David Berkowitz, Dean Graduate School and International Services
University of Alabama in Huntsville

CGS WORKSHOP
MONITORING AND MANAGING
GRADUATE STUDENT DEBT

12/4/2019
AGENDA

- Discuss Debt and Its impact on Student Choice
- International Student Debt
- Debt Options
- Debt Minimization Strategy
# Undergraduate Student Debt and Its Impact

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</thead>
<tbody>
<tr>
<td>Undergraduate Tuition In-State</td>
<td></td>
<td>23,466</td>
<td>23,532</td>
<td>24,480</td>
<td>24,711</td>
<td>25,681</td>
<td>26,650</td>
<td>13.57%</td>
</tr>
<tr>
<td>Undergraduate Tuition Out-of-State</td>
<td></td>
<td>35,780</td>
<td>35,606</td>
<td>35,974</td>
<td>36,012</td>
<td>37,362</td>
<td>38,733</td>
<td>8.25%</td>
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<tr>
<td>Average Federal Student Loans Debt-6 year Grad Rate</td>
<td></td>
<td>44,898</td>
<td>44,052</td>
<td>42,528</td>
<td>40,770</td>
<td>40,176</td>
<td>39,448</td>
<td>-12.14%</td>
</tr>
<tr>
<td>Grant or scholarship aid from the federal government, state/local government, the institution, and other sources known to the institution (Do NOT include federal student loans)*</td>
<td></td>
<td>40,800</td>
<td>43,878</td>
<td>47,220</td>
<td>48,528</td>
<td>53,496</td>
<td>59,662</td>
<td>46.23%</td>
</tr>
<tr>
<td>AVG Pell Grants*</td>
<td></td>
<td>26,106</td>
<td>25,578</td>
<td>25,272</td>
<td>24,822</td>
<td>25,704</td>
<td>26,839</td>
<td>2.81%</td>
</tr>
</tbody>
</table>

* Grant/scholarships/Pell Aid does not have to be paid back, this would not be considered debt to the student
COMBINED UNDERGRADUATE AND GRADUATE DEBT BY DEGREE:
SOURCE: STUDENT LOAN HERO BY LENDINGTREE

- MBA = $42,000 (11% of graduate degrees)
- Master of Education = $50,879 (16%)
- Master of Science = $50,400 (18%)
- Master of Arts = $58,539 (8%)
- Law = $140,616 (4%)
- Medicine and health sciences = $161,772 (5%)
- Other master’s degrees = $55,489 (15%)

- Students add and about $15,000 in additional debt for Master’s
INTERNATIONAL STUDENT DEBT

- No Data at my institution
- Students traditionally have to borrow at home
  - Need to provide collateral
  - Puts financial pressure on the entire family
- New models are emerging
# LENDERS AND RATES

## NERDWALLET

<table>
<thead>
<tr>
<th>Lender</th>
<th>Best For</th>
<th>Fixed APR</th>
<th>Variable APR</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPOWER Financing</td>
<td>International student loans without co-signer</td>
<td>7.52-13.63%</td>
<td>N/A</td>
</tr>
<tr>
<td>Prodigy Finance</td>
<td>International student loans without co-signer</td>
<td>N/A</td>
<td>7.52-12.00%</td>
</tr>
<tr>
<td>Ascent</td>
<td>International student loans with co-signer</td>
<td>4.21-13.12%</td>
<td>3.22-12.54%</td>
</tr>
<tr>
<td>Citizens One</td>
<td></td>
<td>4.40-12.19%</td>
<td>2.83-11.01%</td>
</tr>
<tr>
<td>Discover</td>
<td></td>
<td>4.74-12.49%</td>
<td>2.95-11.62%</td>
</tr>
<tr>
<td>Earnest</td>
<td></td>
<td>4.49-12.78%</td>
<td>2.79-11.44%</td>
</tr>
<tr>
<td>Sallie Mae</td>
<td></td>
<td>4.74-11.35%</td>
<td>2.75-10.22%</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td></td>
<td>5.94-11.96%</td>
<td>5.04-10.93%</td>
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</tbody>
</table>
PRODIGY FINANCE*

- Founded in 2007, major competitor is Mpower
- Started with MBA loans: now in Business, Engineering, Health and Natural Science, Public Policy and Law
- Adhere to a proprietary risk assessment model based on admission to selected programs
- Work with International Graduate students at the Master’s level only (no PhD)
- No cosigner or collateral needed
- Assessed on future earning potential
- Competitive Rates 4-8.5% + LIBOR (variable rates)
- Students are prequalified and they take the loan to the consulate

*Courtesy of Riane Corter
University Account Executive, Prodigy Finance
MINIMIZATION STRATEGIES

- Scholarships/Assistantships
- Accelerated Programs
  - 3+1+1
  - 1+1
- Online
- Joint Teaching Programs
SUMMARY

• Rising Debt for All Students
• There are new options for borrowing
• There are new options for reducing overall cost

• Thank You for your time.