

REFERENCE INFORMATION

MARCH 4, 2014 DISCUSSION

LOAN PAYMENT SCHEDULE

MONTHLY INCOME

AVERAGE DEBT BY INSTITUTION

STARTING & MEDIAN SALARIES BY FIELD OR
INSTITUTION

FEDERAL LOAN ASSISTANCE PROGRAMS

The following information was compiled to help understand the financial decisions graduates have made and the impact on their budgets once employed. For example, a student with \$30,000 debt (average debt of UMES graduate in Table 3) would expect to pay \$302 over 10 years (Table 1). If the student has a starting salary of \$40,000 (Table 4 starting salary of Elementary Education Teacher or Table 5 average starting salary of FSU graduate), the net monthly income after taxes and healthcare is \$2,466. Compare this monthly figure to a high school graduate's salary of \$32,000 (Table 6), and this is an approximately \$600 a month increase in net pay and \$300 increase after student loan payment. Further, if the student applied to the Income-Based Repayment Program, that monthly payment is reduced from \$302 to \$285 per month (Table 7). At the end of the loan repayment and once in mid-career, salaries are between \$60,000 and \$80,000, and this is much higher than earnings for people with only a high school credential.

Table 1. Monthly Student Loan Payment based on 3.86% Interest Rate

Total Loan	Loan Term (Years)				
	5	10	15	20	25
\$20,000	\$367	\$201	\$147	\$120	\$104
\$25,000	\$459	\$251	\$183	\$150	\$130
\$30,000	\$550	\$302	\$220	\$180	\$156
\$35,000	\$642	\$352	\$256	\$210	\$182
\$40,000	\$734	\$402	\$293	\$240	\$208
\$45,000	\$826	\$453	\$330	\$270	\$234
\$50,000	\$918	\$503	\$366	\$300	\$260

Note: Using previous 6.8% interest rate will add about \$30 each month.

Table 2. Gross Annual Income and Monthly Net Pay Estimates

Gross Annual Income	30,000	35,000	40,000	45,000	50,000
Gross Monthly Pay	\$2,500	\$2,917	\$3,333	\$3,750	\$4,167
Monthly Tax	(\$519)	(\$633)	(\$747)	(\$871)	(\$1,027)
Monthly Healthcare	(\$120)	(\$120)	(\$120)	(\$120)	(\$120)
Monthly Net Pay	\$1,861	\$2,164	\$2,466	\$2,759	\$3,020

Gross Annual Income	55,000	60,000	65,000	70,000	75,000
Gross Monthly Pay	\$4,583	\$5,000	\$5,417	\$5,833	\$6,250
Monthly Tax	(\$1,182)	(\$1,339)	(\$1,495)	(\$1,650)	(\$1,806)
Monthly Healthcare	(\$120)	(\$120)	(\$120)	(\$120)	(\$120)
Monthly Net Pay	\$3,281	\$3,541	\$3,802	\$4,063	\$4,324

Note: Calculated with PaycheckCity calculator (<http://www.paycheckcity.com/cokronos/netpaycalculator.asp>) for a single individual with 1 exemption. Monthly tax includes federal/state tax, social security and Medicare. Monthly health care bill is estimated with \$72 medical, \$40 prescription and \$8 dental.

Table 3. Student Debt per Borrower for Class of 2012

	Average Debt per Borrower	Proportion of graduates w/debt	Nonfederal debt, % of total debt of graduates
BSU	\$25,972	82%	8%
FSU	\$20,736	68%	35%
SU	\$23,159	59%	21%
TU	\$23,812	60%	24%
UMES	\$27,215	82%	0%
UMBC	\$22,601	53%	18%
UMCP	\$25,276	46%	28%

Source: Project on Student Debt: Maryland: http://projectonstudentdebt.org/state_by_state-data.php.

Note: Nationally 71% of college seniors who graduated in 2012 had student loan debt. The average debt was **\$29,400** per borrower. Maryland ranked **26th** nationally with an average debt of **\$25,951** per borrower.

Table 4. Salaries in DC metro Area by Job Title

Job Title	Common Majors for Job	Starting Salary	Median Salary	Top Salary
Medical/Clinical Lab Tech	Biology	\$26,740	\$40,950	\$60,680
Social Worker	Social Science	\$29,630	\$55,780	\$88,460
Reporter/Correspondent	Journalism	\$34,340	\$64,000	\$129,010
Executive Assistant	English/Psy./Comm.	\$37,080	\$56,290	\$87,050
Marketing Specialists	Business/Marketing	\$39,320	\$69,960	\$130,620
Elementary Teacher	Education	\$42,290	\$65,890	\$105,500
Accountant	Accounting	\$51,280	\$78,710	\$133,270
Computer Programmer	Computer Science	\$52,010	\$80,240	\$123,590
Mechanical Engineer	Engineering	\$62,520	\$96,550	\$165,130
Electric Engineer	Engineering	\$64,580	\$10,236	\$164,100
Software developer	Computer Science	\$65,590	\$110,410	\$154,400
Aerospace Engineer	Engineering	\$78,960	\$136,830	\$181,620

Note: salaries are calculated using salary calculator of National Association of Colleges and Employers:

<http://www.jobsearchintelligence.com/NACE/jobseekers/salary-calculator.php>.

Table 5. Median Salaries for USM Alumni 2013

	Median Starting Salary	Median Mid-career Salary
BSU	\$42,100	\$63,200
FSU	\$40,100	\$67,600
SU	\$44,400	\$74,800
TU	\$42,900	\$76,300
UB	\$48,800	\$70,000
UMBC	\$49,100	\$83,100
UMCP	\$50,600	\$89,800
UMUC	\$48,900	\$81,500

Source: PayScale 2013-14 College Salary Report: <http://www.payscale.com/college-salary-report-2014>.

Respondents are full-time employees who hold a bachelor's degree and no higher degrees. Typical (median) starting employee is 25 years old and has two years of experience. Typical (median) mid-career employee is 42 years old and has 15 years of experience.

Table 6. National Median Salary for Employees with High School Diploma as Highest Degree

Experience (years)	Median Annual Salary	Median Monthly Salary
<1	\$32,000	\$2,667
1 to 4	\$36,195	\$3,016
5 to 9	\$41,032	\$3,419
10 to 19	\$49,782	\$4,149
20 and above	\$51,528	\$4,294

Source: PayScale, http://www.payscale.com/research/US/Degree=High_School_Diploma/Salary#by_Years_Experience.

Programs to Assist Students with Student Loan debt

Income-Based Repayment Program

Income-Based Repayment (IBR) is designed to reduce monthly payments and make student loan debt manageable. To qualify for IBR, a borrower must have a partial financial hardship. A borrower has a partial financial hardship if the monthly amount required to pay on IBR-eligible federal student loans (under a 10-year Standard Repayment Plan) is higher than the monthly amount required under IBR. IBR payment amount may increase or decrease each year based on income and family size. Once a borrower is initially qualified for IBR, he/she may continue to make payments under the plan even if he/she later no longer has a partial financial hardship. The following table shows the monthly IBR payment amounts for a Maryland borrower with family size of "1" under current interest rate of 3.86%.

Table 7. Income-Based Repayment (IBR)

Annual Income	Monthly Payment Threshold
\$30,000	\$160
\$35,000	\$222
\$40,000	\$285
\$45,000	\$347
\$50,000	\$410

Source: Monthly payment thresholds are calculated with IBR calculator from Department of Education website: <http://studentaid.ed.gov/repay-loans/understand/plans/income-based/calculator>.

Public Service Loan Forgiveness Program

The **Public Service Loan Forgiveness (PSLF)** Program is intended to encourage individuals to enter and continue to work full-time in public service jobs (federal, state, local governments and non-profit organizations). Under this program, a borrower may qualify for forgiveness of the remaining balance due on William D. Ford Federal Direct Loan Program (Direct Loan Program). The borrower must make 120 qualifying payments on those loans while employed full-time by certain public service employers. The 120 payments must be made after October 1, 2007 in order for borrowers to qualify for loan forgiveness. The loan must be serviced by select approved lenders.