

12-1-1989

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Recommended Citation

Bodfish, Scott and Cheyfitz, Caryn (1989) "Student Debt Attitudes at Sweet Briar College," *Journal of Student Financial Aid*: Vol. 19 : Iss. 3 , Article 1.

Available at: <https://ir.library.louisville.edu/jsfa/vol19/iss3/1>

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Student Debt Attitudes at Sweet Briar College

**Scott Bodfish and
Caryn Cheyfitz**

This article describes research on student loans done at Sweet Briar College, a small, private women's college in central Virginia. This research was inspired by a model presented by Dennis J. Martin, Director of Financial Aid at Washington University in St. Louis. The authors present an example of the kind of cooperative research and analysis that is possible at a small college. Their research, like the loan attitude research conducted on a national population by NASFAA in 1985, and at Washington University by Dennis Martin in 1987, demonstrates a positive attitude toward student loans by alumnae.

During the 1988 fall term, a mail survey was conducted of 370 alumnae or students who left Sweet Briar between 1979 and 1986. Each had borrowed more than \$2,500 to assist with educational costs. (This number, 370, represents 100% of the students in this population.) All educational debt through the Stafford (Guaranteed) Student Loan (GSL) Program, Perkins (National Direct Student Loan Program), Sweet Briar Loan Program, and Supplemental Loan Program (SLS) was included.

The purpose of the study was to solicit information about attitudes toward educational loan debt which could be used in counseling current and prospective students, evaluating award packaging policies, and responding to federal and state legislation affecting student loans. This study was modeled after one conducted at Washington University in St. Louis in 1987. The results of this research were then compared to results from the Washington University study and NASFAA Loan Attitude study (Boyd & Martin, 1985) to learn more about how our alumnae compared with these other populations.

Methodology

Given the small size (enrollment about 600), and the small number in the population, it was relatively simple to manually collect and key all the information used for this study. Financial aid employees and student assistants provided valuable assistance collecting and keying information. Time constraints precluded an original plan to do a follow-up mailing to those who did not return the original survey. The initial response rate of 34% was thus employed. While a higher response rate would have been desirable, the responses received were representative because all years were represented and the population surveyed was homogenous (i.e. all women with liberal arts degrees). Four data bases, rather than one large data base were chosen in order to keep each step of the study separate.

Scott Bodfish, was previously Director of Institutional Research at Sweet Briar College. He is currently the Director of Institutional Research and Planning Support at Wilkes College in Pennsylvania. Caryn Cheyfitz is the former Director of Financial Aid at Sweet Briar College, Virginia.

1. *Loan Data Base:* Past borrower's name, Social Security number, last year at Sweet Briar, total of each type of loan borrowed, and total of all loans borrowed at Sweet Briar were recorded here. Later, a

survey identification number was added to the records of those who met our selection criteria. The number was also put on the survey mailed to the individual and was used to match records in each data base without identifying the student by name.

2. *Response Data Base:* This data base held the survey identification number and response to each question for those who returned the survey.

3. *Report Data Base:* Key information from the loan and response data bases were merged into this data base and comparisons and reporting were done. By matching identification numbers, we copied total loan debt and the year the student left school from the loan data base into this data base. We then combined it with information such as overall loan attitude and amount borrowed as a graduate student.

4. *Loan Attitude Data Base:* The student's response to each loan attitude question from Page 3 of the survey was moved to a Works spreadsheet, where loan attitude scores were calculated. These calculated scores were then entered into the data base. See Table 6 for more information. This system proved very flexible. A word processing feature of Works helped in the storing and editing of reports and tables for the final report.

TABLE 1
Total and Average Amount Borrowed By Year
(For Respondents and Their Spouses)

Year	Number	Total Undergrad	(*) Total Grad Loans	Total Borrowed	Average
1979.....	4	\$ 15,400	\$ 13,000	\$ 28,400	\$7,100
1980.....	8	45,900	9,846	55,746	6,968
1981.....	13	73,950	37,500	111,450	8,573
1982.....	15	96,800	17,500	114,300	7,620
1983.....	18	115,210	25,000	140,210	7,789
1984.....	28	178,045	37,700	215,745	7,705
1985.....	14	97,052	47,500	144,552	8,182
1986.....	19	137,145	37,500	174,645	9,191
Total	119	\$759,502	\$225,546	\$985,048	\$8,277

(*) 22 respondents (18%) reported that they or their spouse had borrowed money for graduate or professional school. Of these 22, the minimum total amount borrowed is \$2,500 and the maximum total amount borrowed is \$45,000. Information on spouse's indebtedness was collected because a respondent's attitude toward loan debt is affected by the spouse's indebtedness among other factors. The small number of respondents from 1979 and 1980 makes it difficult to draw conclusions for these years.

TABLE 2
Average Reported Monthly Payments
 (For Those Who Reported an Amount)

Year	Number	Total Borrowed	(*) Average Monthly Payment
1979.....	4	\$ 28,000	\$105
1980.....	7	47,646	73
1981.....	10	97,000	138
1982.....	10	84,050	94
1983.....	16	121,830	105
1984.....	22	185,400	116
1985.....	10	123,750	152
1986.....	16	149,805	117
Total	95	\$837,481	\$114

(*) Of the 95 respondents reporting a total monthly repayment, the minimum monthly repayment reported is \$23 and the maximum monthly repayment reported is \$470.

Additional note: There were 89 respondents who reported *both* their annual income and their monthly loan repayment amounts, there were 95 who reported monthly payments and 119 who returned surveys. The percentage of their monthly income devoted to their monthly student loan payment was calculated for the 89 who reported both income and monthly repayment. The average (mean) percentage was 5.6% of monthly income devoted to student loan payments, and the median percentage was 4%.

TABLE 3
Number Who Report Their Parents
Are Helping Pay Their Student Loans

Year	Parents Helped With Loans	Total Borrowed	Average Percent Parent Paid	Average Amount Borrowed
1979.....	2	\$ 11,200	75	\$5,600
1981.....	6	42,400	68	7,067
1982.....	7	50,950	82	7,279
1983.....	7	66,800	69	9,543
1984.....	8	52,820	79	6,603
1985.....	3	16,502	69	5,501
1986.....	8	79,482	49	9,935
Total	41	\$320,154	69	\$7,809

34% of respondents have parents who help pay their educational loans. Fifteen reported their parents paid more than 25%, or an average of 62% of their loans. Ten reported their parents paid more than 50%, or an average of 72% of their loans, and five reported their parents paid more than 75%, or an average of 85%.

TABLE 4
Reported Student and Spouse Income

	Number Who Responded	Median	Minimum	Maximum
Reported student's income	105	\$23,000	\$ 0	\$ 80,000
Reported spouse's income	41	\$28,000	\$5,000	\$500,000
Combined income.....	105	\$30,000	\$5,000	\$500,000

Results

Six tables from the in-house report have been selected for this article. These tables represent some of the key and unique aspects of the research. The Summary section after these tables compares results with those of other studies and lists conclusions.

**Overall Measure of
Attitude Toward Loan
Debt**

After examining attitude toward loan debt on a question by question basis, the respondent's attitude toward debt was studied. For the questionnaire items 16 and 22-38, a numerical scale was assigned to the four possible responses to arrive at a quantitative score that would represent the respondent's overall attitude toward loan debt. A positive or negative value was assigned to each possible response based on whether the response indicated a positive or negative attitude.

For example, the four possible responses to item 16 were: SA=+2, A=+1, D=-1, SD=-2. The wording of item No. 22 made SD a positive response, so the four possible responses to this item were: SA=-2, A=-1, D=+1, SD=+2. Items 16 and 23 were assigned the first scale noted above and items 22 and 24-38 were assigned the second scale. Each respondent's responses to these 18 items were totaled to arrive at a single numerical measure of their attitude toward student loan debt. The scale ranged from +36 as the most positive attitude to -36 as the most negative.

The respondents' overall attitudes toward loan debt were positive. The median score was +17. The average score was +15.99. The standard deviation for this average is +12.03. Only 13 (11%) of the respondents had an overall negative attitude score.

Average attitudinal scores were also calculated for each item. Only one item, 24 (loan debt affected ability to save), displayed a negative average attitude, which was -.44. The lowest positive average attitude was for question 38 (put off alumnae contributions to Sweet Briar because of loan debt), which was +.02. The highest two positive average attitudes were for items 27 (put off college) and 34 (spouse took an additional job), which received average scores of +1.69 and +1.53, respectively, where +2 is the highest possible score.

In the table below, the questions are ranked in ascending order of their average attitude scores. Questions 17-21 did not receive an attitude score.

TABLE 5
Attitude Toward Loan Debt

Question From Survey	Number Who Responded			
	Strongly Agree	Agree	Disagree	Strongly Disagree
16.	76	23	13	7
17.	36	29	24	29
18.	13	25	19	60
19.	10	10	13	85
20.	3	3	51	60
21.	14	18	55	30
22.	15	24	47	30
23.	18	55	24	10
24.	35	36	23	17
25.	3	7	43	61
26.	3	6	33	73
27.	2	1	25	88
28.	16	17	28	54
29.	2	8	30	74
30.	4	15	24	70
31.	13	15	33	54
32.	14	19	37	44
33.	8	15	32	58
34.	0	2	14	31
35.	3	8	42	64
36.	4	7	36	67
37.	6	11	34	66
38.	30	27	25	32

Questions 16 through 38 focused on the respondent's attitude toward loan debt. The questions most often agreed with were item Nos. 16,17, 23, 24 and 38. The highest response was for item No. 16 where 99 out of 119 agreed that student loans made it possible for them to attend Sweet Briar College.

Respondents often disagreed with item Nos. 20, 25,26, 27, 29, 34, 35 and 36. They most often disagreed with item No. 27 which stated that they put off finishing college because of their loan debt. The table above lists responses to each question in order by question number.

TABLE 6
Overall Measure of Attitude Toward Loan Debt

Question	Number Agree	Percent Agree	Number Disagree	Percent Disagree	Average Attitude
#24.....	71	60%	40	34%	-0.44
#38.....	57	48	57	48	0.02
#23.....	73	61	34	29	0.44
#22.....	39	33	76	64	0.45
#32.....	33	28	81	68	0.68
#28.....	33	28	82	69	0.77
#31.....	28	24	87	73	0.87
#33.....	23	19	91	76	1.04
#37.....	17	14	100	84	1.22
#16.....	99	83	20	17	1.24
#30.....	10	20	36	73	1.25
#25.....	10	8	104	87	1.33
#35.....	11	9	106	89	1.33
#36.....	11	9	103	87	1.36
#26.....	9	8	106	89	1.45
#29.....	10	8	104	87	1.46
#34.....	2	4	44	94	1.53
#27.....	2	2	113	95	1.69
#17 *.....	65	55	53	45	
#18 *.....	37	31	80	67	
#19 *.....	20	17	98	82	
#20 *.....	6	5	111	93	
#21 *.....	32	27	85	71	

The questions are ranked in ascending order of their average attitude scores. Questions 17-21 did not receive an attitude score.

* These items were not assigned an attitude score.

Summary Of Results

The response rate of 34% compares favorably with that of other similar studies. In 1985, the National Association of Student Financial Aid Administrators (NASFAA) conducted a similar study and had a 21% response rate. Due to time constraints, we decided against a follow-up mailing which we believe would have improved the response rate to more than 40%, the rate of the Washington University study. There was no significant difference in the response rate based on the year the student left Sweet Briar. Given the nature of this study, we are pleased with the response rate.

The average amount borrowed for all respondents was **\$8,277**. The average has gone up every year and for those who left in 1986 the

average is \$9,191. As expected, the average is greater than that of the NASFAA study (\$6,500 in 1985), and closer to that of the Washington University study (\$7,856 for undergraduates only and \$13,908 for those who attended graduate school). The averages do reflect an increase in borrowing.

Respondents report that they have already paid about 56% of their loans, and 34% have parents who are helping them pay their loans. This compares to the NASFAA study which reported that 10.8% of parents helped pay the student's loan. Parents of Sweet Briar students pay an average of 70% of their childrens' loans! Based on these research findings, it is recommended that Sweet Briar explore possibilities for college-sponsored parent loans which could be profitable, helpful and build on existing parental support.

The average monthly loan repayment amount is \$114 and respondents pay an average of 4% of their monthly income toward loan payments. This is lower than the percentage of income used for educational debt as reported in the NASFAA and Washington University studies. The NASFAA study reported 5.5% of income went toward loan payments, and Washington University reported 4.6% for undergraduates and 6.8% of income for those who attended graduate school.

The median reported income of respondents is \$23,000 and most (59%) are single. Seventy-five percent have a Bachelor's degree and 14% have pursued graduate or professional education.

Overall, respondents have a positive attitude toward their educational debt (+17 on a scale of +36 to -36). In general, repayments have not caused problems for students nor have they led to lifestyle choices that respondents did not want.

Sixty-four percent of the respondents disagreed with statement 22, that handling their loan payments is difficult. However, 60% did report difficulty in saving and 48% reported difficulty in making alumnae contributions.

Respondents were divided on the feeling that having payments based on income would be helpful. ♦

References

- Martin, Dennis J. (Spring 1988) "A Model for Institutional Research On The Effects of Student Loans." *NASFAA Journal of Student Financial Aid*. Volume 18, No. 2.
- Boyd, Joseph D. and Martin, Dennis J. (1985) "The Characteristics of GSL Borrowers and the Impact of Educational Debt." *NASFAA Loan Study*.

**Appendix 1
Letter of Introduction
with Survey**

November 10, 1988

Dear Sweet Briar Alumna,

At Sweet Briar College, student loans play a crucial role in helping students finance their education. There is growing concern about the appropriate level of educational debt, much of which stems from a lack of sound information. In order to learn more about the effects of loan repayments on our alumnae, the Financial Aid Office is conducting a survey. We hope to gather information which can be used to help us serve prospective students, evaluate awarding policies and respond to federal and state legislation.

You have been selected from over seven hundred past borrowers to participate in an anonymous, confidential survey. No attempt will be made to identify you for any follow-up or other purpose. We simply hope to hear from you regarding what it is like to manage your student loan repayments.

I hope you will take the time to complete this questionnaire and return it in the postage paid envelope. Please respond within ten days. If you qualified for a loan deferment, and are not yet repaying your student loan, check the box on the top of page one and return the survey in the postage paid envelope.

Thank you for your time, cooperation and suggestions.

Sincerely,

Caryn Cheyfitz
Director of Financial Aid

Appendix 2

**CONFIDENTIAL
SURVEY OF SWEET BRIAR BORROWERS**

[] Check here if you qualified for a deferment and are not yet repaying your student loan(s). If so, return the questionnaire in the enclosed postage-paid envelope.

1. In which state do you live? [] What is your Zip Code? []
2. Martial Status: [] Single [] Divorced/Separated/Widowed [] Married
3. How many dependent children do you have? []
4. Which type of occupation best describes your current employment?

	You	Spouse (if married)
Clerical/Secretarial	[]	[]
Foreman	[]	[]
Rancher	[]	[]
Laborer	[]	[]
Machine/Vehicle Operator	[]	[]
Proprietor/Manager	[]	[]
Sales	[]	[]
Service Worker	[]	[]
Homemaker	[]	[]
Self-Employed	[]	[]
Unemployed	[]	[]
Other _____	[]	[]

5. What is your annual gross income? [] Your spouse's (if married)? []

6. What is the highest post-secondary degree or certificate you have earned?

	You	Spouse (if married)
None	[]	[]
Certificate	[]	[]
Associates Degree	[]	[]
Bachelor's Degree	[]	[]
Master's Degree	[]	[]
Doctoral Degree	[]	[]
Professional Degree	[]	[]

7. What is the highest level of education attained by your parents:

	Mother	Father
Unknown	[]	[]
Grammar school	[]	[]
High school	[]	[]
Some college	[]	[]
College degree	[]	[]
Some graduate school	[]	[]
Graduate degree	[]	[]

8. Did your parents help to pay your educational expenses while you were at Sweet Briar?
[] Yes [] No

9. Have your parents helped to repay your student loans?
[] Yes [] No

If yes, approximately what percent of your student loans have been repaid by your parents? [] %

10. If you borrowed money for graduate/professional school, list the total amount borrowed in each of the following categories:

	Yourself	Spouse (if married)
GSL	[]	[]
NDSL (National Direct Student Loan or Perkins Loan)	[]	[]
Other _____	[]	[]

11. What is your total monthly student loan repayment amount? []
 About what percentage of your student debt has been repaid? [%]
12. If your spouse has student loans,
 What is your spouse's total monthly student loan repayment amount []
 About what percentage of your spouse's student loan debt has been repaid [%]
13. In order to reduce your monthly payments, have you participated in a loan consolidation program?
 Yes No
14. Would it have been useful to you if your loan repayment amounts were based on your annual income and scheduled to increase proportionately as your income does?
 Yes No

[Ed. note: there was no number 15 on the original survey.]

Please indicate the level of agreement or disagreement with each of the following statements, where:

SA indicates that you strongly agree with the statement;
 A indicates that you agree with the statement;
 D indicates that you disagree with the statement; and
 SD indicates that you strongly disagree with the statement.
 (indicates your level of agreement by placing a check in the appropriate column after the statement.)

	SA	A	D	SD
16. Student loans made it possible for me to attend Sweet Briar College				
17. Student loans were used in place of money from my parents.....				
18. I expected my parents to help me repay some of my student loans.....				
19. I expected my parents to help me repay all of my student loans				
20. I now wish I had borrowed more dollars.....				
21. I now wish I had borrowed fewer dollars				
22. Handling my monthly payments is difficult.....				
23. My student loan payments will be easier to handle in the future				
24. My student loan debt has affected my ability to save				
25. I need to borrow money in order to make my student loan payments				
26. Concern about my loan debt led me to choose a major I would otherwise not have chosen ...				
27. I put off finishing college because of my student loan debt.....				
28. I put off attending graduate/professional school because of my student loan debt.....				
29. I put off getting married because of my student loan debt				
30. I put off having children because of my student loan debt				
31. I put off buying a house because of my student loan debt.....				
32. I use more economical transportation because of my student loan debt				
33. I took an additional job because of my student loan debt.....				
34. My spouse took an additional job because of my student loan debt.....				
35. I accepted a higher paying job than the one I wanted because of my student loan debt.....				
36. I live with family because of my student loan debt				
37. I have put off health care because of my student loan debt				
38. I have put off making alumnae contributions to Sweet Briar because of my student loan debt.				

Please use the space on the back to write the questions and/or answers you wish had been asked or any other comments you would like to make. What key changes would you recommend for the student loan programs?

Thank you for your time and cooperation in this survey. Please return this questionnaire in the enclosed postage-paid reply envelope.