

Balancing Passion and Practicality:

The Role of Debt and Major on Students' Financial Outcomes

Student Financial Aid Research Network Conference

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TG can help.



Why Do the Study?

- Mixed messages to students:
 - Pursue your passion!
 - Get a job (and pay off your loan)!
- Help students think more deeply about their higher education investment

Qualitative Analysis

Objectives:

- Learn how students are counseled
- Understand challenges facing college counselors

Methodology:

- Six site visits (3 in Texas and 3 outside of Texas)
- Public 4-year, private 4-year, and community college
- Schools selected based on many measures
- Interviewed financial aid office, academic advising, career center, and student services

Quantitative Analysis

Objectives:

- Build debt-to-income ratios by major and occupation
- Assess the financial boost from earning a higher degree by occupation

Methodology:

- Debt from NPSAS (2008) and B&B (2009)
- Initial earnings from B&B (2009)
- Proxy for lifetime earnings from U.S. Census Bureau, American Community Survey (2010)

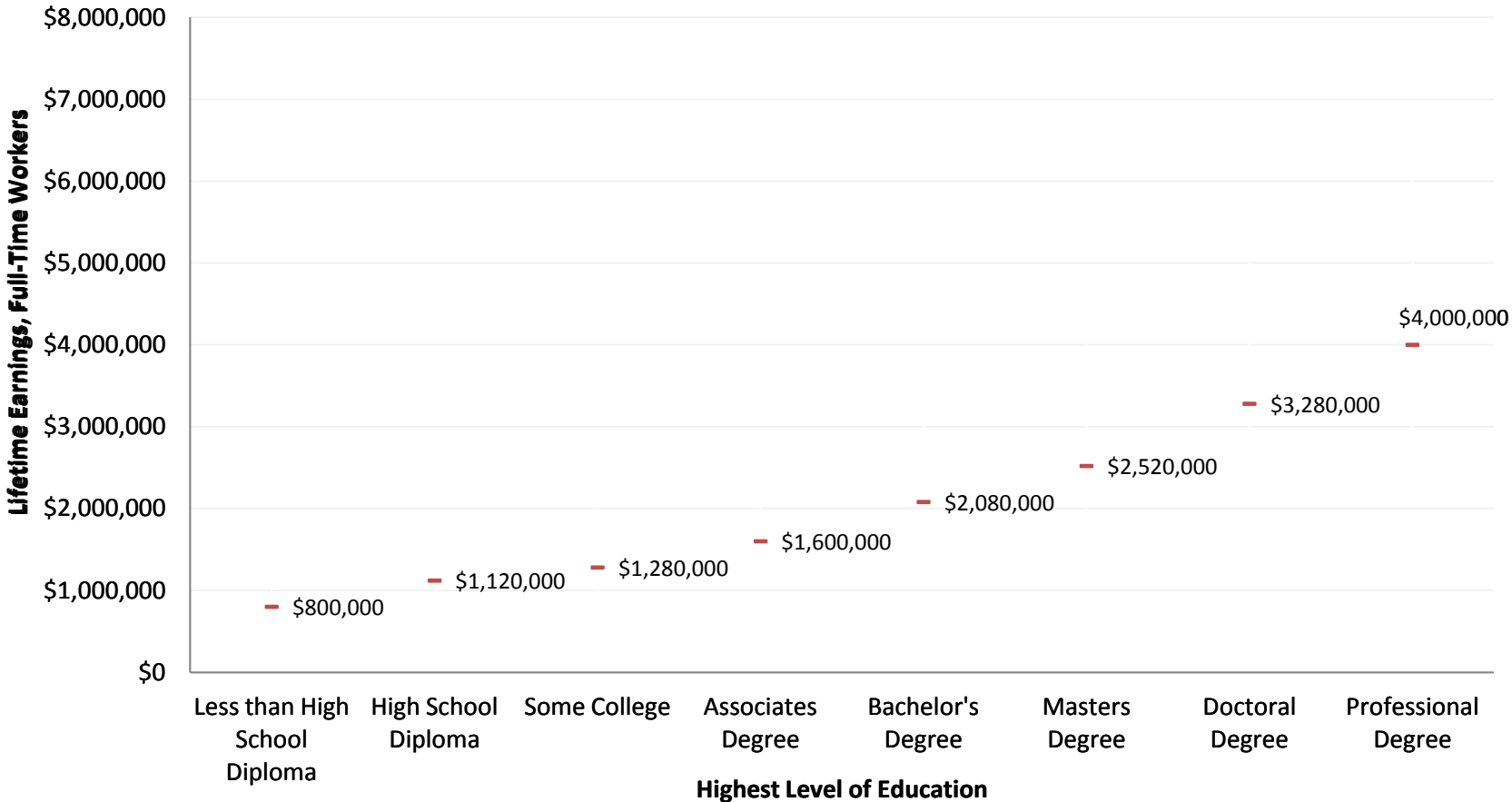
Common Counseling Messages

- It's a loan (that must be repaid)
- Balance your borrowing
- Graduate on time
- Choose a major based on your passion

Insights From Site Visits

- Minimal integration of messages from loan counseling, academic advising, and career center
- Budget pressures threaten one-on-one counseling
- Growing interest in financial literacy
- Community colleges were the most concerned about default rates and gainful employment

Lifetime Earnings, Full-Time Texas Workers: 25th, 50th, and 75th Percentiles



Source: U.S. Census Bureau, American Community Survey (2010)

Monthly Income and Debt by Major, U.S.

Undergraduate Major Category	Monthly Income After Taxes	Monthly Student Loan Debt	Debt-to-Income Ratio
Engineering	\$3,250	\$229	7%
Computer Science	\$2,969	\$265	9%
Healthcare Fields	\$2,600	\$253	10%
Business	\$2,364	\$250	11%
Math and Science	\$1,682	\$227	13%
General Studies	\$1,815	\$238	13%
Education	\$1,990	\$249	13%
Social Sciences	\$1,625	\$229	14%
Humanities	\$1,300	\$237	18%

Source: U.S. Department of Education, National Center for Education Statistics, B&B: 09 Baccalaureate and Beyond Longitudinal Study.

High School to Associate to Bachelor's Boost, Texas

Occupation	Median Income for High School	Boost %	Median Income for Associate	Boost %	Median Income for Bachelor's
Diagnostic Related Technicians	\$52,000	7%	\$56,000	-8%	\$52,000
Office Clerks, General	\$26,000	1%	\$26,150	10%	\$29,000
First-Line Supervisors of Office Workers	\$38,000	6%	\$40,550	19%	\$50,000
Police Officers	\$45,000	2%	\$46,000	23%	\$60,000
Customer Service Representatives	\$25,000	8%	\$27,200	24%	\$36,000
Accountants and Auditors	\$37,000	8%	\$40,000	33%	\$60,000

Source: U.S. Census Bureau, American Community Survey (2010)

Bachelor's to Master's Degree Boost, Texas

Occupation	Median Income for Bachelor's	Boost %	Median Income for Master's
Secondary School Teachers	\$46,700	7%	\$50,000
Elementary and Middle School Teachers	\$45,000	9%	\$49,350
Miscellaneous Managers	\$85,000	15%	\$100,000
Accountants and Auditors	\$60,000	19%	\$74,000
Education Administrators	\$52,000	21%	\$66,000
Registered Nurses	\$60,000	22%	\$77,000

Source: U.S. Census Bureau, American Community Survey (2010)

Bachelor's to Master's Degree Boost, Texas

Occupation	Bachelor's Degree Debt-to-Income Ratio	Master's Degree Debt-to-Income Ratio	10-year Master's Degree Boost	Lifetime Master's Degree boost
Secondary School Teachers	7%	16%	-\$2,000	\$97,000
Elementary and Middle School Teachers	7%	16%	\$8,500	\$139,000
Miscellaneous Managers	4%	8%	\$115,000	\$565,000
Accountants and Auditors	5%	11%	\$105,000	\$525,000
Education Administrators	6%	12%	\$105,000	\$525,000
Registered Nurses	5%	10%	\$135,000	\$645,000

Source: U.S. Census Bureau, American Community Survey (2010)

Recommendations

- Employ campus-wide efforts to promote successful student loan repayment.
- Integrate student loan counseling, academic advising, and career guidance.
- Personalize counseling.
- Practice “intrusive counseling” based on assessments of risk.
- Use query tools to highlight the importance of debt-to-income ratios.
- Promote financial literacy training.

Look for this report in Fall 2012 at www.tgslc.org/research



TG can help.

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