates we included the category "Unmarried — divorced, separated or widowed" as well as "Unmarried — single". The reported indebtedness from the divorced/separated/widowed with dependents group was substantially higher than that for all other marital status categories, as may be seen on Table 2.2.3.

Table 2.2.3

Average Theological Debt – Borrowers from M.Div. Classes From Surveys of 1984 and 1989 Graduates, by Marital Status and Number of Dependents

	1984 Graduates		1989 Graduates	
	Amount	Number	Amount	Number
Single, no dep.	$ 8,337	191	$ 9,567	234
Single w. dep.	7,175	4	11,813	8
Div./sep./wid., no dep.	10,294	29	9,752	26
Div./sep./wid., w. dep.	11,180	15	16,600	26
Married, 0-1 dep.	6,875	149	9,154	165
Married, 2 or more dep.	7,906	219	10,333	257

The common sense explanation for all of these data is that married couples — whether or not they have dependents — have less need to borrow. The non-student spouse may be providing income through earnings, thus lowering the need to borrow. A married couple may also have more family support than single students; a married couple might have two sets of parents willing to support the couple during theological school. Lastly, the non-student spouse may contribute savings for use as an alternative to borrowing.

A single student with dependents (who is likely to be divorced, separated, or widowed) finds himself or herself with some of the strongest needs, and appears likely to borrow much more than others. Although these findings uncover these tendencies, we should not translate these tendencies and likelihoods into universal laws. It is helpful to revisit Figure 2.2.1, as it shows that a substantial percentage (38.4 percent) of single students with dependents (the group most likely to have large theological debts) graduate with no reported borrowing.

Table 2.2.4

Change in Net Worth for Survey Respondents from the Graduating Classes of 1984 and 1989, According to Marriage Since Graduation

Net worth:	Married since graduation	Not married since graduation
Improved	73.3%	57.2%
Stayed about the same	16.8%	23.5%
Deteriorated	9.9%	19.3%

Our data show that marriage is a beneficial economic event. We asked the 1984 and 1989 graduates if their net worth improved, deteriorated, or stayed the same since graduation. Table 2.2.4 reports that, of those graduates who got married, 73.3 percent have a net worth that has improved. Of those who didn't marry since graduation (having stayed married, or were divorced, or widowed, or separated, or never married), 57.2 percent were able to improve their net worth. The percentage of married-since-graduation respondents reporting deterioration in their net worth was almost half that of the group who hadn't married since graduation.

Rabbinical School Graduates

Like the M.Div. and two-year masters degree students, married rabbinical students are less likely to borrow than their single classmates. The probable reasons for lower likelihood of borrowing — spousal earnings and increased family support — are the same for both rabbinical and theological students. Figure 2.2.7 shows the difference in percentages of borrowers among rabbinical students by their marital status. The relatively higher percentages of borrowers among rabbinical students when compared to theological students is, as explained previously, most likely due to the longer period of study.

Table 2.2.5

Average Rabbinical School Indebtedness for 1991 Rabbinical School Graduates, by Marital Status

	All Graduates		Borrowers Only	
	Average	Number	Average	Number
Population	$19,564	67	$24,273	54
Married - all	17,533	36	23,378	27
Married, 0-1 dep.	15,090	13	19,618	10
Married, 2 or more dep.	21,137	13	34,347	8
Married, deps. unknown	16,024	10	17,804	9
Single	21,922	31	25,169	27

Table 2.2.5 shows differences according to the number of dependents. The relatively low number of rabbinical school graduates (67), along with the considerable number of graduates for whom we had no data on the number of dependents, makes conclusions about the borrowing patterns by family size somewhat dubious, although it would appear that borrowing increases with the number of dependents. The breakdown by family size is italicized on Table 2.2.5. We do see that the broad tendency is the same as theological students: single students are more likely to borrow, and likely to borrow more, than married students. Figure 2.2.8 shows these averages.

2.3 Do students need to borrow?

In the language of financial aid, "need" is nearly always defined as financial need. This need is usually calculated by the student and financial aid officer as they jointly examine the personal financial situation of the student. To obtain a loan through the federal programs, the student's need must be documented. Documenting this need to qualify for a loan is cumbersome, but usually not difficult; most students qualify easily. The question, in official financial-aid-administration terms, is a tautology: one demonstrates need to obtain a federal loan, so, therefore, all obtainers of federal loans have need.

If one means by the question "Do students have viable alternatives to borrowing, and are they making wise choices?" the answer is not so simple. In this section we will examine the financial circumstances of the students, and thus will be informed about some of their alternatives to borrowing. In later sections we will discuss alternatives of term-time employment, family wealth, and other issues. We will also, in another later section, examine the affordability of the loans, which should contribute to reflections about the wisdom (or lack thereof) in borrowing.

This section will examine some of the economic situation of student borrowers. The source of the data is the GAPSFAS service.[10] GAPSFAS, for a fee, assists in the documentation of financial need of the student. The student must disclose information about personal income, assets, and liabilities on the GAPSFAS form. While not all GAPSFAS filers necessarily applied for, qualified for, or obtained loans, it is safe to assume that most of the students from whom we have data did borrow.

Figure 2.3.1 shows two graphs. The top graph shows quintiles of adjusted gross income for men (dark bars) and women (light bars). At least twenty percent of M.Div. filers show adjusted family income of less than $5,000. Another twenty percent have family incomes between $5,000 and approximately $10,000. In the sixtieth percentile family income rises above $15,000, and the twenty percent of filers with the most income had from $25,000 to $30,000 or more. One may safely assume that single students attending school full-time are heavily represented among those students with low incomes, while students with working spouses are more heavily represented among those with comparatively higher incomes. Expenses for a single student typically are about $13,000 for an academic year, and could probably be in the neighborhood of $18,000 for a full year. Clearly, income and financial aid grants can easily fall short of annual expenses, thus motivating the student to obtain a loan.

The lower graph on Figure 2.3.1 shows cash savings. The Master of Divinity students report little cash on hand. Sixty percent claim less than $1,000 in hand, and eighty percent report less than $2,500. Tuition for the Master of Divinity, modest when compared to other higher education tuition rates, averages about $5,000 in the schools participating in our research: most of the filers' cash on hand would be exhausted by half of that amount, or one semester's tuition bill.

Figure 2.3.2 shows "other resources" for men (black bars) and women (white bars). These "other" resources include non-cash financial assets, such as investments, that the student might be able to use for his or her expenses while in theological school. These assets are, like cash savings, modest. Sixty percent of these students (who are the likely borrowers) have less than $2,000 in such assets, and few report more than $4,000.

The bottom chart in Figure 2.3.2 shows "other liabilities," that is, the amounts of money students owe from prior loans or purchases. Included in this amount are previous student loans for theological or undergraduate school, and consumer debt, including car loans and credit cards. As can be seen on the chart, these prior debts can be substantial, as the sixtieth percentile approaches $10,000 in debt. The typical M.Div. seeking a loan thus starts with greater debts than financial assets. This fact, coupled with the likelihood that earned family income will not meet all living and educational expenses, puts the student in

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[10] GAPSFAS is the Graduate and Professional School Financial Aid Service operated by Educational Testing Service of Princeton, New Jersey. A substantial number of the theological schools use GAPSFAS to determine the eligibility of their students. The data in this section was provided by ETS for Master of Divinity students.

the position of needing loans to continue as a full time student. Figure 2.3.3 shows the average income, savings, other assets and other liabilities for 1989/90 and 1990/91. One can see on that figure the size of prior liabilities in proportion to the students' average financial assets.

About fifteen or sixteen percent of students submitting the GAPSFAS financial forms are homeowners. Figure 2.3.4 shows that, of those who own homes, the mean estimated home value is about $80,000, and the mortgage balance is about $50,000 to $55,000. Their net home equity is reported around $35,000.[11] These students are clearly in a different economic situation than their classmates, as they have greater net worth when one considers their real estate. Their educational borrowing is not forced by poverty, but, rather, by the illiquidity of their savings. For this sixteen percent of borrowers, educational loans are perceived as a better or more convenient alternative to selling the home or obtaining an additional mortgage.

2.4 Are there racial/ethnic differences in indebtedness?

We see some differences between racial/ethnic groups, especially among Master of Divinity graduates. (Rabbinical school graduates are entirely white, and therefore are not discussed in this section.) Before we discuss these differences, we should review the proportions of racial/ethnic persons in our data. Figure 2.4.1 shows that whites predominate among our participating schools, constituting 83.3 percent of the theological school graduates. The next largest group is African American/Black (including non-U.S. persons of African descent), with 7.1 percent of the graduates. Asians and Asian-Americans comprise 6.1 percent of the graduates. Hispanics are a small part of the graduates, as they are 2.4 percent of the total. There were a dozen Native American M.Div. graduates of participating theological schools in 1991, and only six Native Americans graduating from two-year masters degree programs; they were .04 percent of the total of 1991 theological school graduates.

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[11] Net home equity is, of course, the difference between the value of the home and the mortgage owed. The numbers as submitted by the students to GAPSFAS, as shown on Figure 2.3.4, do not add up.

Table 2.4.1

Average Theological Debt – 1991 Master of Divinity and Two-Year Masters Degree Graduates, by Racial/Ethnic Group

	All Graduates		Borrowers only	
	Average	Number	Average	Number
All Master of Divinity	$5,324	3,550	$11,163	1,693
by Group:				
African American/Black	$8,240	263	$14,257	152
Asian/Asian-American	$3,596	215	$ 9,427	82
Hispanic	$2,344	79	$ 9,257	20
Native American	$3,909	12	$11,728	4
White/Anglo	$5,253	2,966	$10,927	1,426
All Two-Year Masters	$3,398	1,424	$10,017	483
by Group:				
African American/Black	$3,771	85	$10,340	31
Asian/Asian-American	$1,875	91	$ 9,481	18
Hispanic	$2,758	36	$ 8,274	12
Native American	$7,775	6	$ 9,330	5
White/Anglo	$3,507	1,198	$10,074	417

This small number of Native American graduates makes any analysis of them undependable, since their group characteristics would be easily affected by changes to a few individuals. Accordingly, we will not present much information about Native Americans, nor will we attempt any generalizations about their statistics. Although the Hispanic group is somewhat larger (79 M.Div. graduates, 36 two-year masters graduates), one should also observe caution in this case before relying too heavily on their data.

Table 2.4.1 shows the differences in average theological debt by racial/ethnic group. Figure 2.4.2 and Figure 2.4.3 graph the percentage of graduates who borrow. Among M.Div. graduates, African American/Black graduates are the most frequent borrowers at 58 percent, with white students next at 48 percent. Among two-year masters graduates, 36 percent of African Americans and 35 percent of white students borrow. Hispanic and Asian/Asian-Americans borrow to a somewhat lesser degree.

Figures 2.4.4 and 2.4.5 further interpret the data on Table 2.4.1, showing the average amount of theological debt for 1991 graduates. We saw previously that a higher percentage of African American M.Div. graduates borrow. On these figures (2.4.4 and 2.4.5) we see that African American M.Div. graduates also have the highest average borrowing for theological school, by a considerable margin, over white graduates.

Table 2.4.2

Percentiles of Theological Debt for 1991 M.Div. Graduates by Racial/Ethnic Group

Percentile	Afr.Am./Black	Asian	Hispanic	White
1st to 40th	$ 0	$ 0	$ 0	$ 0
45th	$ 1,612	$ 0	$ 0	$ 0
50th	$ 3,436	$ 0	$ 0	$ 0
55th	$ 5,840	$ 0	$ 0	$ 1,250
60th	$ 7,500	$ 0	$ 0	$ 3,000
65th	$10,848	$ 1,758	$ 0	$ 5,000
70th	$12,820	$ 2,620	$ 0	$ 6,770
75th	$15,000	$ 5,000	$ 134	$ 8,500
80th	$16,940	$ 7,162	$ 2,129	$10,961
85th	$19,940	$ 7,843	$ 5,319	$13,500
90th	$22,500	$14,400	$10,138	$17,093
95th	$27,695	$20,340	$14,840	$22,500
Maximum	$43,819	$37,500	$28,485	$57,000

Among two-year masters degree graduates the differences are less dramatic. African Americans still "lead" in borrowing but by a relatively tiny amount ($264 in average of all graduates, $266 among borrowers).

Table 2.4.2 shows the distribution of theological debt among Master of Divinity graduates by percentiles. Figure 2.4.6 uses the data condensed in Table 2.4.2 to graphically represent the percentage and amount of borrowing. The vertical axis is the amount borrowed. The horizontal axis is the percentile. The percentile represents the percentage of cases at or below a certain level. For instance, look along the horizontal axis to the 76th percentile. We see that the black diamond representing Hispanic graduates is slightly greater than zero; this implies that about three quarters, or 75 percent, of Hispanic M.Div. graduates have little or no debt. The white square (representing Asians) at the 76th percentile stands at slightly over $5,000, and implies that about three quarters of Asian M.Div. graduates have debt of $5,000 or less, including those with no debt. It also implies the inverse, that is, that one quarter of all Asian graduates borrowed more than $5,000. And so on, as the graph may be read to determine the level of borrowing at any percentile, or the percentage of students at any borrowing level. The finding previously discussed is visually apparent in this graph, namely, that African American/Black graduates have the longest and highest line, thus indicating the largest extent of debt and comparatively higher levels of theological debt.[12]

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[12]The African American line is longest and highest to the 99th percentile, as shown. But the maximum amount borrowed for an M.Div. in theological school was $75,000, by one or more white persons, as noted on Table 2.4.2. If

Table 2.4.3

Percentiles of Theological Debt for 1991 Two-Year Masters Degree Graduates, by Racial/Ethnic Group

Percentile	Afr.Am./Black	Asian	Hispanic	White
1 to 63rd	$ 0	$ 0	$ 0	$ 0
65th	$ 861	$ 0	$ 0	$ 0
70th	$ 5,092	$ 0	$ 1,248	$ 2,464
75th	$ 6,750	$ 0	$ 2,219	$ 5,000
80th	$ 7,782	$ 0	$ 6,221	$ 7,500
85th	$10,562	$ 5,420	$ 9,565	$10,113
90th	$12,770	$ 7,940	$11,018	$13,705
95th	$16,070	$12,775	$14,705	$17,500
Maximum	$30,550	$18,100	$15,264	$38,492

Table 2.4.3 lists the percentile distribution for two-year masters degree graduates. Figure 2.4.7 may be read in the same manner as Figure 2.4.6. As the lines tangle together on Figure 2.4.7 one is drawn to the notion that striking differences in debt are fewer within these degree programs, excepting, perhaps, the lower extent and level of borrowing by Asians.

Marital status and number of dependents

Because one's marital status and number of dependents strongly affect one's family income and assets, we expanded the analysis of graduates by racial/ethnic group to include those factors. The results of these analyses are presented in Figure 2.4.8 and 2.4.9.[13] These findings are consistent with those presented earlier, that is, African American Master of Divinity graduates show the highest borrowing levels in each marital and dependent configuration.

Two reasons may partially account for the lower debt among Hispanics. First, 53 percent of single, Hispanic, M.Div. men are Roman Catholic. Roman Catholics preparing for ordination as priests tend to have lower levels of educational debt.[14] Second, one school which enrolls a substantial number of Protestant Hispanics shows unusually low levels of average debt. This particular school may actively discourage students from taking loans.

Figure 2.4.6 extended to the 100th percentile the white line would rise higher than the African American line.

[13]Each of the charts shows no average debt for Asian or Hispanic single graduates with dependents. There were too few persons in these groups to report a meaningful average.

[14]Often the diocese or order provides significant support. Also, candidates for ordination may avoid debt in anticipation of modest compensation after ordination.

Figure 2.4.9 depicts the borrowing patterns among two-year masters graduates. We see that African American/Black two-year masters degree graduates borrow more, on average, than their classmates in every marital/dependent category except that of single persons with no dependents. In that case (single, no dependents), Hispanic masters degree graduates borrow an average of $5,481, whites an average of $5,156, and African Americans/Blacks an average of two dollars less than whites, $5,154.

Undergraduate and total debt

Average reported undergraduate debt of 1991 theological school graduates is shown on Table 2.4.4. Whites have 22 percent greater undergraduate debt than African Americans/Blacks.

Table 2.4.4

Undergraduate Educational Debt Among 1991 Theological School Graduates By Racial/Ethnic Status

Group	Average Undergraduate Educational Debt	Number
For Entire Population	$ 1,959	3,584
African American/Black	$ 1,708	259
Asian or Asian-American	$ 1,007	217
Hispanic	$ 757	72
Native American	$ 1,385	13
White/Anglo	$ 2,085	3,008

Although this finding seems at variance with the apparent greater need of African Americans, as evidenced by higher borrowing levels in theological school, the reason for this variance is readily understandable: African Americans enter theological school at a higher average age than whites. Among 1991 graduates the average African American was about six months away from his or her fortieth birthday. Whites, on the other hand, were about five years younger. We saw a correlation of undergraduate borrowing to year of birth: the younger one is, the more likely one is to have undergraduate debt. The difference in average age between African Americans and the other, younger, racial/ethnic groups seems to explain this difference in debt level.[15]

[15]Asians are, on average, about one year older than whites, Hispanics about two years older than whites, and Native Americans about three years older than whites. While the difference in average age seems to explain the differences in undergraduate debt between African Americans and whites, age does not explain all the differences in average undergraduate debt among the groups.

Adding the undergraduate debt to the theological debt, along with the negligible "other" graduate school debt, generates the average debt for each racial/ethnic group shown in Figure 2.4.10 and Figure 2.4.11.

To summarize, African American/Black M.Div. degree graduates are the most extensive and heaviest borrowers for theological school. They are among the heaviest borrowers for two-year masters degree programs, the sole exception being single African Americans with no dependents. This subset borrows at nearly identical rates to similarly situated white students. Asians and Hispanics in both types of degree programs borrow less than whites and African Americans.

Why do African Americans borrow more?

One result of discrimination toward African Americans is that African Americans are, on average, less well off financially than whites. One consequence of their weaker economic position is a comparatively greater need to borrow for theological education. To explore this general thesis we sought specific indicators that point to particular reasons African Americans might borrow more than others.

First, pursuing the hypothesis that African Americans are likely to have fewer family assets than others, we compared the years of education of the fathers of African Americans and whites for the graduates of 1984 and 1989 who responded to our survey. We found that the white fathers averaged two years of college (14 years in all, first grade counting as the first year), while African American fathers' average years of education fell just short of graduation from high school (11.7 years). Education is known to correlate with family income; we can safely assume that African Americans have less parental or familial economic support than whites.

Lastly, institutions that are predominantly African American in enrollment have fewer endowment resources than predominantly white institutions. Among protestant institutions, predominantly white schools have an average endowment nearly six times that of predominantly African American schools.[16] Although endowment is not the determinative factor in predicting a level of indebtedness, it does indicate something of the institution's general wealth and its potential to provide scholarship grants that ameliorate debt.

[16] According to Association of Theological schools published data (*1992 Fact Book on Theological Education*), predominantly white Protestant schools have an average endowment of $15.7 million, while predominantly African American schools have an average endowment of $2.7 million.

2.5 Do men and women borrow different amounts?

Yes and no. As we divide the set of 1991 graduates by degree, citizenship, family/dependent status, by racial/ethnic group, and by the type of school attended, we find some differences in some subgroups, especially among single students.

Master of Divinity Graduates

The aggregate average of theological debt for 1991 Master of Divinity graduates is

Table 2.5.1

Average Theological Debt of 1991 Master of Divinity Graduates by Sex

	All Graduates		Borrowers only	
	Average	Number	Average	Number
Women	$ 7,364	852	$12,701	494
Men	$ 4,742	2,316	$10,341	1,062

shown on Table 2.5.1 and Figure 2.5.1. Overall, women M.Div. graduates borrow at higher rates than men, and borrow, on average, a larger amount. We shall see, however, that this finding does not apply to all subgroups of M.Div. graduates.

Table 2.5.2

Average Theological School Debt Among 1991 M.Div. Graduates, U.S.Citizens, By Sex, Racial/Ethnic Group, Marital Status, and Family Size

Women	Married 0 to 1 dependents		Married 2 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$ 7,131	15	$ 7,674	8
Asians/Asian Americans	$ 4,571	6	$ 0	2
Hispanics	$ 0	2	--	0
White/Caucasians	$ 5,752	191	$ 4,835	123

	Single No dependents		Single 1 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$ 9,783	33	$11,753	15
Asian/Asian Americans	$ 5,845	6	$ 0	1
Hispanics	$ 4,666	5	--	0
White/Anglo	$ 8,498	344	$11,468	68

Men	Married 0 to 1 dependents		Married 2 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$ 7,913	46	$ 8,471	44
Asian/Asian Americans	$ 6,527	29	$ 6,415	28
Hispanics	$ 6,395	8	$ 3,727	19
White/Caucasians	$ 3,361	687	$ 4,909	608

	Single No dependents		Single 1 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$11,687	52	$12,250	6
Asian/Asian Americans	$ 4,445	25	$ 0	1
Hispanics	$ 1,918	13	--	0
White/Caucasians	$ 5,431	526	$ 4,148	64

The comparative data for M.Div. graduates who are U.S. citizens may be found in Table 2.5.2 and, for African American and white graduates, seen on Figure 2.5.2. The number of graduates in the Asian and Hispanic subgroups is too small for us to draw definite conclusions.

In the top graph of Figure 2.5.2 (using data from Table 2.5.2) we see that African American men borrow more than African American women, but, except in the case of single graduates with no dependents, the difference is slight. Single African American men with no dependents borrow, on average, nearly $2,000 more ($1,904) than single African American women with no dependents.

White M.Div. graduates' average theological debt shows sharper differences between men and women. As may be seen from the bottom graph in Figure 2.5.2, white

Table 2.5.3

Theological Indebtedness of White 1991 M.Div. Degree Graduates by Sex, Marital and Dependent Status, and Institutional Type

Married, zero or one dependent

	Women		Men	
	Avg. debt	N	Avg. debt	N
Mainline:				
Denominational	$ 5,747	150	$ 5,341	238
Independent	$ 9,652	11	$ 7,144	10
Evangelical:				
Denominational	$ 974	20	$ 1,951	394
Independent	$13,816	6	$ 5,650	50
Roman Catholic	$ 0	1	--	--
Peace church	$ 0	1	$ 3,000	5

Married, two or more dependents

	Women		Men	
	Avg. debt	N	Avg. debt	N
Mainline:				
Denominational	$ 5,180	88	$ 8,572	171
Independent	$10,256	8	$ 2,233	6
Evangelical:				
Denominational	$ 1,361	18	$ 2,995	385
Independent	$ 8,250	2	$ 8,040	39
Roman Catholic	$ 0	3	--	--
Peace church	--	--	$ 4,925	15

women consistently borrow more than white men, except for those married graduates with two or more dependents, who borrow at nearly equal rates. The difference is greatest (over $7,000 on average) among single students with dependents, although the differences between white men and women single students with no dependents ($3,067) and white married students with one or fewer dependents ($2,391) are still notable.

Why do white women borrow more than men? The other sources of our data do not provide a ready answer. In our survey of graduates we found that men students worked for pay somewhat longer hours than women, but not to such an extent as to explain the great differences in borrowing. Data on student income, savings, and other assets contained in the GAPSFAS data for 1990/91 showed that women borrowers were, if anything, slightly better off financially than men. The reasons for higher borrowing rates among women are open to speculation.

In pursuing this mystery we tried to see if these differences appeared at all types of theological schools. Using the denominational classifications developed by the Center for

Table 2.5.4

Theological Indebtedness of White 1991 M.Div. Degree Graduates by Sex, Marital and Dependent Status, and Institutional Type, Continued

Single, no dependents

	Women		Men	
	Avg. debt	N	Avg. debt	N
Mainline:				
Denominational	$ 7,588	191	$ 6,730	175
Independent	$15,936	70	$13,228	54
Evangelical:				
Denominational	$ 1,800	54	$ 2,158	151
Independent	$10,898	12	$ 6,095	44
Roman Catholic	$ 0	2	$ 3,519	101
Peace church	$ 7,219	5	$ 625	2

Single, one or more dependents

	Women		Men	
	Avg. debt	N	Avg. debt	N
Mainline:				
Denominational	$12,902	46	$ 8,132	14
Independent	$23,776	7	$17,309	2
Evangelical:				
Denominational	$ 1,660	12	$ 2,437	48
Independent	--	--	--	--
Roman Catholic	--	--	--	--
Peace church	--	--	--	--

the Study of Theological Education at Auburn Theological Seminary, we compared the borrowing levels of white women and men according to the type of school each attended. The schools in the typology are classified according to a religious category (namely Roman Catholic, mainline Protestant, evangelical Protestant, and peace church traditions) and whether or not the institution is closely associated with a denomination, or is independent or interdenominational.

Borrowing levels of white M.Div. graduates, by denominational classification, are presented in Tables 2.5.3 and 2.5.4.

In general, one will see that graduates of mainline independent schools have greater debt than graduates of mainline denominational schools, and that the same observation may be made for evangelical schools, namely, that graduates of independent evangelical schools have higher average debt than graduates of denominational evangelical schools. Further, one can also observe that the differences between men and women in denominational schools (whether mainline or evangelical) is relatively modest compared to the difference between men and women in independent schools. This may be seen on Figure 2.5.3, which graphically illustrates the data from part of Table 2.5.4, as it shows the differences in borrowing levels between men and women single graduates with no dependents. Although other marital and dependent subgroups are not graphed, they follow a similar pattern, as one may see following a close examination of Table 2.5.3 and Table 2.5.4.

In independent schools (whether mainline or evangelical) women always show higher levels of theological debt than men. In denominational schools the picture is less definite: usually debt levels of men and women are similar. Two strong exceptions to the similarity of debt in mainline denominational schools are in the subgroups of married students with two or more dependents, in which men borrow substantially more than women (averaging $3,392 more in debt), and among single graduates with one or more dependents, in which instance women have $4,770 more average debt than men.

Our exploration of the phenomenon of white women borrowing more than white men has shown us that this borrowing tends to take place in independent schools, whether mainline or evangelical. Mainline schools have more women, and thus the effect from those schools is statistically greater. The reasons for this borrowing, within the confines of the data of this study, remain hypothetical.

Table 2.5.5

Average Theological Debt
1991 Two Year Masters Degree Graduates by Sex

	All Graduates		Borrowers only	
	Average	Number	Average	Number
Women	$ 3,610	514	$ 9,665	192
Men	$ 3,521	714	$ 9,977	252

Table 2.5.6 shows the average theological debt for 1991 two-year masters degree graduates. The percentage of borrowers and the level of indebtedness are similar, with women tending to be a little more likely to borrow, and men tending to borrow a little more. Figure 2.5.4 graphs the data from Table 2.5.5.

The average theological debt by racial/ethnic group and marital/dependent status is provided on Table 2.5.7. Numbers of non-white graduates are too small for us to be able

Table 2.5.6

Average Theological School Debt Among 1991 Two Year Masters Degree Graduates, U.S.Citizens, By Sex, Racial/Ethnic Group, Marital Status, and Family Size

Women	Married 0 to 1 dependents		Married 2 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$1,712	6	$7,500	1
Asians/Asian Americans	$ 0	2	$2,500	2
Hispanics	$4,833	3	--	0
White/Caucasians	$1,565	116	$2,066	43
	Single No dependents		**Single 1 or more dpnds.**	
	Mean debt	N	Mean debt	N
African Americans	$ 5,604	14	$ 4,633	3
Asian/Asian Americans	$ 4,643	8	--	0
Hispanics	$ 739	3	--	0
White/Anglo	$ 4,983	248	$ 6,698	22

Men	Married 0 to 1 dependents		Married 2 or more dpnds.	
	Mean debt	N	Mean debt	N
African Americans	$ 7,250	6	$ 6,620	13
Asian/Asian Americans	$ 1,625	4	$ 5,100	3
Hispanics	$ 1,867	6	$ 0	4
White/Caucasians	$ 2,374	218	$ 3,002	183
	Single No dependents		**Single 1 or more dpnds.**	
	Mean debt	N	Mean debt	N
African Americans	$ 7,556	8	$12,500	1
Asian/Asian Americans	$ 4,743	7	$15,000	1
Hispanics	$ 9,279	4	--	0
White/Caucasians	$ 5,755	169	$ 1,616	9

to make interpretive statements about tendencies. Among whites, we see women in most marital/dependent categories with less debt than men, with the strong exception of single women with dependents: they borrow an average of over six times what single men with dependents borrow.

Rabbinical Graduates

Women rabbinical school graduates were more likely to borrow for their education, but men and women rabbinical graduates who borrowed ended with very similar debt levels. Table 2.5.7 shows the number and average rabbinical debt by sex in 1991. Ninety-one percent of women rabbinical students borrowed, while 75 percent of men were borrowers. Of those who borrowed, however, men and women borrowed nearly identical average amounts ($24,310 and $24,215, respectively).

Table 2.5.7

Average Rabbinical Debt – 1991 Rabbinical School Graduates by Sex

	All Graduates		Borrowers only	
	Average	Number	Average	Number
Women	$22,109	23	$24,215	21
Men	$18,233	44	$24,310	33

2.6 Are there denominational differences?

There are, but some of the reasons for the differences are not obvious. Some of the denominational differences in debt may reflect the socioeconomic status or group wealth of the denomination's members. Scholars have measured differences in socioeconomic status by denominational affiliation.[17] We have already seen that racial/ethnic status (which implies a socioeconomic status) makes a considerable difference in debt levels. We have also seen, however, that other factors have a direct bearing on the graduates' level of debt. These additional factors include length of degree program, family and dependent circumstances, and, intriguingly, the type of seminary — denominational or independent — that the graduate attended.

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[17]See, for instance, Wade Clark Roof and William McKinney, *American Mainline Religion*, New Brunswick, Rutgers University Press, 1987, Table 4-2 following page 111.

Table 2.6.1

Theological Indebtedness of 1991 M.Div. Graduates by Denomination

Code	Denomination	Avg. Theo. Debt	Std. Dev.	N
All	All 1991 M.Div. Graduates	$ 5,323.67	8215.65	3550
AFRMEP	African Methodist Episcopal	$10,956.88	11377.15	17
AMBCUS	American Baptist Churches	$ 4,720.75	7793.66	114
ASYGOD	Assemblies of God	$ 8,939.40	9200.00	35
BPGNCF	Baptist General Conference	$ 4,924.85	7330.28	26
CCHCHC	Christian Churches and Churches of Christ	$ 3,096.13	6406.68	23
CCONCC	Conference of Congregational Christian Churches	$10,621.00	9194.43	12
CGODAI	Church of God (Anderson, IN)	$ 3,840.42	5796.49	12
CHBRET	Church of the Brethren	$ 6,093.16	8549.30	19
CHCHDC	Christian Church (Disciples)	$ 8,040.38	9899.93	82
CHMEEP	Christian Methodist Episcopal	$21,398.80	18377.83	10
CHMSAL	Christian and Missionary Alliance	$ 2,855.19	5371.12	42
CHREFC	Christian Reformed Church	$ 4,889.13	6649.17	30
CHRNAZ	Church of the Nazarene	$ 4,514.94	7111.03	68
CHUCHR	Churches of Christ	$ 2,323.60	4906.26	10
CMPRCH	Cumberland Presbyterian Ch.	$ 6,013.50	6996.92	10
CNBPAA	Conservative Baptist Association of America	$ 6,319.43	8367.45	14
EPISCH	The Episcopal Church	$ 8,209.68	9098.83	146
EVCVCH	Evangelical Covenant Church	$ 9,505.00	8934.34	25
EVFRCA	Evangelical Free Church of America	$ 4,383.00	6565.82	43

Table continued on following page

In this section we will present indebtedness data according to the denomination of the student, while further sections of this report will discuss institutional factors that seem to affect debt, including the denominational affiliation of the institution.

Master of Divinity

The average theological debt for 1991 M.Div. graduates by denomination *of the graduate* — not the denominational affiliation of the school, if any — may be seen on Figure 2.6.1. Denominational codes, the average theological debt, the standard deviation of the debt, and the number of students comprising the average may all be seen on Table 2.6.1. That table contains the data used to construct Figure 2.6.1.

As might be inferred from prior discussion, we see high levels of indebtedness in denominations that are predominantly African American, such as the Christian Methodist Episcopal and the African Methodist Episcopal. There are some predominantly white denominations with high debt as well: the Unitarian Universalists, the Wesleyan Church,

Table 2.6.1

Theological Indebtedness of 1991 M.Div. Graduates by Denomination, Continued

Code	Denomination	Avg. Theo. Debt	Std. Dev.	N
All	All 1991 M.Div. Graduates	$ 5,323.67	8215.65	3550
EVLCAM	Evangelical Lutheran Church in America	$ 7,932.90	7947.51	208
GNCFMC	General Conference Mennonite Church	$ 5,736.47	7183.18	17
INDBAP	Independent Baptist	$ 1,745.05	3804.40	21
KoreanPr	Korean Presbyterian	$ 4,790.18	10489.95	17
LUCHMS	Lutheran Church - Missouri Synod	$ 4,944.58	6323.87	140
MBRCNA	Mennonite Brethren Church in North America	$ 5,691.46	5407.36	13
MENCHU	Mennonite Church	$ 4,667.25	7177.61	12
NTLBCV	National Baptist Convention	$10,468.81	10197.58	32
PRCHAM	Presbyterian Church in America	$ 5,167.73	8899.25	52
PRCHUS	Presbyterian Church (U.S.A.)	$ 4,208.08	6088.41	321
RFCHAM	Reformed Church in America	$ 3,287.88	5510.32	16
ROMCTH	Roman Catholic	$ 4,158.15	8180.82	154
SBCONV	Southern Baptist Convention	$ 461.55	2738.92	647
UNCHCH	United Church of Christ	$ 6,849.02	9749.16	123
UNMECH	United Methodist Church	$ 7,746.55	8733.49	658
UNTUNV	Unitarian Universalist	$13,404.70	8324.63	44
WESLCH	Wesleyan Church	$10,498.00	6777.90	10

the Christian Church (Disciples of Christ), and the Episcopal Church, to name but a few, are predominantly white denominations among the ten denominations whose graduates have high average indebtedness.

We see that Southern Baptist graduates have the lowest theological debt of any denomination. The reason for this low debt is simple: the Southern Baptist schools taking part in our research do not participate in the federal loan programs. Access to loan money

Table 2.6.2

Average Theological Debt of 1991 Master of Divinity Graduates - Borrowers Only - By Denomination. Denominations with Five or More Borrower Graduates.

		Mean	Std.Dev.	N
ALL	All Graduates	$11,163	8738	1693
AFRMEP	African Methodist Episcopal	$18,627	8449	10
AMBCUS	American Baptist Churches in the USA	$11,699	8311	46
ASYGOD	Assemblies of God	$13,603	8030	23
BPGNCF	Baptist General Conference	$10,671	7432	12
CCHCHC	Christian Churches and Churches of Christ	$11,869	7461	6
CCONCC	Conference of Congregational Christian Churches	$14,161	7735	9
CGODIC	Church of God in Christ	$16,957	6868	6
CHBRET	Church of the Brethren	$ 9,648	9066	12
CHCHDC	Christian Church (Disciples of Christ)	$15,575	15496	51
CHMEEP	Christian Methodist Episcopal	$26,749	16453	8
CHMSAL	Christian & Missionary Alliance	$ 9,993	5451	12
CHREFC	Christian Reformed Church	$ 7,720	6940	19
CHRNAZ	Church of the Nazarene	$ 9,594	7680	32
CMPRCH	Cumberland Presbyterian Church	$10,023	6317	6
CNBPAA	Conservative Baptist Association of America	$ 9,830	8657	9
EPISCH	The Episcopal Church	$14,101	7671	85
EVCVCH	Evangelical Covenant Church	$13,978	7301	17
EVFRCA	Evangelical Free Church of America	$ 8,567	6977	22
EVLCAM	Evangelical Lutheran Church in America	$10,378	7564	159

Table continued on following page

is therefore sharply limited; students rely upon employment, savings, family members, scholarships, private sources of loans, and credit to finance their seminary education. Clearly, a precondition for educational debt is the institution's willingness to participate in and administer the loans.

Table 2.6.1 also reports the standard deviation of the debts. The standard deviation is a statistic that measures the amount of variability in a group of numbers.[18] It measures whether or not the numbers have a central tendency to the mean, or average, or whether or not the individual values are widely dispersed from the mean. A high standard deviation implies a high degree of variation. Put another way, the standard deviation tells

Table 2.6.2

Average Theological Debt of 1991 Master of Divinity Graduates – Borrowers Only – By Denomination. Denominations with Five or More Borrower Graduates, Continued.

		Mean	Std.Dev.	N
ALL	All Graduates	$11,163	8738	1693
FRMECH	Free Methodist Church	$ 6,770	2970	7
FRRELS	Religious Society of Friends	$11,429	7476	5
GNCFMC	General Conference Mennonite Church	$ 8,127	7339	12
INDBAP	Independent Baptist	$ 6,108	5091	6
KRNPRS	Korean Presbyterian	$13,572	14460	6
LUCHMS	Lutheran Church - Missouri Synod	$ 8,241	6283	84
MBRCNA	Mennonite Brethren Church in North America.	$ 8,221	4524	9
MENCHU	Mennonite Church	$11,201	7084	5
NTLBCV	National Baptist Convention	$14,565	9174	23
PRCHAM	Presbyterian Church in America	$10,335	10296	26
PRCHUS	Presbyterian Church (U.S.A.)	$ 8,442	6215	160
RFCHAM	Reformed Church in America	$10,521	4328	5
RFPRES	Reformed Presbyterian	$ 5,075	1561	6
ROMCTH	Roman Catholic	$12,807	9795	50
SBCONV	Southern Baptist Convention	$ 3,472	6814	86
UNCHCH	United Church of Christ	$13,372	9919	63
UNMECH	United Methodist Church	$12,385	8660	417
UNTUNV	Unitarian Universalist	$15,521	6841	38
WESLCH	Wesleyan Church	$11,664	6031	9

you whether or not the individual numbers comprising the group are close to the average. In the case of theological debt, the standard deviation is high, often higher than the average itself. This implies little central tendency to the mean. We have seen this on other graphs, in which the number of non-borrowers often exceeds the number of borrowers, and the average debt for borrowers is twice as large as the average debt for all. The high standard deviation figures we see on the table should remind us that the simple averages show only a small part of the picture of debt.

Table 2.6.3

Average Theological Debt of Two Year Masters Degree Graduates in 1991 by Denomination. Denominations with Ten or More Graduates.

		Mean	Std.Dev.	N
ALL	All Two Year Masters	$3,398	6200.58	1424
AMBCUS	American Baptist Churches	$4,290	8199.73	26
ASYGOD	Assembles of God	$5,760	7521.82	41
BPGNCF	Baptist General Conference	$5,340	7052.65	15
CCHCHC	Christian Churches and Churches of Christ	$3,463	7325.68	46
CGODCT	Church of God (Cleveland, TN)	$3,094	5546.11	22
CHCHDC	Christian Church (Disciples of Christ)	$3,800	5078.28	10
CHMSAL	Christian and Missionary Alliance	$2,022	4154.62	23
CHREFC	Christian Reformed Church	$3,468	5323.55	15
CHRNAZ	Church of the Nazarene	$4,346	7082.13	26
CNBPAA	Conservative Baptist Association of America	$ 850	2687.94	10
EPISCH	The Episcopal Church	$6,616	8252.01	44
EVCVCH	Evangelical Covenant Church	$5,261	6585.28	10
EVFRCA	Evangelical Free Church of America	$2,997	5379.47	24
EVLCAM	Evangelical Lutheran Church in America	$3,858	6881.74	38
EVPRCH	Evangelical Presbyterian Church	$2,650	4521.86	10
FRMECH	Free Methodist Church	$4,617	3359.61	11
FRRELS	Religious Society of Friends	$5,621	6624.41	16
INDBAP	Independent Baptist	$1,719	3191.55	15
MENCHU	Mennonite Church	$2,400	3881.36	21
PRCHAM	Presbyterian Church in America	$2,326	6051.61	15
PRCHUS	Presbyterian Church (U.S.A.)	$3,168	4586.68	59
ROMCTH	Roman Catholic	$4,776	7850.98	125
SBCONV	Southern Baptist Convention	$ 352	1844.84	343

Table 2.6.2 and Figure 2.6.2 show the average amount of debt for M.Div. *borrowers* only. The ranking of denominational debt is similar, as one might expect.

Two-year Masters Degrees

Table 2.6.4

Average Theological Debt of 1991 Two-Year Masters Degree Graduates - Borrowers Only - By Denomination. Denominations with Five or More Borrower Graduates.

		Mean	Std.Dev.	N
ALL	All Graduates	$10,017	6860	483
AMBCUS	American Baptist Churches in the USA	$12,395	9854	9
ASYGOD	Assemblies of God	$11,808	6629	20
BPGNCF	Baptist General Conference	$11,442	5882	7
CCHCHC	Christian Churches and Churches of Christ	$10,619	9543	15
CGODCT	Church of God (Cleveland, TN)	$ 9,723	5697	7
CHCHDC	Christian Church (Disciples of Christ)	$ 7,600	4682	5
CHMSAL	Christian & Missionary Alliance	$ 7,750	4762	6
CHREFC	Christian Reformed Church	$ 5,780	5879	9
CHRNAZ	Church of the Nazarene	$11,301	7211	10
EPISCH	The Episcopal Church	$13,232	6908	22
EVCVCH	Evangelical Covenant Church	$10,522	5327	5
EVFRCA	Evangelical Free Church of America	$10,276	4864	7
EVLCAM	Evangelical Lutheran Church in America	$ 9,162	8061	16
EVLUCH	Evangelical Lutheran Church	$10,155	6077	5
FRMECH	Free Methodist Church	$ 6,349	1887	8
FRRELS	Religious Society of Friends	$ 9,994	5755	9
INDBAP	Independent Baptist	$ 4,297	3902	6
MENCHU	Mennonite Church	$ 6,300	3869	8
PRCHUS	Presbyterian Church (U.S.A.)	$ 7,788	3938	24
ROMCTH	Roman Catholic	$12,438	8081	48
SBCONV	Southern Baptist Convention	$ 3,173	4718	38
UNCHCH	United Church of Christ	$16,163	6650	10
UNMECH	United Methodist Church	$11,730	7009	39
UNTUNV	Unitarian Universalist	$10,589	3797	7

Table 2.6.3 and Figure 2.6.3 show the averages for the two-year masters degree graduates. Southern Baptists again have the lowest debt, but the United Church of Christ and the Episcopal Church have the highest levels of debt. (The tables and charts were constructed from those denominations having a specified number of graduates. Graduates in denominations that do not appear on the tables and figures are not necessarily debt-free.)

Table 2.6.4 and Figure 2.6.4 present the averages for borrowers only.

In summary, a review of theological debt levels shows differences by denomination. The reasons for the differences are not obvious, except in the instance of Southern Baptists, whose low debt level is directly attributable to lack of access to funds. We can hypothesize that high debt levels among some predominantly African American denominations is directly related to greater need.

2.7 Are Roman Catholics borrowing?

Our sample of Roman Catholic graduates is not as extensive as our sample of protestants. A substantial number of Roman Catholic seminaries declined to participate in our research because they lacked data on loans to students. They often indicated, as one might expect, that the candidates' financial matters were overseen by the diocese or order. Nonetheless, eleven of the 47 Roman Catholic seminaries in the United States were able to supply data on their graduates, with a number of additional schools able to describe the practices of dioceses and orders on a supplemental questionnaire. The lower participation rate of Roman Catholic schools indicates that our data may not be as representative or accurate for Roman Catholics as it is for others.

Looking at the sample of all Roman Catholic graduates in our data — including those who attended non-Roman Catholic schools — we see that men Master of Divinity graduates are nearly half the total, as shown on Figure 2.7.1. The remainder include women Master of Divinity graduates (about eight percent of all Roman Catholic graduates in our data), and two-year masters graduates, comprising over 45 percent of the Roman Catholic graduates in our sample.

Figure 2.7.2 shows the percentage of borrowers by degree and sex. The lowest borrowing percentage is among male Master of Divinity graduates. About one out of three of these men (most of whom we assume are preparing for ordination) borrowed for his theological studies. The highest percentage of borrowers is for men in masters degrees: about 44 percent take educational loans.

The average theological debt is shown on Figure 2.7.3 and Table 2.7.1. Women in Master of Divinity programs have the highest debt — by a substantial margin — over any of the other groupings. This difference is substantially attributable to the fact that Roman Catholic women often attend protestant schools to obtain a Master of Divinity degree, as shown on Figure 2.7.4. All the Roman Catholic Master of Divinity women *who borrowed* (eight persons among all our data) attended mainline independent schools, borrowing an average, as shown on Table 2.7.1, of $19,011.

Table 2.7.1

Average Theological Debt – 1991 Roman Catholic Master of Divinity and Two-Year Masters Degree Graduates.

	All Graduates		Borrowers only	
	Average	Number	Average	Number
All Master of Divinity	$4,171	145	$12,119	49
M.Div. by Group:				
Women	$7,242	21	$19,011	8
Men	$3,651	124	$11,043	41
All Two-Year Masters	$4,616	121	$11,884	47
By Group:				
Women	$4,126	71	$11,717	25
Men	$5,312	50	$12,073	22

Men Master of Divinity students overwhelmingly attended Roman Catholic schools, as shown on Figure 2.7.4. The average amount borrowed for the Master of Divinity by Roman Catholic men in those Roman Catholic schools was $3,172: for "borrowers only" in Roman Catholic schools the average loan was $10,310.

Figure 2.7.5 provides the clearest picture of debt among our admittedly limited sample of Roman Catholic graduates, as it simultaneously shows the sex of the student, the degree obtained, and the type of school attended. It shows that Roman Catholic men obtaining a Master of Divinity degree from Roman Catholic seminaries have modest levels of theological debt (an average of $3,172) compared to either their Roman Catholic or non-Roman Catholic counterparts.[19] As mentioned above, Roman Catholic women obtaining a Master of Divinity degree from an independent mainline school have high theological debt, while Roman Catholic women obtaining a Master of Divinity degree from either Roman Catholic or mainline denominational schools were reported to have no theological debt. The theological debt of two-year masters students is also shown to be far lower in Roman Catholic schools than in mainline protestant schools.

Figure 2.7.6 compares shows the theological debt of Roman Catholic and non-Roman Catholic graduates in mainline schools. Excepting women two-year masters degree graduates, Roman Catholic graduates borrowed more, on average, than their non-Roman Catholic classmates, if they attended a protestant school. Protestant students attending protestant institutions may be more likely to obtain scholarship support from their denominations than Roman Catholic students attending those same protestant schools.

The limited data on the amounts borrowed show that Roman Catholic students attending Roman Catholic schools accrue modest debt. These data are supported by supplemental questionnaires sent to financial aid officers at the Roman Catholic seminaries. We asked about the financial arrangements for diocesan ordination candidates, religious orders of men, and religious orders of women.

Our respondents described the practices of 91 dioceses. Of these, 82 percent of the dioceses provide full tuition for the candidate. Most dioceses that pay full tuition (40 of the 91) also stipulate that the candidate must repay the diocese if he is not ordained or leaves the priesthood. An additional eleven percent of the dioceses pay part of the student's tuition; the student seeks scholarships from the school or from other external sources. Of the dioceses that do not pay the tuition directly, four reportedly ask the student/candidate to take loans to cover his tuition, with the understanding that the diocese will repay the loans after the candidate is ordained. This latter arrangement has the effect of the diocese paying the tuition, but without initial capital outlay or collection costs for those students who are not ordained. Considering this, we note that the data on educational borrowing of Roman Catholic candidates in Roman Catholic schools may overstate what the ordained candidate may actually repay.

The financial aid officers provided less data regarding room and board costs. A similar pattern to tuition arrangements emerged, showing a preponderance of dioceses paying most or all of the room and board costs.

Thirteen dioceses are reported to assume the undergraduate educational debt of the candidate upon ordination, but more (31) say that such debts are the responsibility of the student both before and after ordination. Loans for consumer goods or automobiles are consistently considered the student's responsibility.

We received accounts of the practices of 25 religious orders of men. Twenty-four of the 25 orders pay tuition for their candidates, although some orders require repayment from the candidate if he does not take vows. Aside from this implied loan, no formal debt

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[19]The debt of the non-Roman Catholic graduates of mainline schools is shown on Figure 2.7.6.

is mentioned. Undergraduate debts are handled in a variety of ways. Some orders take responsibility for the debt after final vows, some require debts to be paid or provided for before vows, and some share repayment responsibility with the candidate.

We received descriptions of the practices of thirteen religious orders of women, although one respondent noted parenthetically that the tuition-payment policy applied to "many orders." A large majority (eleven of the thirteen) pay full tuition for their members attending Roman Catholic schools. The other two orders pay part of the tuition, seeking grants from the school for the balance. Not much was said about preexistent debt, but the little response showed that different orders took different approaches: the order either assumed the debt, shared the debt, or required that the debt be provided for before joining the order.

In summary, our limited sample and our questionnaire response shows that average debt levels are modest among Roman Catholic schools, with tuition and living expenses often being provided by the diocese or order. While this describes the majority of cases we can see, we also note that some candidates are paying for part of their educational expenses, and some have occasion to turn to loans. Students enrolling for non-ordination-track masters degrees at Roman Catholic schools have lower debt than their counterparts at protestant schools. Roman Catholics in non-Roman Catholic schools incur as much or more debt as their classmates.

3.0 Are there differences by school?

Yes. We have found great variation in the levels of student indebtedness when we look at the average debt by school. The implication of this finding is that the amount of debt a student takes on might be strongly affected by his or her choice of school.

Can we predict which schools will have high or low levels of debt? Although we can make some general observations about the level of loans and institutional types, we are unable to predict precise debt levels from observable institutional characteristics. The one near-certainty we have found was reported earlier, namely, that a prerequisite for loans is that loans are available; non-participation in federally sponsored loan programs implies a low level of direct or formal educational borrowing. We speculate that some of the students who do not have access to federal loan programs may borrow from banks, credit cards, family or other private sources.

Borrowing by Institutional Type

Figure 3.1 shows, in rank order, the average indebtedness of 1991 M.Div. graduates by school. The school-by-school averages range from those who had no indebted graduates to those schools whose students average over $15,000 in theological indebtedness.[20] Figure 3.2 is the same form of chart, but for two-year masters degree

[20] These averages, as in previous figures, include those students with no debt. The average indebtedness for borrowers only is not shown in this section, but would, of course, be higher than the overall averages.

students.

In reviewing Figures 3.1 and 3.2 we were unable to immediately identify a hypothesis that would explain the differences of average debt in different schools.[21] It seemed unlikely that the socioeconomic backgrounds of students would vary so widely from school to school. As discussed earlier, debt levels of African Americans seem related to the social status and economic strength of the African American community and African American institutions. Even so, we saw considerable differences in debt levels of African Americans attending different schools, and in debt levels of students attending different African American institutions.

To test this assumption (that the socioeconomic background of students in different schools does *not* vary widely) we measured the theological indebtedness of students by denomination by school. We thought that the socioeconomic status of the students within a denomination would be similar; if the level of debt of the graduate was not affected by the school, we would expect to see similar averages of debt within denominations across schools.

We did not see much similarity across schools. Figures 3.3 through Figure 3.7 show the average indebtedness of M.Div. graduate members of the American Baptist Church, Christian Church (Disciples of Christ), Episcopal Church, Evangelical Lutheran Church in America, Presbyterian Church (U.S.A.), Roman Catholic Church, Southern Baptist Convention, United Church of Christ, and the United Methodist Church at different schools.[22] In looking at the charts we see that the levels of debt vary widely, depending on the school the graduate attended. The least variation occurs among those schools graduating members of the Christian Church (Disciples of Christ) and the Evangelical Lutheran Church in America, but even in those instances the difference between the lowest and highest school averages is $5,727 (for the Christian Church [Disciples of Christ] graduates) and $6,214 (for the Evangelical Lutheran Church in America graduates). In the other denominations the difference between the lowest and highest average indebtedness is at least $12,000 and, in a few cases, the difference is over $20,000.

We thus find that the average debt level varies greatly from school to school, even among students with similar denominational (and, it is assumed, socioeconomic) backgrounds. If we assume there is no lopsided or unusual distribution of personal wealth, we must conclude that the circumstances of the school exert a strong influence on levels of educational indebtedness.

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[21] In collecting the data we agreed to confidentiality of school data. For this reason we will not identify individual school averages.

[22] For accuracy's sake we only show results for denominations which had five or more graduates from four or more schools.

Table 3.1

Average Theological Debt of 1991 Graduates by Type of School

Master of Divinity	All Graduates Avg. debt	N	Borrowers Only Avg. debt	N
Mainline:				
Denominational	$ 6,880	1,408	$11,401	825
Independent	$11,426	304	$16,780	207
Evangelical:				
Denominational	$ 2,334	1,230	$ 7,952	361
Independent	$ 6,092	391	$10,730	222
Roman Catholic	$ 2,946	126	$10,310	36
Peace churches	$ 4,508	28	$ 7,424	17

Two Year Masters	All Graduates Avg. debt	N	Borrowers Only Avg. debt	N
Mainline:				
Denominational	$ 4,652	226	$10,619	99
Independent	$ 8,586	158	$13,017	104
Evangelical:				
Denominational	$ 1,768	602	$ 8,314	128
Independent	$ 3,462	320	$ 8,935	124
Roman Catholic	$ 1,510	70	$ 8,808	12
Peace churches	$ 2,724	32	$ 7,924	11

Can we identify the characteristics of institutions that have higher levels of debt? We analyzed the schools by the six denominational types developed by Auburn Theological Seminary mentioned earlier. These are: 1) mainline Protestant denominational schools, 2) mainline Protestant independent schools, 3) evangelical Protestant denominational schools, 4) evangelical Protestant independent schools, 5) Roman Catholic schools, and 6) peace church schools. The average theological debt for these schools is shown on Table 3.1 and graphed on Figure 3.8 and Figure 3.9.

As one may see from the table and figures, mainline schools have higher debt levels than evangelical schools. Within both the evangelical and mainline categories, independent schools show higher debt levels than denominational schools. One may speculate that denominational support of their schools permits those schools to keep charges low and scholarship support high.

The distribution of theological debt by school by degree program by institutional type is shown on Figure 3.10 and Figure 3.11. Figure 3.10 shows that indebtedness of mainline-independent M.Div. graduates begins at the 32nd percentile, thus indicating that 68 percent of M.Div. graduates from those institutions have debt. The graph further shows that about 57 percent of mainline-denominational and evangelical-independent school graduates have theological debt. Evangelical-independent and Roman Catholic schools have the lowest percentage of indebtedness, with over 70 percent of their graduates incurring no theological debt.[23] The two-year masters degree graduates follow a similar ranking by institutional type.

As in prior presentations of this type of graph, one may read the data "horizontally," i.e. one can see the different percentages of graduates at a particular level of debt. One can also read the chart "vertically" to see the level of indebtedness of a particular percentage of students.

While we find differences in the averages and percentile levels of theological indebtedness by type of school, we also find that the schools within each type vary widely. Figures 3.12, 3.13, 3.14, 3.15, and 3.16 visually demonstrate this variation. Each graph replicates the distribution of average theological indebtedness shown on Figure 3.1, but highlights, as vertical black bars, the average debt of the schools of the institutional type. In each group one sees schools with high debt and low debt. The individual differences within each group are far larger than the average differences between groups. Put another way, one cannot rely on a classification to predict the level of debt; each school must be looked at individually.

In searching for institutional predictors of debt we examined a number of factors, including the schools' financial aid practices, the nominal wealth of the school as represented by endowment, enrollment, tuition, housing and living costs, levels of grants, and other institutional characteristics. We found little predictive power in most of these factors.

The cost factor

There is some correlation between the level of cost faced by the student and the amount of indebtedness. We found correlation coefficients of +.39 to +.48 when average debt was correlated with tuition levels for M.Div. and two-year masters degrees.[24] This confirms common sense: if students are charged more in tuition they will need to borrow more to meet that payment.

The correlation is far from perfect. Figure 3.17 and Figure 3.18 contain scatterplots of tuition levels and average theological debt for M.Div. graduates and two-year

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[23] The graduates of peace church associated schools were to few to show in Figures 3.10 and 3.11.

[24] The correlation coefficient measures the degree that two variables tend to correspond. It measures the strength and direction of a relationship. If the correlation coefficient is +1, the two variables are said to be perfectly correlated; if it is -1 the variables are said to be perfectly negatively correlated; and if the correlation coefficient is zero, the variables are uncorrelated. If a correlation coefficient is close to +1 or -1 the relationship is strong, and one variable may be used to predict the other. In the finding regarding tuition, correlations of +.39 and +.48 indicate some tendency for average indebtedness to rise as tuition rates rise.

masters degree graduates, respectively. If average debt were perfectly correlated with tuition levels the dots on the scatterplot would form a straight line in a northeasterly direction; the actual data has a tendency to move in that direction (correlation coefficients of +.39 and +.48), but one can see considerable variation in individual cases.

The correlation of debt to cost underlies the cost difference between mainline and evangelical schools. As noted earlier, mainline independent schools have the highest average indebtedness when compared to the other institutional types. Table 3.2 shows the average tuition charges and single student budgets for each institutional type. The mainline independent schools have the highest average tuition and total cost, and thus confirm our finding. Indeed, the correlation between cost and debt is weak among evangelical schools; the mainline schools, with their higher charges, exhibit the relationship most strongly. The strongest correlation between debt and cost appears among two-year masters students at mainline Protestant institutions (both denominational and independent). The correlation coefficient of average theological debt to tuition rises to +.68.

Although we note a tendency for debt to increase as charges increase (especially among schools with higher tuition levels), this tendency is not strong enough to permit us to predict debt levels from tuition. The variety of average debt by schools supports an hypothesis that schools vary widely in their institutional circumstances, and take substantially different approaches to financial aid and student financial counseling.

Table 3.2

Average Tuition Charges and Single Student On-Campus Academic Year Budgets by Institutional Type

	Average Tuition	Single student On-Campus Budget
All schools	$5,013	$12,466
Mainline - denom	5,410	13,285
Mainline - indep	7,888	15,412
Evangelical - denom	3,432	10,605
Evangelical - indep	4,797	10,882
Roman Catholic	5,194	10,791
Peace churches	3,200	9,124

4.0 What experiences do students have with educational loans?

In this section we will look at several facets of the students' experience with loans: how students view the utility or usefulness of the loans; the educational impact of borrowing, including the amount of time devoted to study and remunerative work and the relationship between the length of time enrolled and borrowing; occupational effects of indebtedness; and the effects of debt on consumer choices and other personal decisions.

4.1 How do students view their loans?

Did loans enable attendance?

Most students used the loans for their *prima facie* purpose: to assist them in attending theological school. Table 4.1.1 shows high agreement from borrowers that loans were "essential" in enabling them to attend theological or rabbinical school. About eighty percent of theological borrowers agree that loans played a key role, while ninety percent of rabbinical borrowers agreed that loans were essential.[25]

Table 4.1.1 also shows that two-year masters degree students were more likely to claim that their attendance was facilitated by educational loans. In subcategories of Master of Divinity students, the view of the utility of loans seems to vary with the amount borrowed. That is, those groups that borrowed more on average (African Americans, women, and single students) tend to show stronger agreement that their loans were essential. Indeed, 95 percent of protestant Master of Divinity graduates who borrowed heavily ($15,000 or more) agreed that the loans were essential. The high percentage of rabbinical school graduates agreeing with the statement also reinforces the thesis that loans are seen as essential by those who borrow the most.

Did loans facilitate attendance at the school of choice?

There is a mixed response to the statement that "student loans allowed me to attend

Table 4.1.1

Responses of borrowers to the statement
"*Educational loans played an essential role in allowing me to attend [theological or rabbinical] school.*"

Respondent Group	Percent Agreed	Mean Score	Number
Class of 1984	80.8	1.65	589
Class of 1989	79.9	1.70	681

Table 4.1.2

Responses of borrowers to the statement
"*Educational loans allowed me to attend the [theological/rabbinical] school of my choice.*"

Respondent Group	Percent Agreed	Mean Score	Number
M.Div. (mostly Protestant)	59.6%	2.26	1560
M.Div. (Roman Catholic)	51.2	2.44	52
Other Masters	70.5	2.01	253
Rabbinical graduates	65.8	1.97	38

A mean score **below** 2.5 indicates **agreement** with the statement; a mean score **above** 2.5 indicates **disagreement**.

the theological school of my choice." (Table 4.1.2) Rabbinical graduates and two-year masters degree graduates are most likely to agree with this statement. Protestant M.Div. graduates agree as well, but not as strongly, and Roman Catholic M.Div. graduates are nearly neutral.   The differing responses may reflect whether or not the student is given a choice of schools to attend: candidates for ordination in a number of traditions are given few choices of where they might attend graduate school. Two-year masters degree students, on the other hand, are less likely to be ordained, and thus may have more freedom to choose among institutions.

Joseph D. Boyd and Dennis J. Martin, in a research project on undergraduate borrowing, asked these two questions (about the essential role of loans in enabling attendance and the role of loans in facilitating choice) to college graduates.[26] The college graduates agreed with the first question ("loans played an essential role in allowing me to attend"), though not as intensely as theological/rabbinical graduates. College graduates were more likely than M.Div. graduates to affirm that loans permitted them to attend the school of their choice.[27] If we assume college students have more schools to choose from than M.Div. students, this result is consistent with the idea that loans enable choice when more options are available to the student.

Were loans essential for all borrowers?

Table 4.1.1 shows that, for most students, educational loans played an essential role in enabling them to attend theological school. There is another side to this response, as ten to twenty-three percent of each group listed on Table 4.1.1 *disagreed* that loans were essential, or, put less awkwardly, believed that loans were not essential to attendance. These respondents had, presumably, less financial need than the others, since they usually borrowed lesser amounts.

[26]Boyd, Joseph D. and Martin, Dennis J., *The Characteristics of GSL Borrowers And The Impact Of Educational Debt.* Washington, D.C.: The National Association of Student Financial Aid Administrators, 1985.

[27]Boyd and Martin use a nine point scale analogous to the four point scale used in this research. Translating their results shows a mean score of 1.79 on the question "Educational loans played an essential role in allowing me to attend..." and a mean score of 2.12 on the question "Educational loans allowed me to attend the ... school of my choice."

Table 4.1.3

Responses of borrowers to the statement
"*Student loans were used as a "back up" or reserve rather than as a primary source in financing my studies.*"

Respondent Group	Percent Agreed	Mean Score	Number
M.Div. (mostly Protestant)	34.8%	2.96	1553
M.Div. (Roman Catholic)	30.0	3.20	50
Other Masters	30.5	3.08	249
Rabbinical graduates	22.7	3.36	44

A mean score **below** 2.5 indicates **agreement** with the statement; a mean score **above** 2.5 indicates **disagreement**.

We see further indication that loans were not necessary for a minority of borrowers when we asked students to tell us whether the loans were a "back-up" or reserve, rather than a primary source of financing theological/rabbinical education. The results, shown on Table 4.1.3, confirm that loans were a primary source for most, but that 30 to 35 percent of theological students and 23 percent of rabbinical students agreed that the loans were, in effect, a secondary source of financing. The responses of the "heaviest" borrowers ($15,000 or more) were consistent with their earlier response; they were less likely to claim that the loans functioned as a "backup" or reserve.

Table 4.1.4

Responses of borrowers to the statement
"*Student loans served as a replacement for the dollars my parents or spouse otherwise could have provided.*"

Respondent Group	Percent Agreed	Mean Score	Number
M.Div. (mostly Protestant)	27.9%	3.13	1522
M.Div. (Roman Catholic)	41.2	2.82	51
Other Masters	32.6	3.09	242
Rabbinical graduates	34.1	3.07	41

A mean score **below** 2.5 indicates **agreement** with the statement; a mean score **above** 2.5 indicates **disagreement**.

In order to eliminate any ambiguity, we asked specifically if the student had other financing alternatives through his or her family. Table 4.1.4 shows the result, confirming that a minority of graduate borrowers clearly had alternative means of financing their theological/rabbinical education. We are probably safe in assuming that these graduates found the educational loans more attractive or convenient than requesting or using family or other resources. This group is likely to include the approximately fifteen percent of borrowers who have home equity that we described in section 2.3.

In summary, most graduates view their loans as a primary and crucial means that enabled them to attend theological or rabbinical school. Those who borrowed larger amounts are more likely to view the borrowing as essential. For a minority of graduates, however, loans are not a primary means enabling attendance. For these former students, loans may simply have served as a convenient supplemental source of funds.

4.2 Do educational loans free students from financial pressures so that they may devote time to studies?

Unfortunately, loans do not appear to permit the student to avoid working for pay so that he or she might devote more time to academic study.

We asked the 1984 and 1989 graduates to indicate how many hours per week they worked for pay during their final year in theological or rabbinical school. Their responses are graphed in Figure 4.2.1 and Figure 4.2.2. On Figure 4.2.1 we see the differences in hours worked by degree program. The median protestant Master of Divinity student and the median two-year masters degree student each worked from fifteen to twenty hours per week for pay in his or her final year. The median rabbinical student worked ten to fifteen hours per week, and the median Roman Catholic candidate for the M.Div. worked for compensation five to ten hours per week.

Figure 4.2.2 breaks down the protestant Master of Divinity responses by subcategory.[28] The first two bars on Figure 4.2.2 compare the work hours of borrowers and non-borrowers. They show that borrowers worked a little more than non-borrowers, but hardly a dramatic amount. About 62 percent of borrowers and non-borrowers were working for pay at least fifteen hours per week in their final year. A few more non-borrowers than borrowers were able to avoid working for pay, or work less than five hours per week, but this slight difference cannot be called a major finding.

We thus see that loans do not free borrowers to study, since borrowers and non-borrowers appear to work similar hours for pay. Non-borrowers do not constitute a leisure class by comparison to borrowers.

Figure 4.2.2 shows a few interesting contrasts within subgroups. As mentioned earlier, men tend to work for pay a little more than women, and African Americans tend to work for pay more than whites. This latter finding confirms the earlier findings regarding the greater financial need of African Americans. Lastly, we see that the respondents from

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[28]The protestant M.Div. group was the largest group of respondents, and thus provides the most accurate sample. Subgroups of Roman Catholic M.Div. graduates, masters degree graduates and rabbinical school graduates are not shown here.

the class of 1989 worked somewhat more hours than the respondents from the class of 1984.

Further contrasts may be seen on Figure 4.2.3, which further divides the protestant M.Div. responses by the denomination of the student.[29] A great variety of responses is evident. The median amount of work per week is lowest for the Christian Reformed Church and the Episcopal Church (five to ten hours per week), whereas in five other denominations the median student works for pay at least half time, i.e. twenty or more hours per week.[30]

The data do raise the question of whether "full-time" students are spending too much time working and not enough studying. This may be, but two cautions about the data are in order. First, we did not ask what type of remunerative jobs students held in their final year. Some of these jobs may have been directly relevant to ministerial or rabbinical training. Second, we asked for data on work in the third year only. The earlier years of study may have been more highly focused on activities other than work for pay.

Do students postpone their studies?

We asked students whether they had postponed *entry* into theological or rabbinical school because of educational debt. A few had — about seven percent. No rabbinical graduate claimed to have postponed his or her studies due to debt.

We also asked the graduates if they had taken less than a full-time load or interrupted their study while in theological or rabbinical school. About a third of theological school respondents said "yes." Borrowers were slightly more likely than non-borrowers to attend part-time or interrupt their study, but we found that other factors, such as the student's denomination, played a much larger role in determining whether or not a student answered "yes."[31] About 20 percent of rabbinical graduates interrupted their study, or went part time, but these occasions appear to be unrelated to borrowing.

We also measured the length of time it took to complete the program of study. We wanted to test two tentative and conflicting hypotheses: first, that borrowers should graduate sooner than non-borrowers, since they might be borrowing in lieu of working; and second, that borrowers would receive their degree *later* than non-borrowers since they had greater financial need and would thus be more likely to postpone full-time study. Neither hypothesis was supported by the data for either theological or rabbinical school graduates. Borrowers and non-borrowers take nearly the same amount of time to get their degrees.

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[29] Only denominations with twenty or more respondents are shown.

[30] As shown on Figure 4.2.3, those denominations are the Christian and Missionary Alliance; the Church of God, Anderson, Indiana; the Church of the Nazarene; the Southern Baptist Convention; and the United Methodist Church.

[31] Among borrowers, 33.6 percent "interrupted" their study or were part-time students at some point. About five percent fewer non-borrowers (28.4 percent) had been part-time, or interrupted their studies. Among denominations, the United Church of Christ students (42 percent) and United Methodist students (41 percent) were highly likely to have interrupted their study, while, on the low end, only 14 percent of Lutheran Church — Missouri Synod graduates and 19 percent of Episcopal graduates had been part-time students, or interrupted their study.

Do students have adequate time to study?

We asked graduates whether they felt if they had adequate time to study in their final year. The results are shown in Figure 4.2.4. Roman Catholic M.Div. respondents were most satisfied with the time available to study (80.5 percent). Protestant M.Div. graduates, two-year masters degree graduates and rabbinical graduates were less satisfied with the time available for study, in roughly equal proportions.[32]

Figure 2.4.5 shows that each degree group of the class of 1989 was more likely to say they had inadequate time to study than the same group in the class of 1984. While the consistency of this finding is clear, the interpretation may not be so simple. On the one hand, students in 1989 may have been more pressured and busy than those in 1984. We see (in Figure 4.2.2) some corroborating evidence: the time spent in remunerative work did increase; other manipulations of the data, not shown, indicate that the length of time it took to get the degree increased slightly from 1984 to 1989. On the other hand, one's recollection of the pressures of the final year may be tempered over time, so that the 1984 graduate does not feel the loss of study time as intensely as does the graduate of 1989. Graduates from 1984 thus may have experienced the same limits on the amount of study time, but are simply less worried about it now, and consequently more likely to say that study time was adequate.

In summary, we see that many theological and rabbinical students spend considerable time working for remunerative purposes in their last year in school, and that considerable numbers of them wish they had more time available for study. The amount of time students spend working, plus the evidence of increasing pressures on the student, are institutional and educational issues as well as personal financial issues. Educational loans do not free students to spend appreciably more time in studying or shorten the length of time students spend in school. As noted earlier, loans primarily enable *attendance*; once enrolled, both borrowers and non-borrowers carry fairly heavy loads of remunerative work.

4.3 Does debt affect the graduate's career?

One of the troubling questions posed by the increase in student educational debt is whether the accretion of debt forces some graduates to seek non-religious employment. If this happens, borrowing would become a hindrance or a barrier rather than a means of educational and career attainment.

We recognize that debt by itself is unlikely to cause an individual to change career. Experiences on the job, family, location, compensation, opportunities for promotion, increasing self-awareness, and available alternative employment all may contribute to the decision. Though a single factor may dominate the decision of a particular individual, in

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[32]Sixty-two and a half (62.5) percent of protestant M.Div., 62.2 percent of two year masters degree, and 58.8 percent of rabbinical school respondents said they had adequate study time in their final year.

most cases we can assume that the factor we are concerned with — debt repayment — is one among many.

That said, we find that some graduates are willing to attribute some influence of debt repayment on their careers. We asked the graduates of theological schools to agree or disagree with the statement "Loan debt has influenced my career choices." Of the 1984 graduates with educational debt, 21 percent of Master of Divinity degree graduates and 18 percent of other masters degree graduates agreed. Thirty percent of rabbinical graduates agreed with the statement.

To see whether the effect of debt had any concrete implications for the graduate's employment, we compared the occupations of those who said debt affected their career with those who said it did not. The results are shown in Table 4.3.1 and on Figure 4.3.1 and Figure 4.3.2.

Table 4.3.1

Occupations of Theological School Borrowers According to Their Agreement With the Statement "*Loan debt has influenced my career choices.*"

(n=118)	"Career affected" M.Div. 1984 grads (n=456)		Career **not** affected M.Div. 1984 grads	
Occupation	In 1984	In 1991	In 1984	In 1991
Church employment	70.1%	61.5%	82.4%	82.1%
Teaching, secular schs.	4.3	4.3	.6	2.4
Secular helping prof.	3.4	4.3	2.9	3.5
Other secular employment	7.7	16.3	4.9	4.6
Further study	9.4	4.3	7.0	3.3
Other	5.2	9.5	2.1	4.1

	"Career affected" Masters, 1984 (n=16)		Career **not** affected Masters 1984 grads (n=71)	
Occupation	In 1984	In 1991	In 1984	In 1991
Church employment	60.0%	12.6%	47.9%	50.7%
Teaching, secular schs.	20.0	25.0	9.8	11.3
Secular helping prof.	0.0	18.8	14.1	16.9
Other secular employment	6.7	25.0	7.0	9.9
Further study	6.7	6.3	12.7	1.4
Other	6.7	12.5	8.4	9.8

Master of Divinity graduates who claim that debt affected their careers are less likely to stay in church-related occupations. As may be seen on Figure 4.3.1, those "career-affected" Master of Divinity graduates were more likely to end up in secular professions than those who claimed their debt did not affect their career.

Two-year masters degree students who claim debt affected their careers were highly unlikely to enter into and stay in church employment. As may be seen on Figure 4.3.2, those "career-affected" persons tended to go into a variety of non-church related professions or go on to further graduate study. One should use some caution in drawing conclusions about these two-year masters degree graduates, since the sample was small — only 87 two-year masters borrowers in our sample of 1984 graduates, of whom sixteen claimed that their educational debt affected their career.

If we extrapolate the evidence in Table 4.3.1 to the entire theological school population, we can estimate the "career" effect at about two percent. Of the entire theological school population, about half of first degree students borrow. Some of the borrowers (about twenty percent) say their educational debt affected their career. For those persons the attrition rate from church employment was noticeably higher than for those who say debt did *not* affect their careers. Those additional persons who left church employment make up an estimated two percent of all graduates.

We thus find that debt does influence a few persons in their decisions to leave church employment. We are reminded, however, that one can leave church employment for a myriad of reasons, including one's financial circumstances. Debt is one element of the financial issues involved in a career decision; we have not established it as the determinative or causal factor in these career changes.

Although rabbinical graduates also cite debt as an influence on their career, the numbers of respondents from the class of 1984 are too small to demonstrate any noticeable movement toward or away from employment in congregations. It is probably safe to assume that the greater extent and amount of rabbinical debt is likely to intensify the effects of debt on rabbinical graduates.

While we have documented the two percent "leakage" of persons from church employment, we also found that a fair number of graduates who stayed in church and rabbinical occupations claimed that debt influenced their choice of a particular congregation or ministry position. Nineteen percent of Master of Divinity borrowers and twenty-seven percent of rabbinical borrowers indicated that they or their spouse had accepted a higher-paying job even though they preferred to do other work. There is, of course, nothing unusual about this choice — many factors in addition to debt can prompt it. Still, it offers food for thought as one fifth of borrowers may have hurried away from lower-paying positions because of their need to repay their debts.

4.4 What else do graduates say about the effect of debt on their lives?

Thus far we have seen that students believe that their educational loans enabled them to attend theological or rabbinical school; but those loans did not, unfortunately, relieve them of the need to spend considerable time working for pay. We examined some of the borrowers' experiences with educational loans after graduation, discovering that educational debt affected the choice of career for a few borrowers.

This section will examine other after-graduation effects of debt cited by the graduated borrowers. Of course, the repayment of educational loans always implies that the borrower has less disposable income. But we also wanted to see whether the borrower experienced the reduction in disposable income as *significant*, or whether there were particular choices made by the borrower in cognizance of her or his educational debt.

We asked the graduating classes of 1984 and 1989 to agree or disagree with a series of statements about the effect of debt and their ability to cope with the debt. The responses to those statements are pictured on Figure 4.4.1 for theological students and Figure 4.4.2 for rabbinical students. The responses are shown in order of agreement, that is, the statement that most respondents agreed with is on top ("I am a good manager of my personal finances") and the statement that the fewest respondents agreed with ("I now wish I had borrowed more dollars" for theological students and "Loan debt affected or is affecting the decision about when to marry" for rabbinical students) is on the bottom.

A large majority of respondent borrowers say they are good managers of their personal finances.[33] A majority also claim that their current financial situation is comfortable.[34] Neither of the statements is objectively verifiable. The statements were included in the research so that we could gauge and compare respondents' general opinions of their situation and their self-confidence in managing financial matters. As such, we see a generally high level of self-confidence, and a divided sense of comfort, with satisfaction slightly outweighing strong yearnings for more income.

The next two responses receiving the most agreement claim that the loans "influenced my standard and style of living substantially" and that "I now wish I had borrowed fewer dollars."[35] About half of the borrower-respondents agreed with those statements. One can emphasize that half the respondents are happy with the amount they borrowed, or one can take note of the regrets expressed by the other half. Similarly, half claim that their educational debts have little effect on their style of living, while the other half asserts that their standard of living is substantially diminished.

Most of the remaining statements measure the degree to which borrowers attribute an influence of educational debt on particular decisions. In no instance did a majority of respondents cite the influence of debt on a particular decision; respondents are clearly more willing to acknowledge a general effect of educational debt than they are able to

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[33]Eighty-three percent of theological graduates and 77 percent of rabbinical graduates agreed with the statement. The responses to this statement are subject to what researchers call response bias or response error: the respondent may not be providing objectively accurate information. The presence of bias does not concern us, since we are using this statement to compare the subjective self-esteem of groups of borrowers. We are not trying to measure the financial management capacities of the borrowers.

[34]Fifty-five percent of theological respondent-borrowers and 52 percent of rabbinical respondent-borrowers agreed with the statement.

[35]On the "standard of living" statement 51 percent of theological school graduates and 48 percent of rabbinical students agreed their standard and style of living was substantially affected. Fifty-two percent of theological borrower-respondents and 53 percent of rabbinical borrower-respondents wished they had borrowed less.

identify an explicit consideration of debt in making particular decisions. The decisions that theological borrower-respondents say were most likely to be affected were the purchase of used cars, "moonlighting" for additional income, postponing health care, and renting instead of purchasing housing. Rabbinical graduate-borrowers ranked the specific responses slightly differently, giving prominence to the "rent versus buy" decision on housing.[36] Perhaps the widespread provision of housing to Christian clergy accounts for the lower ranking given to this decision by theological school graduates.

The respondents claim little influence of debt on some of the most personal decisions, such as when to marry or add children to the family. One might speculate that educational debt could encourage earlier marriages, because, as noted earlier, marriage can be a beneficial economic event if both husband and wife are employed for compensation. Our respondents do not acknowledge using such reasoning, however.

Taken as a whole, the measures of agreement to the statements describing the effects of educational debt may be considered an indicator of the borrowers' financial stress. This is amply seen in Figure 4.4.3, which separates the respondent borrowers into two groups: those borrowers with less than $15,000 in educational debt, and those borrowers with $15,000 or more in educational debt. The heavier borrowers report a more pronounced negative effect of debt in response to all statements except two. All borrowers show similar levels of agreement to the statement with the highest level of agreement ("I am a good manager of my personal finances") and the statement with the lowest level of agreement ("I now wish I had borrowed more dollars"). Because borrowers with higher debt testify to more negative effects in their agreements to the other statements, we are pointed to the conclusion that financial stress varies directly with the amount borrowed.

This stress is objectively verifiable when we look at home ownership. In the literature on educational debt of college and university students, one author defines "unmanageability" of loans as ". . . defaults or other potentially undesirable changes in borrowers' behavior such as a reduction in home purchasing."[37] Of the protestant Master of Divinity graduates of 1984, 48 percent of the graduates with less than $15,000 in educational debt own homes. Of the protestant graduates with $15,000 or more in educational debt, however, the home ownership percentage drops 15 percent, to 33 percent owning homes. While the responses of borrowers to the statements indicate increased stress associated with higher debt levels, we see that higher debt has an objective result as well. High debt lessens the percentage of graduates owning their own homes.

Recent graduates feel more stress than graduates from earlier years. Figure 4.4.4

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[36]Agreement that debt caused the use of "used cars" was 43 percent for theological borrowers, 39 percent for rabbinical borrowers; "moonlighting" was 36 percent theological, 35 percent rabbinical; "postponing health care" was 33 percent theological, 23 percent rabbinical; "rent instead of buy a home" was 29 percent theological, 41 percent rabbinical.

[37]James B. Steadman, "The cumulative educational debt of postsecondary school students: amounts and measures of manageability." 1984, Washington, D.C.: Congressional Research Service, The Library of Congress, p.1.

and Figure 4.4.5 show that borrowers from the class of 1989 feel greater stress than borrowers in the class of 1984. (Those figures are in a different form than the earlier figures. They show the *average* of all responses when "strongly agree" is given a value of one, "agree" is given a value of two, "disagree" is given a value of three, and "strongly disagree" is given a value of four. *Low* average scores indicate greater agreement with the statement.) On those figures the gray bars of the class of 1989 indicate greater stress without exception.

At least two explanations may account for the difference in stress levels between the classes. First, the class of 1989 borrowed more than the class of 1984; respondents naturally feel greater pressure on their economic life. Second, the class of 1984 has been in the workplace longer than the class of 1989, and consequently members of that class typically earn more than members of the class of 1989. Their ratio of debt in relation to salary, in 1991 when the forms were mailed, was lower than that of the class of 1989. The period immediately following graduation is the time when the educational debt "pinches" the family budget the hardest. For the borrowers of 1984, that time is in the past, and thus they may no longer attribute much effect to their educational debt.

We may fairly conclude that about half of theological and rabbinical borrowers report that their educational debt has a noticeable impact on their style and standard of living. Many borrowers report a variety of specific effects of debt, and a few report severe repercussions from debt, such as the postponement of health care. The effects and stress of debt vary directly with the amount borrowed, and home ownership declines among those with high educational debt. Recent graduates, who borrowed more than their predecessors, show greater financial stress.

5.0 Are the educational debts of theological and rabbinical students affordable?

In the preceding sections we tallied some subjective or self-reported effects of debt. Many of the respondents felt that debt compromised their consumer choices; a few reported that educational debt affected the selection of their profession or career. About half wished they had borrowed lesser amounts.

This section compiles the respondents' answers to questions about family compensation levels and the amount of that compensation devoted to debt repayment. This section, then, attempts to establish a more objective measurement of the post-graduation experience of debt repayment.

This section also poses the question of affordability: is there a rule or guideline for the percentage of compensation one should devote to debt repayment? We shall address this question first.

In a background report for this research, Louis H. Tietje reviewed the assumptions and models that various researchers have used to define a manageable level of debt.[38] One

[38] Louis H. Tietje, "Models of Manageable Educational Debt Levels," Auburn Center Background Report Series, No. 2,

model of determining manageable debt constructs a family budget for the borrower and estimates the disposable income available for loan repayment. The amount that can be devoted to educational loan repayment is often expressed as a percentage of gross income. There are a variety of proposed maximum debt rules derived by this method, with eight percent frequently cited.[39] Although these rules are useful, and largely reflect data obtained from borrowers, studies indicate that the limits are often exceeded. Some consensus exists that fifteen percent of gross income devoted to educational loan repayment is, or should be, a maximum. Regardless of the appropriateness of the rule of thumb, such individual budget models are useful for school administrators when counseling student borrowers on manageable debt levels. In such sessions the individual post-graduation budget may be customized to reflect the individual student's prospective family income, expenses, and willingness to repay.

A second source of guidelines are the models developed by the consumer lending industry. Anyone having the experience of applying for a mortgage loan is familiar with the lender's request for information on salary, assets, and liabilities. The lender examines the individual or family debt obligations to determine whether or not mortgage payments are likely to be met. These lenders employ guidelines (which vary from lender to lender) as to the amount of gross income that may be devoted to educational and consumer debt. Dr. Tietje reported that, for instance, the Federal National Mortgage Association guidelines show that the total of automobile, student loan, and other recurring debt should not exceed eight percent of gross income, while empirical research by the Federal Reserve Board determined that a typical American consumer uses 12 to 15 percent of gross income for all consumer debt service. It is interesting to note, then, that both methods of determining the manageability of debt result in guidelines stating that educational debt should consume no more than eight to fifteen percent of gross income.

While it therefore seems unlikely that a single maximum affordable percentage can be carved in stone, we can conclude that borrowers exceeding the eight percent or fifteen percent guidelines are more likely to encounter difficulties obtaining commercial credit. This may be the underlying reality driving the statistic reported in section 4.4, namely, that graduates with higher educational debts are significantly less likely to own their own homes than graduates with lower educational debt levels.

Such repayment rules, while useful in many contexts, may not be universally applicable to theological students. One can easily surmise that graduates in low paying ministry positions may not have much disposable income after they purchase necessities; eight percent of compensation may be too much for them to devote to debt service. Other graduates, on the other hand, may earn much more, or may have spouses with

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[39]In the course of our research we heard various administrators and researchers refer to 10 percent and 12 percent on occasion. No complete consensus exists although, as Tietje reports, there tends to be agreement within an 8 to 15 percent range.

considerable income. Those graduates' family income might thus be enough to service high levels of debt, even up to or beyond the fifteen percent rule-of-thumb.

Data obtained from graduate borrowers shows the repayment impact of educational debt. Figure 5.1 shows the percentage of annual income consumed by loan payments for the Protestant Master of Divinity borrowers who graduated in 1984.[40] The higher line on Figure 5.1 shows a projected percentage of the income consumed in 1984, in the first job after graduation.[41] We project on that line that the median Protestant Master of Divinity borrower initially paid about six percent of her or his family compensation to service the loan.

Our respondent borrowers reported a median family compensation of $19,500 in their first position after their 1984 Master of Divinity graduation, as shown on Table 5.1. If a graduate paid six percent of that compensation for loan repayment, the annual loan repayment would be $1,170, or $97.50 per month. This payment supports an educational loan of approximately $8,125, a typical amount for a borrower that year.[42] In the ensuing seven years family compensation increased while payments remained constant, thus lowering the median percentage to be repaid to approximately four percent of family compensation. With the eight percent affordability guideline in mind we can see on Figure

Table 5.1

Family Compensation Quartiles for Borrowers from the Class of 1984

	M.Div.	Two year Masters	Rabbinical Graduates
Compensation in 1984			
First quartile	$15,000	$12,750	$32,000
Median	$19,500	$16,250	$35,000
Third quartile	$25,625	$24,250	$56,000
Number of respondents	574	74	17
Compensation in 1991			
First quartile	$27,000	$24,000	$55,000
Median	$34,000	$30,000	$69,000
Third quartile	$45,225	$50,200	$95,000
Number of respondents	594	77	17

[41]We are projecting 1991 payments onto the 1984 compensation. This may be valid for many students, as loan payments are usually structured with constant payments for the life of the loan. Some loans are structured with graduated payments, beginning with a lesser monthly amount that increases over the life of the loan.

[42]The size of the monthly payment depends upon the amount borrowed, the interest rate, and the number of years until the loan is fully repaid. A $10,000 loan at nine percent over ten years (a typical rate and schedule) would have a monthly payment of about $127.

5.1 that approximately 40 percent of borrowers exceeded the guideline at graduation. After seven years the borrowers with "excessive" repayment obligations, by this calculation, falls to under ten percent.

Figure 5.2 is similar to Figure 5.1, but shows the repayment percentages for Protestant two-year masters graduates. Again, about 40 percent exceed the eight percent rule at graduation; they fare less well after seven years, as 20 percent still exceed the guideline.

Rabbinical school graduates have higher debt loads, but have higher compensation packages. Figure 5.3, which is similar in form to the preceding figures, shows deciles of repayment percentages. The median repayment percentage for rabbinical school graduates, like theological school graduates, is approximately six percent following graduation. Rabbinical school graduates and theological school graduates differ greatly in the scale of their debt and compensation packages, but resemble each other in the proportion of compensation devoted to educational loan repayment. About 30 percent of rabbinical school graduates exceed the eight percent guideline at graduation. After seven years this percentage drops to about seventeen percent.

All of the foregoing charts show that financial pressure from debt repayment is highest in the years immediately following graduation. While one can also deduce this pressure from our opinion survey (section 4.4), one confirms the finding in the fact that 46 percent of our theological school respondents with educational loans of $15,000 or more said they were late with or missed monthly payments due to lack of funds. The pressure eases over time as family compensation increases; Table 5.1 shows that the median family income for Master of Divinity borrowers increased by 75 percent, or $14,500, from 1984 to 1991.[43]

Elsewhere in this report we have described the heavier debt burden of African American theological school graduates. In attempting to assess the post-graduation debt burden on African Americans we must acknowledge that our samples are small. We received 27 responses from African Americans among the 1984 survey respondents and 46 responses from African Americans in the 1989 class. Recognizing, then, that our samples may be unrepresentative of all African Americans (or biased toward those who successfully managed their debt), we can examine Figure 5.4. Figure 5.4 shows the compensation deciles of African Americans and whites. The lower third of whites tend to make more money than the lower third of African Americans, but the upper two-thirds of African Americans show higher compensation than the upper two-thirds of whites. If this population is representative of African Americans as a whole the data indicate that the higher debts of African Americans may be, for some, ameliorated by higher compensation.

This finding is supported by Figure 5.5, which shows the compensation levels of

[43]Family income, as we have measured it, can increase through promotions and other increases received by the graduate, and by increased income from other family members' jobs. Some of the increase is due to the marriage of the graduates — they often then become a two-income family.

1989 graduates by race at graduation and in 1991. Again, the highest-paid two-thirds of African Americans have higher compensation than the highest-paid two-thirds of whites.

In summary, we see objective indications of economic stress among those graduates with substantial debt. Many exceed guidelines for repayment currently in use in higher education and commercial lending. The stress is most acute in the years immediately following graduation. Lowered rates of home ownership and higher incidence of missed payments are associated with large educational debts.

6.0 What can be done to affect the educational indebtedness of students?

6.1 What administrative steps can schools take?

In section 3 we reported that the amount of theological indebtedness varied greatly from school to school. We doubted that the economic class or personal wealth of the student bodies varied so greatly as to account for the difference; indeed, we found some correlation of debt to the amount of tuition the schools charge. We identified other policies and procedures — such as housing charges, the amount of grants-in-aid available, the availability of employment for students and spouses, child care services, and the style of administration of loans — as possible factors influencing the students' level of indebtedness.[44] The variety of average debt by schools supports a hypothesis that schools vary widely in their institutional circumstances, and that they take widely different approaches to financial aid and student financial counseling.

The findings, therefore, clearly point to the totality of a school's policies and practices as the best indicator of student borrowing. In other words, the level of educational borrowing by students at a school is most often the indirect and cumulative result of many financial, educational and community-life decisions made by a school. Thus schools (not financial institutions or government) have the front-line opportunity to minimize excessive student borrowing by appropriately modifying their school policies and practices. This section describes administrative steps that schools may take. These are the "easier" steps to take. Section 6.2 describes the more difficult steps — those that involve major program, budgetary and institutional changes.

6.1.1. *Keep track of indebtedness and graduates' compensation.* Surprisingly, we found that two-thirds of the schools responding to our survey of administrative practices did not produce annual reports on the level of student indebtedness. We found that most theological schools were in possession of the necessary information, but that it was not readily available. In order to provide information for this study, the financial aid officer or other administrator needed to compile the information by combing through individual files.

Most schools would help themselves if they produced annual reports of their

[44]We also noted what may be obvious — participation in federal loan programs is a precondition for significant student borrowing. The schools that declined to participate in federal loan programs reported very low levels of educational debt.

students' borrowing levels. They could then see whether they have a problem, the scope and scale of the problem, and whether a trend to troublesome levels of debt is likely. Most theological schools are small enough to be able to use the report as the mechanism for a confidential review of the circumstances of heavily indebted individuals as well.

Few schools formally track the financial circumstances of their graduates in their first employment after graduation. The compensation of recent graduates could be a valuable aid in determining rational, affordable limits to indebtedness of current students.

6.1.2. *Do not require that loans be taken in order to receive grants.* It is common and efficient in the administration of financial aid to put together a "package" of grants, loans, and employment for a student. In a very few schools the student is, for all practical purposes, required to accept the loan in order to receive the grant. Such a practice obviously encourages borrowing.

6.1.3. *Lessen the convenience of obtaining loans.* We observed a better practice in packaging, in which the student is provided the grant and *informed* of his or her eligibility for a loan. The loan papers are not prepared ahead of time. The student must think things over, consider alternatives, come to an independent decision, and make a subsequent appointment to accept the loan.

Schools may also lessen the convenience of loans and the amount needed by requiring students to seek support from sources outside the theological or rabbinical school prior to receiving a school grant. The student's "home" congregation is often willing to provide support as are, often, judicatories or regional associations.

Federal regulations inadvertently discourage borrowing, as the students are required to provide past tax returns and other personal financial documentation. The paperwork chores may retard students' eagerness to obtain loans.

6.1.4. *Schools can provide more and better personal financial counseling and planning.* We visited one financial aid officer who mounted large pieces of posterboard around her office. Each poster had a handwritten table indicating the amount borrowed, the interest rate, the term, and, in bold letters, the monthly payment. Any student contemplating a loan was visually confronted with the consequences of his or her decision. That school had below-average borrowing.

Experts in financial aid universally recommend that students receive better financial advice and counseling. Such counseling need not always be in time-consuming, one-on-one sessions. Instead, counseling might be conducted through group presentations.

An effective financial counseling device is to ask the student to construct his or her family budget for the year following graduation. Forms to assist this process can be developed or adapted from those in use in colleges and universities. The form asks the student to project his or her family income and expenses after graduation. Supporting material to the form provides suggested amounts needed for food, clothing, shelter, transportation, insurance, taxes, and so forth. The form concludes with calculations to determine the amount of disposable income available for loan repayment. From this amount one can reasonably project the total amount one might borrow.

Requiring the student to project a future budget emphasizes the repayment of the loan. It is a way of cementing the "full disclosure" required of the school by concretely underlining the cash that will be demanded. Also, the construction of an individual post-graduation budget is flexible, as it accounts for differences in family income and career path. Students who are happily married to professionals and who seek positions in affluent congregations will likely have a relatively high tolerance for educational debt. Persons attracted to subsistence service or planning expensive courses of further graduate study will have lower tolerance for debt. The projected budgets can take all such factors into account.

6.1.5. *Institute "tripwire" levels of indebtedness that trigger financial counseling, and establish policy "ceilings" of desired indebtedness.* A school can proceed in the belief that a little debt for all or most students is manageable. Indeed, we found many schools in which the average or typical amount of educational debt was not at all alarming. Such schools may decide that their intensive counseling efforts need only be applied to the minority of students with a "serious" educational debt problem or risk. Such problem students may, of course, *arrive* with serious debts from undergraduate education, or develop the indebtedness while in theological or rabbinical school.

If a school has effective and efficient means of monitoring debt levels, it can institute "tripwire" levels of prior indebtedness. Once a student hits the tripwire, he or she is automatically subject to the intensive counseling, budget-building, or other measures deemed appropriate by the school to control debt.

What should the tripwire be? This depends on the amount that the school believes to be a tolerable repayment amount. One can consider, as a starting point, whether the "eight percent" repayment rule of thumb should be used.[45] If a school agreed that eight percent should be a maximum, one could set the tripwire at, say, five percent of a minimum salary.[46] A lower-than-maximum tripwire permits some limited borrowing, if necessary, to enable the student to graduate.

The tripwire of five percent could be accompanied by a ceiling of eight percent. That is, the school could decide that the goal of the review and counseling is to make sure the student finds a way to complete his or her education without exceeding the eight percent rule of thumb.

Schools should scrutinize any proposal to increase grants to students who are heavily indebted. Such a policy might seem unfair to those students who scrimp and sacrifice to avoid debt. Rewarding borrowing by providing more grants could also backfire, as it might mistakenly motivate some students to borrow additional amounts.

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[45] See section 5.

[46] If a tripwire policy targeted five percent of a $20,000 salary devoted to loan repayment (at nine percent on a ten year schedule), the "tripwire" would be about $6,500. That is, anyone with $6,500 or more of educational debt would receive advice and counsel on how to finance the rest of his or her education.

6.1.6. *Involve the senior administration in recommendations against borrowing.* Can a school deny a federal loan to a student? A "Dear Colleague" letter from the Department of Education describes the statutory changes made by the Higher Education Technical Amendments of 1991 (Public Law 102-26). The Act referred to is Title IV of the Higher Education Act of 1965, as amended.[47] The letter reads:

Section II, part C:

C. Certification of GSL Programs Loan Applications

Section 428 (a) (2) (F) of the Act has been amended to permit an institution to refuse to certify an otherwise eligible borrower's GSL programs loan application, or to certify a loan for an amount that is less than what the student would be otherwise eligible for, if the reason for such action is documented and provided to the student in writing. This includes the authority to refuse to certify a loan application based on the institution's belief that the student is unwilling to repay the intended loan. This provision is effective for loan applications certified on or after April 9, 1991.

In making the choice permitted by the new law, the institution's determinations must be made on a case-by-case basis, and documentation supporting an individual determination must be retained in the student's file.

The Secretary expects that this authority, which has been long-sought by institutions in order to prevent unnecessary borrowing and defaults, will be used judiciously. We are not providing lists of "acceptable" and "unacceptable" uses of this authority because to do so would undermine the basic concept of professional judgment. The Secretary believes that the institution is in the best position to make these decisions. In using this authority, the institution assumes responsibility for explaining to the student (in writing), the reasons for withholding certification or reducing the loan amount. The authority granted by Pub. L. 102-26 to institutions does not authorize the institution to discriminate against the borrower on the basis of factors, the consideration of which, are already prohibited by law.

Some schools have reported to us, however, that state regulatory authorities tell them that they may not exercise professional judgment in denying loans to students.

Even if a school determines that it may not deny a loan, the school certainly can try to convince the student that he or she should not take the loan. We heard from many financial aid officers that they encountered difficulty in convincing particular students not to

[47] "Dear Colleague" letter of June 1991, GEN-91-19, from Michael J. Farrell, Deputy Assistant Secretary for Student Financial Assistance, United States Department of Education.

take a loan. They recommended, and we concur, that persons of senior authority in the institution, such as the president or a top-level dean, deal directly with high-debt students who ignore the officer's recommendations. Deans and presidents not only represent the highest administrative and academic authority of the institution, but they often embody significant ecclesiastical authority as well. Students may be more likely to heed their advice. Some schools refer such cases on the financial aid officer's judgment, while others use a committee to screen the cases needing special attention. Whatever the method, theological and rabbinical schools are small enough to be able to marshal senior personnel resources to deal with at-risk students.

6.1.7. *Incorporate the student's handling of personal finance in the school's counseling and advisory systems.* Some institutions consider the financing of the student's education to be a private concern of the student that has no place within the curricular or co-curricular activities of the school. Other schools, however, consider it their responsibility to evaluate, prepare and, if possible, mend the whole person prior to service in a congregation. It is common, for instance, for schools to intervene in and provide counseling referrals for alcoholic students. Schools may wish to consider poor personal financial management to be a similar problem calling for the intervention of the school. Schools could identify resources and make referrals through which the student may overcome self-destructive financial behavior. One school incorporates personal financial matters in its advisory system by routinely informing faculty advisors of the educational debt levels of their advisees.

6.2 What program, budgetary, and institutional changes can alleviate debt?

In the preceding section we described administrative policies and practices that schools can implement to try to contain debt. We believe those changes could be accomplished without compromising the essential character of the school and its educational programs although, admittedly, any elaboration of administrative procedure is costly in time and effort, if not in money. In this section we explore more radical or costly measures that schools can consider if they find the debt problem to be severe and intractable.

6.2.1 *Provide more funds to students.* This is perhaps too obvious. Students would have less need to borrow if they faced lower costs.

The funds may be provided in numerous ways. Tuition and fees could be frozen or lowered. Most schools, however, would probably prefer to provide more grant funds rather than lowering tuition. Tuition cuts help all students regardless of need, but grants can be administered on the basis of need.

A school may, alternatively, subsidize services to students in lieu of lowering tuition or providing grants. Subsidized food services save students time and, if prices are low enough, money. Subsidized housing helps students financially and promotes interaction within the student community. Subsidized child care at below-market rates in itself saves the students money but, in addition, enables spouses to obtain full-time employment. Lastly, efforts to use students and student spouses as employees are of considerable financial help to students.

These efforts have a monetary cost: new revenues or cost savings in the school budget must be found to pay for the tuition cut, new scholarships, or subsidies. Other projects of lower priority would not receive funding.

While lowering direct or indirect costs to students may be the obvious solution, it may not be the most efficient solution. If, for instance, a school cut tuition by $1,000 it could presume to reduce the educational indebtedness of its fifty graduating students by $3,000 each. It would cost the school $150,000 per year.[48] However, the highly indebted student might still have dangerous levels of debt — lower perhaps, but possibly still dangerous. The most indebted student might have $20,000 in debt instead of $23,000. By distributing the funds across all students, the school reduces the help targeted to the most indebted. But directly providing funds to the most indebted may, as discussed in the preceding section (6.1), be both unfair and function as an inducement to borrow.

6.2.2. *Make personal financial planning a prerequisite for admission, and make the adequacy of the planning an admission criterion.* Some schools, facing the rapidly rising educational indebtedness of incoming students, make a careful evaluation of the financial circumstances of students before they are admitted. Those applicants who have hazardous preexisting educational debts — or who show a high likelihood of obtaining an immoderate total debt — are denied admission, or their admission is deferred until they can show that they have financial resources adequate to service the debt.

Such a policy effectively screens out students with excessive debt and those deemed highly likely to borrow excessively. The procedural changes are modest, and there is little or no added dollar cost. It does, however, require that a school abandon or significantly modify a policy of "need-blind" admissions. A financial screening policy assumes that the school cannot adequately fund all prospective students who have large financial needs. Such a policy may be difficult for a school to adopt, or may conflict with the policies of a sponsoring denomination. Debate about such a policy is sure to raise basic questions about the role and values of the theological school.

6.2.3. *Develop curricular tracks that permit students to work full-time and study part-time.* One can persuasively argue that the tuition charges of theological or rabbinical school do not force students to borrow. Living expenses — the $20,000 or more needed for food, clothing, transportation, shelter, health care, and other expenses for oneself and a spouse and family — dwarf the tuition charges the student faces. To attend school as a full-time resident student usually requires that the student forgo full-time employment. Students thus end up studying, working part-time, and borrowing.

Various schools have developed special tracks or course sequences through which a

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[48] $1,000 tuition cut per year times three years (typical for an M.Div.) saves the student $3,000. $3,000 times 50 graduates (or $1,000 times 150 students) equals $150,000.

student may earn a degree while attending classes part time, often during evenings and weekends, or through intensive courses or extension courses. The economic virtue of these approaches is that the part-time student may continue in his or her full-time daily occupation, thereby obtaining the compensation and benefits that accrue to that position. Little borrowing may be needed, as course tuition is spread out over a number of years and may be paid by the part-time student on a pay-as-you-go basis.

Criticism of these arrangements derives not from their economic structure, but from their purported educational weaknesses. Advocates of full-time residential education believe that the intensity and commitment inherent in full-time residential studies shape and form the student more profoundly and constructively than can part-time or distance learning. Of course, proponents of part-time and distance learning disagree, and point to curricular and extra-curricular structures and contexts that effectively promote formation and spiritual development. Clearly, a school should sort through these issues whenever it considers changing the context and sequencing of its educational offerings. Denominations that permit seminarians to serve as full-time pastors or missionaries may have the additional opportunity to appropriate the student's occupational context as a component of the curricular and formative work; the effort to adapt a residential curriculum to a working pastor may not be insurmountable.

A debt problem may be effectively faced in this manner, but it clearly requires a change in faculty habits, i.e., teaching on evenings, weekends, or through extension sites and methods, and it requires a rethinking of the curricular and non-curricular formative aspects of residential education. Such changes are not achieved quickly or easily.

6.2.4. *Transform institutional programs so that they fulfill the mission of the institution without imposing crippling debt.* Lastly, a school may find that the debt problem, along with other problems and opportunities, may be addressed by a radical change in the nature of the school or its programs. Schools can drop degree programs, as was done at Hartford Seminary, Auburn Seminary and others. Schools may merge or combine in order to preserve or strengthen their annual and capital fund base and to provide more scholarship help to students. Schools might cut sharply the size of their faculty, administration and enrollment so that the stable funding they control can provide adequate financial aid to a smaller but highly select group of students.

These are extremely difficult decisions for a school to face. Such questions must be raised, however, when a school endangers its own calling by burdening its students with onerous debts. A school shows more fidelity to its purpose by closing, merging, or transforming itself than it does when it survives by hobbling its graduates.

6.3 What can denominations do?

We believe that the best place to control debt is in the individual theological school. Yet we are often asked to comment on a variety of proposals and suggestions aimed at the broader policies of denominations or judicatories. This section discusses the most common suggestions we have heard. We use the term "denomination" in this section broadly and inaccurately, as variants of these suggestions have been directed to congregations participating in a movement of Judaism, associations of independent churches, and local ecclesiastical judicatories such as conferences and dioceses.

6.3.1. *Should we divert financial support from schools to students?* In other words, should the denominational subsidies of particular schools be administered as scholarship funds for the denomination's students? This proposal is often raised as a means to combat student debt. We think it has problematic implications.

If denominational support is redirected to students, schools will suffer a loss of general revenue needed to fund the fixed costs of plant, administration and faculty. The schools would have a strong incentive to raise tuition, especially knowing that the denomination or judicatory is sponsoring its students. Facing higher costs, the students would again be impelled to borrow. Diverting the flow of funds, over time, might not alleviate the debt problem.

Second, if denominational funding is provided to students to spend at theological or rabbinical school, the denomination must determine whether the student is free to spend that scholarship at any school of his or her choice — including those not officially connected to the denomination.

The transfer of denominational funds to students would create a competition between students and schools for scarce dollars. Most observers agree that this political problem could be avoided by raising more money for scholarships. Schools could continue receiving their subsidies while students receive the benefit of new monies. This works in theory, but making a major dent in student debt by fundraising is hard work. One needs $1,000,000 in new gifts to make 200 grants of $5,000. Such an amount is not easily raised on an annual basis.

6.3.2. *Increase the compensation of ministers, priests, and rabbis.* This suggestion — along with the idea of raising additional scholarship money — was among the most frequently recommended of the ideas forwarded to us by alumni/ae respondents. Indeed, higher compensation for clergy would make debts more manageable. Compensation, however, is controlled by local congregations in most instances. Even judicatory policy on compensation does not create or raise the money needed to fund increases.

Congregational hegemony in setting compensation levels reminds us that certain clergy skills are more likely to be rewarded, namely, fundraising, new member development, expenditure management, and salary negotiation. The entrepreneurial and managerial skill of the graduate — culminating in the ability to earn more — may prove to be a major factor in managing debt.

6.3.3. *Include personal financial planning in denominational assessments and preparation of candidates.* Often a congregation, judicatory, or denomination evaluates or tests its candidates independently of any assessment conducted by the theological school. The ecclesiastical authority in such instances seeks to determine whether a candidate's spiritual, moral, and intellectual character is adequate to qualify him or her for ordination. As in the case of schools that undertake broad advising, denominations could include an evaluation of the candidate's ability to keep her or his finances in proper order and perspective, and could accompany negative evaluations with appropriate counseling.

As in the case of school efforts, financial counseling achieves its greatest efficacy when undertaken early in the academic and ecclesiastical progress. Ideally, a candidate has his or her financial future mapped out prior to entering theological or rabbinical school.

6.3.4. *Encourage innovative cost reduction efforts in schools, including partnerships or other alliances.* While the authority of denominations to mandate or cause major changes in schools varies widely, each denomination affiliated with a group of schools certainly has a moral voice that would be taken seriously by its affiliated schools. Denominations can use their influence to encourage schools to form partnerships, federations or mergers that, through efficiency, provide lower net costs to students. A denomination could make a strong case to combine and downsize two or more schools, each of which induces high debt among its students, so that the debt burden on students would be eased by the net savings.

6.3.5. *Publish indebtedness levels at each denominational school.* Lastly, a denomination could require its affiliated schools to report and publish the average educational indebtedness its graduates have incurred. Such a step would enable prospective students to make better-informed choices. Publishing results would also provide an incentive to schools to lower the indebtedness of their students. Theoretically no ecclesiastical intervention beyond the report would be required; schools that foster debt would, one hopes, be disciplined by the invisible hand of the market.

At a minimum, those persons or groups counseling prospective students on their choices of graduate school should urge the prospective student to gather information about the school's tendency to encourage borrowing. Sadly, the situation today calls for prospective students to heed the ancient maxim, *caveat emptor,* let the buyer beware.

7.0 Concluding comments

Much of this report has focused on the personal circumstances of the student — his or her marital and family situation, racial/ethnic status, religious affiliation, and so on. It has demonstrated differences in borrowing *between* different segments of graduates, but it has also shown the critical individual factor *within* each segment: every segment contained borrowers and non-borrowers, and individuals with lesser or greater amounts of debt. These variations stem from the diverse individual financial circumstances of the students. When we focus on the personal circumstances of the student, we inevitably see that the student's personal income and wealth play the primary role in determining his or her educational debt. One's marital status, racial/ethnic status, and religious affiliation affect income, wealth, and debt, but the effects of those factors are secondary to the student's basic economic position.

Further, we find that all individual factors that predict educational debt — including personal financial circumstances — are largely outweighed by the particular school one attends. Put another way, *the average debt of a student resembles the average debt of his or her classmates more than it resembles the average debt of a demographically identical twin attending a different school*. We found little that would predict which schools or which types of schools induce debt in their students, except a moderate tendency (with considerable exceptions) for debt to increase with cost.

The data from this study indicate that debt is fostered by decisions and factors within schools. Perhaps the first decision is whether loans should be available: the few schools that do not participate in federal loan programs show the lowest levels of educational borrowing. Most schools, however, choose to participate in the federal loan programs, and consequently must make additional decisions that influence debt levels. For example, the allocation of budget resources to student scholarships, setting housing rents, determining tuition rates, providing opportunities for employment of students and spouses, subsidizing services such as day care, and vigorous policies to discourage debt are all matters tractable to administrative initiative and decision.

While few administrators consciously seek to balance the institution's budget by increasing student debt, student debt is — as noted in section 6.1 — most often the indirect and cumulative result of many financial, educational, and community-life decisions. Even the noble purpose of diversifying one's admissions pool with older students and racial/ethnic persons can lead to increased debt, as students with new access to theological education may only be able to exercise that access through borrowing. As the costs of living and attending theological school rise, schools may subtly or unknowingly shift those costs to the student through debt. For such schools, a conscious effort to reduce debt would not be easy, because the budget claims of faculty, libraries, and buildings are difficult to displace. Yet schools must bear in mind that their core purpose — to prepare leaders for religious and other communities — will be defeated if graduates' educational debts make it impossible for them to pursue their vocation.

Senior administrators must recognize the crucial role they play in leading schools to avoid decision-making that inappropriately transfers the cost of education to students in the form of loans. Even as they must — as recommended in section 6.1.6 — intervene directly in the loan denial process with individual borrowers, senior administrators must also intentionally monitor their schools' overall policies and practices to insure against the development of excessive reliance on student borrowing to finance the school's program. If student indebtedness does become a major problem in theological and rabbinical education, this study indicates that the blame will rest with the schools, not the students.

APPENDIX

1.0 Advisory Board

This research was guided in its early stages by an advisory board. The advisory board members are listed below, along with each member's institutional affiliation at the time the board first met.

James H. Costen, *Interdenominational Theological Center*
James C. Fenhagen, *General Theological Seminary*
Lowell Fewster, *Colgate Rochester Divinity School/Bexley Hall/Crozer Theological Seminary*
Stephen Hancock, *Louisville Presbyterian Theological Seminary*
Katharine Henderson, *Union Theological Seminary, New York*
Eugene Hensell, *St. Meinrad School of Theology*
Benittia Jones, *Howard University School of Divinity*
Elisabeth Lambert, *Southern Baptist Theological Seminary*
Spencer Lavan, *Meadville/Lombard Theological School*
G. Douglass Lewis, *Wesley Theological Seminary*
James Lewis, *University of Chicago Divinity School*
John S. Lindberg, *Gordon-Conwell Theological Seminary*
James Moy, *Evangelical Lutheran Church in America*
Oscar McCloud, *Fund for Theological Education*
Daniel J. Pakenham, *St. Francis Seminary*
David Roozen, *Hartford Seminary*
Katarina Schuth, *Weston School of Theology*
Malcolm Warford, *Bangor Theological Seminary*
William Weisenbach, *New York Theological Seminary*
Gary Zola, *Hebrew Union College*

2.0 Participating schools

The following schools participated in our research. Each school listed was able to provide either data on the indebtedness of recent graduates or information about financial aid policies, or both. In addition, many of the schools were able to provide address labels for our questionnaire to 1984 and 1989 graduates.

Alliance Theological Seminary
American Baptist Seminary of the West
Anderson University School of Theology
Andover Newton Theological School
Aquinas Institute

Asbury Theological Seminary
Ashland Theological Seminary
Associated Mennonite Biblical Seminaries
Austin Presbyterian Theological Seminary
Azusa Pacific University Graduate School
Bangor Theological Seminary
Baptist Missionary Association Theological Seminary
Bethany Theological Seminary
Bethel Theological Seminary
Boston University School of Theology
Brite Divinity School
Calvin Theological Seminary
Candler School of Theology
Catholic Theological Union
Chicago Theological Seminary
Christian Theological Seminary
Church Divinity School of the Pacific
Church of God School of Theology
Cincinnati Bible Seminary
Claremont School of Theology
Colgate Rochester Divinity School/Bexley Hall/Crozer Theological Seminary
Columbia Biblical Seminary and Graduate School of Missions
Columbia Theological Seminary
Concordia Seminary
Concordia Theological Seminary
Covenant Theological Seminary
Denver Conservative Baptist Seminary
Dominican House of Studies
Dominican School of Philosophy and Theology
Drew University Theological School
Duke University Divinity School
Earlham School of Religion
Eastern Baptist Theological Seminary
Eastern Mennonite Seminary
Eden Theological Seminary
Emmanuel School of Religion
Episcopal Divinity School
Erskine Theological Seminary
Evangelical School of Theology
Evangelical Seminary of Puerto Rico

Fuller Theological Seminary
Garrett-Evangelical Theological Seminary
General Theological Seminary
Gordon-Conwell Theological Seminary
Graduate Theological Union
Harvard University Divinity School
Hebrew Union College
Iliff School of Theology
Immaculate Conception Seminary of Seton Hall University
Interdenominational Theological Center
Jesuit School of Theology
Jewish Theological Seminary
Kenrick-Glennon Seminary
Lancaster Theological Seminary
Lexington Theological Seminary
Louisville Presbyterian Theological Seminary
Luther Northwestern Theological Seminary
Lutheran School of Theology in Chicago
McCormick Theological Seminary
Meadville/Lombard Theological School
Memphis Theological Seminary
Mennonite Biblical Seminary
Mennonite Brethren Biblical Seminary
Methodist Theological School in Ohio
Moravian Theological Seminary
Mount Angel Seminary
Nashotah House
Nazarene Theological Seminary
New Brunswick Theological Seminary
New York Theological Seminary
North Park Theological Seminary
Pacific Lutheran Theological Seminary
Pacific School of Religion
Perkins School of Theology
Phillips University Graduate Seminary
Pittsburgh Theological Seminary
Princeton Theological Seminary
Reconstructionist Rabbinical College
Reformed Presbyterian Theological Seminary
Reformed Theological Seminary

Seabury-Western Theological Seminary
Seminary of Immaculate Conception
Southeastern Baptist Theological Seminary
Southern Baptist Theological Seminary
Southwestern Theological Seminary
St. Bernard's Institute
Saint Francis Seminary
St. Mary's Seminary and University School of Theology
St. Meinrad School of Theology
St. Patrick's Seminary
Saint Paul School of Theology
Saint Paul Seminary School of Divinity of the University of St. Thomas
St. Thomas Seminary
Starr King School for Ministry
Swedenborg School of Religion
Talbot School of Theology
Trinity Evangelical Divinity School
Trinity Lutheran Seminary
Union Theological Seminary in Virginia
Union Theological Seminary in the City of New York
United Theological Seminary of the Twin Cities
United Theological Seminary
University of Chicago Divinity School
University of Dubuque Theological Seminary
Vanderbilt University Divinity School
Virginia Protestant Episcopal Theological Seminary
Virginia Union University School of Theology
Wartburg Theological Seminary
Wesley Biblical Seminary
Wesley Theological Seminary
Western Evangelical Seminary
Westminster Theological Seminary
Weston School of Theology
Winebrenner Theological Seminary
Yale University Divinity School

The following schools also either provided address labels for our questionnaire of 1984 and 1989 graduates, or were mentioned as the school the respondent graduate attended.

Assemblies of God Theological Seminary

Central Baptist Theological Seminary
Christ Seminary-Seminex
Church Divinity School of the Pacific
Dallas Theological Seminary
Deandreis Seminary
Dominican School of Philosophy and Theology
Golden Gate Baptist Theological Seminary
Goshen Biblical Seminary
Harding Graduate School of Religion
Holy Cross Orthodox Theological School
Howard University Divinity School
Lincoln Christian Seminary
Lutheran Theological Seminary at Gettysburg
Lutheran Theological Southern Seminary
Lutheran Theological Seminary at Philadelphia
Mary Immaculate Seminary
Midwestern Baptist Theological Seminary
New Orleans Baptist Theological Seminary
North American Baptist Seminary
Northern Baptist Theological Seminary
Payne Theological Seminary
Pope John XXIII National Seminary
Presbyterian School of Christian Education
Sacred Heart School of Theology
Seattle University Institute of Theological Studies
St. Anthony-on-Hudson Seminary
St. Charles Borromeo Seminary
St. John's Seminary
Saint Mary Seminary
St. Vladimir's Orthodox Theological Seminary
University of St. Mary of the Lake, Mundelein Seminary
University of the South School of Theology
Washington Theological Union
Western Theological Seminary

3.0 Response rate on the questionnaire to the graduates of 1984 and 1989

We distributed 12,918 questionnaires from the address labels that participating schools provided. We received 3,918 completed questionnaires, for a return rate of 30.3 percent.

4.0 Data collection instruments

On the following pages we reproduce our data collection instruments. These are:

■The spreadsheet form used to collect data on the 1991 graduates of participating schools, and the accompanying instructions.

■The questionnaire sent to 1984 and 1989 graduates of theological schools.

■The questionnaire sent to 1984 and 1989 graduates of rabbinical schools.

■Questionnaires sent to financial aid officers regarding the administration of financial aid. These questionnaires were sent to all participating schools. Three versions of the questionnaire were sent out: one to Roman Catholic schools focusing on policies and practices for lay students, one to rabbinical schools regarding rabbinic students, and one to protestant schools.

■Questionnaires to Roman Catholic institutions regarding financial aid policies for diocesan candidates for ordination, candidates for religious orders of men, and candidates for religious orders of women.