A Handbook on Educational Debt and Vocations to Religious Life

A project of the National Religious Vocation Conference

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FACTS

The 2013 *Educational Debt and Vocations to Religious Life* study confirmed that:

1) Educational debt had become a deterrent for many discerning a religious vocation.

2) Educational debt is an increasing financial strain for congregations accepting new candidates.

HANDBOOK'S PURPOSE

Written for major superiors, vocation directors, and congregational treasurers, this handbook is offers practical guidelines regarding the financial, canonical, and spiritual implications of dealing with newer members who enter a congregation with educational debt.

Foreword

by Brother Paul Bednarczyk, C.S.C.

As the executive director of the National Religious Vocation Conference (NRVC), vocation directors would sometimes confide in me that they were discerning with a promising candidate for their religious congregation, but "she has over $40,000 in student loans," or "he estimates it will take 15 years to pay off his college debt." Over time, intermittent anecdotes began to seem more a norm in vocation ministry. Concurrently, the media began reporting on how educational debt held by young people was spiraling out of control. It was becoming clear that this phenomenon was beginning to affect vocations—for those discerning a religious vocation and religious institutes eagerly waiting to welcome them.

With generous support from the Conrad N. Hilton Foundation, NRVC embarked on a study in collaboration with the Center for Applied Research in the Apostolate (CARA) to assess the extent to which educational debt was affecting religious life. The final report, *Educational Debt and Vocations to Religious Life* (2013), confirmed anecdotal evidence: Educational debt had become a deterrent for many discerning a religious vocation and an increasing financial strain for congregations accepting them.

In our efforts to assist religious institutes in dealing with this challenge, I am pleased to present you with *A Handbook on Educational Debt and Vocations to Religious Life*. Written for major superiors, vocation directors, and congregational treasurers, it is intended to offer an overview of the NRVC/CARA study, as well as practical guidelines and direction regarding the financial, canonical, and spiritual implications of dealing with newer members who enter a congregation with educational debt.

The study and this handbook, from its genesis to completion, has been a wonderful, collaborative effort of many people committed to religious life and its promotion. I am especially grateful for ongoing support from the Conrad N. Hilton Foundation for underwriting this project, and to Dr. Kathleen Mahoney, project director, who meticulously shepherded this endeavor from its earliest stages. I also extend my thanks to Dr. Mary Gautier, senior research associate, and her colleagues at CARA, for their expertise in conducting this important research.

During the course of this project, NRVC convened working groups to assist in the design and development of the study and the analysis of its results. I sincerely appreciate the generosity of the following people who served in these

groups and for their dedicated commitment to this undertaking:

- Sr. Ellen Dauwer, S.C., general council member, Sisters of Charity of Convent Station, N.J.;
- Sr. Mary Johnson, S.N.D.deN., professor of sociology and religious studies at Trinity Washington University;
- Br. Campion Lally, O.S.F., general treasurer, Franciscan Brothers of Brooklyn;
- Dr. Sharon Miller, researcher with Auburn Theological Seminary's project on the impact of student loans on Protestant clergy;
- Sr. Barbara Mullen, C.S.J., director of mission advancement and communication, Sisters of Saint Joseph of Chambery;
- Sr. Patricia Twohill, O.P., vocation director for the Dominican Sisters of Peace;
- Fr. Anthony Vinson, O.S.B., director of pastoral formation at Saint Meinrad Archabbey, NRVC board member;
- Sr. Anne Walsh, A.S.C.J., provincial superior of the Apostles of the Sacred Heart of Jesus;
- Rev. Daniel Ward, O.S.B., executive director of the Resource Center for Religious Institutes;
- Mr. Keith Zekind, director of finance and associate director of development, Congregation of the Passion, Holy Cross Province.

I also wish to thank the members of NRVC for their input and support of this project. They originally identified the problem, and NRVC proactively responded with the generous support of our many partners and constituents.

Although we still have a way to go in resolving the challenge of educational debt as it pertains to religious vocations, the combined efforts of these past months have proven to me that the sustainability of our religious institutes with new membership is dependent upon the collaboration of us all—religious, clergy, and laity together. To discern a religious vocation is a prayerful journey of grace, trust, and abandonment. May our continued, joint efforts enable more to take up that journey with integrity and freedom.

COLLABORATION IS KEY

Sustainability of our religious institutes with new membership is dependent upon the collaboration of us all—religious, clergy, and laity together.

Educational debt and vocations to religious life: An Introduction

by Kathleen A. Mahoney, Ph.D.

During the first decade of the 21st century thousands of men and women contacted religious institutes to discern a possible vocation to religious life. In fact, religious institutes in the United States fielded more than 15,000 serious inquiries during this period.[1]

The pool of men and women interested in religious life is highly educated. According to *Recent Vocations to Religious Life* (2009), a study commissioned by the National Religious Vocation Conference (NRVC), among those who recently entered religious life, seven in 10 had one or more college degrees. However, a significant number of these newer entrants took on educational debt during their college years. According to the NRVC-sponsored *Educational Debt and Vocations to Religious Life* (2011), a study covering 2000-10, at the point of initial contact with a religious institute, one in three inquirers had a student loan. The same held true at the time of formal application: One in three applicants had a student loan. For some, educational debt was minimal—just a few thousand dollars. For others, it was monumental—$100,000 or more.

For many congregations, simply admitting candidates with educational debt has been financially burdensome and problematic. In too many instances candidates' educational debt complicated discernment, delayed an admission, or even thwarted a vocation. In short, educational debt is undermining religious life in the United States.

THE IMPACT OF EDUCATIONAL DEBT

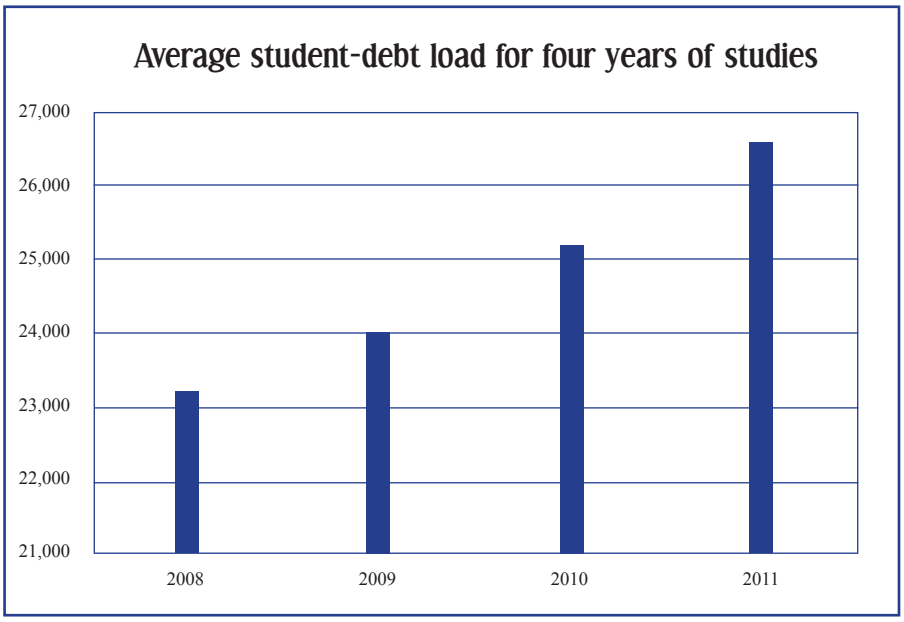
- The pool of men and women interested in religious life is highly educated. According to the 2009 NRVC/CARA *Study on Recent Vocations to Religious Life*, among those who recently entered religious life, seven in 10 had one or more college degrees.
- According to the NRVC/CARA 2011 *Study on Educational Debt and Vocations to Religious Life*, at the point of initial contact with a religious institute, one in three inquirers had a student loan.
- Educational debt is undermining religious life in the United States.

Educational debt as a new reality

Since 1978, while middle-class wages stagnated, higher education costs increased twelve-fold, outstripping the consumer price index several times over. The price tag for commuter students attending two-year public colleges can exceed $10,000; those enrolled in private colleges and living on campus can face an average annual bill of more than $40,000. Gone are the days when an ambitious young person could rely on wages from part-time jobs and summer employment to cover college costs; student loans have become a necessity for most collegians.

Studies document significant year-over-year increases in the percentage of collegians borrowing and the amount borrowed. In 2013 about two in three

[1]Inquirers often contact more than one religious institute, thus the number of inquirers is significantly lower than the number of inquiries. "Serious inquiry" is defined as work with "men and women who have considered entering your institute, with whom you have been discerning beyond an initial contact."



graduates of four-year programs had student loans, up from 45 percent in 1992. Those leaving four-year programs in 2013 averaged about $26,600 in student loans, up from $20,000 in 2007. Those who attended private, nonprofit colleges tended to have even more debt. Those who subsequently enrolled in graduate or professional studies often added to the amount they owed in student loans.

The number of educational debtors is sobering. More than 37 million Americans are paying off student loans; one study reports 40 percent of individuals in their 20s and 30 percent of those in their 30s carry student loans. These numbers include those who graduated and others who began studies but did not obtain a degree.

The amount owed is staggering. Young people owe approximately $1 trillion in student loans—more than the amount Americans owe in credit card debt or in auto loans.

How did this happen? Young people and their families took on educational debt because they believed college was a good investment that paid for itself over time. But the cost of that investment has risen considerably, offsetting returns. Collegians' expectations played a role in driving up costs, as colleges competed for students by offering upscale cafeterias, highly developed sports programs, and comfortable residences. Colleges have also become top-heavy with personnel—not only the administration and faculty, but an array of advisors, dorm managers, coaches, and counselors.

As costs rose, the government and banks made it easier for young people to borrow. Many young people report that they assumed educational debt without understanding the magnitude of their post-collegiate financial obligations. At the same time, as students, they tended to overestimate what they would earn in their first jobs.

Many young people struggle to repay their loans. With increased debt loads, a

DEBT LOADS

Those leaving four-year programs in 2013 averaged about $26,600 in student loans.

More than 37 million Americans are paying off student loans.

FACTS & FIGURES

- Debt attributable to student loans averaged $28,106 at the point of initial contact with a religious community.
- Among institutes with three or more inquirers:

  Nine in 10 asked at least one person to delay his or her application

  Seven in 10 turned away at least one person because of educational debt.

stressed economy, and a weakened job market, student loan default rates have risen to nearly 10 percent.

For many young people, student loans have stalled their progress in reaching "full adulthood." Saddled with large monthly payments, they are delaying marriage, parenthood, and the purchase of a home. Many are moving back home with their parents and setting aside plans for continued education. Another study found that educational debt is making it difficult for many men and women to complete divinity studies or work as ministers with modest salaries in Protestant congregations.

No wonder some call student loans the "anti-dowry."

Congregations, inquirers, candidates, and student loans

The 2009 *Study on Recent Vocations to Religious Life* identified factors that encouraged men and women to consider religious life, including support from congregational members, vocation directors, and spiritual directors. It also identified factors that hindered consideration of religious life, including lack of support from family members.

We now know that student loans are another significant barrier to discerning a call to religious life—not always an insurmountable barrier, but a significant barrier nonetheless.

At the point of initial inquiry

INQUIRERS	CONGREGATIONS WITH AT LEAST ONE INQUIRY
• 1 in 3 had student loans • Loans ranged between $2,000 and $150,000 • Loans averaged $28,106	• 9 in 10 had at least one inquirer with student loans CONGREGATIONS WITH THREE OR MORE INQUIRIES • Almost 9 in 10 asked at least one person to delay application; some congregations asked almost all to delay • 7 in 10 turned away at least 1 person; some congregations turned away almost all

Between 2000 and 2010, one in three serious inquiries about religious life involved a person with student loans. During this period 90 percent of institutes with serious inquiries reported at least one inquiry from a person with student loans. Debt attributable to student loans averaged $28,106 at the point of initial contact. Most institutes continued working with inquirers who held student loans. But among institutes with three or more inquirers, nine in 10 asked at

At the point of formal application	
APPLICANTS	CONGREGATIONS WITH AT LEAST ONE FORMAL APPLICANT
• 1 in 3 had student loans • Loans ranged between $900 and $100,000 • Loans averaged $20,821 • 1 in 2 applicants with student loans not admitted to congregation	• 6 in 7 had at least one applicant with student loans • 2 in 3 asked at least one person to delay application because of student loans • 1 in 3 turned away at least one applicant with student loans, with 1 in 5 congregations turning away more than 50 percent. • 1 in 5 knew of at least one person who did not complete application because of student loans

least one person to delay his or her application while seven in 10 turned away at least one person because of educational debt.

At the time of formal application to an institute, student loans were still a factor. One in three candidates had student loans, with loans averaging $20,821. About two in three congregations accepted candidates with student loans, with congregations assuming responsibility for repayment. But for many applicants, loans work against them. In fact, only half of those with loans at the time of application were eventually accepted; the rest were turned away.

More than half of the congregations with three or more inquirers and candidates with student loans reported that the problem is worsening, with increasing numbers of individuals with debt and growing amounts of debt.

NEW REALITY

Inquirers and candidates with student loans are a new fact of life for religious institutes.

Inquirers and candidates with student loans are a new fact of life for religious institutes. The chapters that follow draw upon the *Study on Educational Debt and Vocations to Religious Life* and other resources and aim to help congregational leaders understand this new challenge and respond effectively.

For congregational leaders: Principles for working with inquirers and candidates with educational debt

by Sr. Margaret Ormond, O.P. and Kathleen A. Mahoney, Ph.D.

The leaders of congregations of men and women religious face an emerging challenge: one in three individuals approaching a religious institute to discern a vocation has student loans. At a time when vocations to religious life are relatively few, many congregations have struggled with this issue. Some have had to turn away inquirers and candidates with educational debt, sometimes with a heavy heart.

CHALLENGE INSPIRES VARIED RESPONSES

The educational landscape has shifted: those entering religious life are often older; college costs have skyrocketed; student loans are common. . . .

Efforts to respond to this emerging challenge are varied and a work in progress.

This issue will persist and could well intensify. Among the newly professed, the 2009 *Study on Recent Vocations* found that the average age for entering a religious community was 30 for men (with a median of 27) and 32 for women (with a median of 29). At these ages, many have already secured a college education. Indeed, at the time of entering a community, 70 percent of the recently professed already had a college degree, including 19 percent with masters degrees and 5 percent with the equivalent of doctoral degrees. For many, securing a college degree also meant taking on student loans.

A generation ago, many women and men entered religious life from high school. The religious institute provided the education needed for their various ministries. Most secured their postsecondary degrees from colleges sponsored by their own congregations.

How different things are today. The educational landscape has shifted: those entering religious life are often older; college costs have skyrocketed; student loans are common. *The Study on Educational Debt and Vocations to Religious Life* found congregations working out policies and practices regarding inquirers and candidates with educational debt. On the whole, efforts to respond to this emerging challenge are varied and very much a work in progress.

Among institutes that contributed to *Educational Debt and Vocations to Religious Life*, 70 percent had a written policy or accepted practice for working with inquirers and candidates with student loans. Among these congregations, at least 14 percent had recently revised their policies due to increasing numbers of inquirers with debt, declining resources, or ethical concerns. Another 20 percent acknowledged the need to update their policies.

Policies and accepted practices differ widely. About two in three communities will accept a candidate with debt, although most communities have an upper limit on the amount of debt involved, usually around $20,000. Approaches to repayment vary: in assuming responsibility for student loans, some communities defer payments or pay only interest until final profession, while others make the full monthly payments. (See p. 19 on practical considerations, and for advice on judicious use of the option to defer student loan payments.) Some communities ask candidates or members who leave to reimburse the congregation for payment of their loans, others do not.

Institutes that participated in the educational debt study had an opportunity to describe how they handled inquirers and candidates with educational debt. They were also asked to describe cases where there was a successful outcome. In addressing this challenge, there is no single way that works for all institutes or candidates. However, responses illuminate some principles for communities that wish to develop or revise policies and practices related to this new challenge.

Principles to keep in mind

• A congregation's policy or practice is rooted in its history, mission, and overall approach to the education of its members. A religious institute consists of men or women who have chosen to live a life consecrated to God according to the constitutions of their respective religious institutes. Each institute has a particular mission—a way in which it is called to make Christ present to the world. In many instances, advancing that mission requires advanced education for its members. Well-educated sisters, brothers, and priests have contributed mightily to the common good.

Congregations must see to it that their members are fully ready and equipped to advance the community's mission. An inquirer or candidate who already has college-level studies in an area that advances the mission brings a valuable asset, but he or she may also bring a financial liability. This may also be true of candidates who do not have the college-level studies needed to advance the congregational mission, for he or she may need further studies that will require funding.

• A congregation's policy/practice encourages personal responsibility on the part of the inquirer or candidate. Congregations have worked with inquirers with debt in a variety of ways. Some have put responsibility for paying down the loan solely on the shoulders of the inquirer, requiring them to pay off their loans before entrance into the congregation. They have encouraged young men and women to be creative—to seek assistance from family and friends or to have fundraisers.

Others have helped inquirers reduce their debt. Some have allowed inquirers to live in their communities so their salaries could be applied to their educational debt. Others have assumed responsibility for paying student loans. Still other communities have asked benefactors to assist.

Regardless of a community's approach, it should encourage personal responsibility on the part of the inquirer or candidate.

Most religious communities ask candidates to complete a financial history as part of their application process. Some recommend that candidates avail themselves of financial counseling in sorting out their financial affairs. A financial history or review is often a valuable step in understanding the inquirer's patterns of consumption and relationships with money.

When an individual receives assistance in paying off student loans in order to pursue a vocation to religious life, the gift should be received responsibly. First and foremost, benefactors should be thanked and remembered in prayer. This responsibility also factors when someone decides to leave the community. Fifty-

PRINCIPLES AT A GLANCE

- Congregations must see to it that their members are fully ready and equipped to advance the community's mission.
- Communities should encourage personal responsibility on the part of the inquirer or candidate.

For vocation ministers: Working with inquirers and candidates with educational debt

by Brother Paul Bednarczyk, C.S.C. and Sister Patricia Twohill, O.P., with contribution from Father Thomas Feely, S.J., whose draft on discerning with candidates who have educational debt is incorporated into this chapter.

The following exchange is not uncommon in an initial conversation between a vocation director and discerner to religious life.

"One thing I want to share with you right up front, (Sister, Brother, Father), is that I have some debt from loans that I took out for my undergraduate and graduate degrees."

"Oh… And how much would that be?"

DEBT CONTINUES TO SPIRAL

Projections indicate that debt attributable to student loans will only continue to spiral upward. If religious institutes are open to new members, they must consider working with candidates who have student loans.

THREE ESSENTIAL ELEMENTS WHEN ADDRESSING DEBT OF INQUIRERS OR CANDIDATES:

- Formulate a policy and be able to articulate it clearly and concisely
- Examine the debt history of an inquirer or potential candidate
- Allow for and safeguard authentic discernment

The impact of educational debt on vocational discernment is becoming more the rule than the exception as many young people grapple with the financial implications of paying for higher education. Given the amounts that many young people have borrowed and must pay back, it is not surprising to find many delaying marriage or foregoing service careers. Likewise, many interested in religious life find their path to discernment complicated by educational debt.

By the time most women and men enter religious life, most have already obtained a bachelors degree and many have additional graduate or professional education. Given the current costs of higher education, many of those in their twenties and early thirties who feel called to discern a call to religious life will have significant amounts of educational debt.

Projections indicate that debt attributable to student loans will only continue to spiral upward. If religious institutes are open to new members, they must consider working with candidates who have student loans.

Here we consider three areas pertaining to student loans and the discernment of a vocation to religious life:

- the importance of an educational debt policy for vocation ministry;
- what debt management may reveal about a candidate;
- how to safeguard the integrity of the discernment process.

A policy is critical for vocation ministry

Formulating written policies and procedures for admission to a religious institute is both prudent and essential for a successful vocation program. Policies attest to the values of the institute, ensure that civil and canonical requirements for admission are met, and provide guidance based on well thought-out principles for decision makers.

In developing a policy for working with inquirers and candidates with

educational debt, the major superior, treasurer, vocation and formation personnel together should determine the underlying values in their policy and how they protect the rights of their particular religious institute and the individual candidate. Of course, a one-size-fits-all policy rarely suffices; there may be understandable exceptions in practice.

For vocations directors, who are usually the first to address the issue of an inquirer's or candidate's educational debt, we make the following suggestions.

- Be knowledgeable about student loans, such as the difference in types of loans, terms for deferment, implications of loan default, and so on.
- Be familiar with your community's policy and ready to articulate the reasoning behind it. As policies in various congregations differ, it is important for the candidate to understand the values on which your policy is based.
- Be clear about how and under what conditions the institute is willing to assist with student loan payments. Such clarity will build candidate's confidence in the congregation's readiness to welcome new members. Make sure the candidate understands that loan assistance is but one way in which the institute will invest in the candidate's formation.
- Be clear about the institute's expectations of prospective applicants. Is loan assistance a gift? Is the candidate to work to pay off loans during formation? Is there an expectation that the institute will be reimbursed should he or she leave? Candidates need clarity about these issues prior to entrance.
- Before making an exception to the institute's policy, consult with the major superior. He or she may want to check with financial advisors before granting permission for an exception.
- Assess the policy. After a policy has been implemented, review it periodically to determine its appropriateness and effectiveness.

EXAMINE FINANCIAL HISTORY OF A CANDIDATE

Because financial history also reveals a great deal about an applicant's suitability, values, judgment, skills, and general character, vocation directors are well advised to probe that history (including a financial background check).

What debt management may reveal

When an individual expresses interest in entering a religious institute, vocation directors desire to learn as much as possible about his or her faith history, family background, general health history, among many other things. Because financial history also reveals a great deal about an applicant's suitability, values, judgment, skills, and general character, vocation directors are well advised to probe that history (including a financial background check).

Since part of discernment is assessing a candidate's aptitude to live simply under a vow of poverty some further areas to explore may include the following.

- **Does the candidate also have credit card debt?** Credit card debt hindering a candidate's ability to make student loan payments is a red flag. What does it say about his or her spending habits? Is the debt due to frivolous spending? Has she or he made a personal budget and followed it? Who helps the candidate manage money? Allowing leeway with educational loans is understandable, but congregations should exercise extreme caution about providing any financial assistance for a candidate with credit card debt.

deem ourselves, a genuine response to that love is a heart of gratitude rooted in praise, honor, and glory of God's supreme graciousness.

The following points are offered for vocation and formation directors as they strive to protect the integrity of the discernment process:

- Is the candidate grateful for the financial assistance offered by the institute? Does he or she reciprocate that gratitude by generously sharing his or her time, talents, and works in the community? Generously giving in both community and ministry suggests an authentic vocation. The opposite of gratitude is entitlement. In the early stages of discernment, does the candidate assume that the institute will take on all debts without personal investment? After all, "if I am giving my life to this congregation, it is the least it can do." Such an attitude is the antithesis of what it means to be a religious. Religious live their lives for God, for others, and with others. People come to religious life to give, not to receive. Vocation and formation directors need to be vigilant about recognizing and challenging early indications of entitlement as incompatible with religious life.

- People stay in religious life primarily for the same reason they come—the pursuit of God. If the pursuit of God is compromised by guilt, the candidate should give serious consideration to leaving. Guilt should never override the desire for God as the primary motivation for the pursuit of a religious vocation. Skilled formators and spiritual directors are key in assisting the candidate in recognizing and understanding a proper motivation for a vocation.

- Should someone leave who has received loan assistance, leadership and members of the institute should take special care not to provoke, directly or indirectly, guilt in the candidate. The community has only done what it has previously agreed to do. No matter how generous an institute's student loan policy or practice, community members need to understand that formation takes on a life of its own and candidates will come and go, as they always have.

- If someone feigns integrity by remaining in a formation program because of loan repayments, it is only a matter of time before the charade will end. Formation programs have behavioral goals and objectives which include assessing a candidate's progress in periodic evaluations after living closely in a communal setting. Under such scrutiny, any misguided motivation for remaining in formation is bound to surface. Again, this is where astute formators and spiritual directors can call the question and take appropriate action.

It should be noted that the above concerns are exceptions, not the norm. A good rule of thumb in developing policies is to base them on common practices and experiences, not on exceptions. Simply put, a policy based on an exception is not a good policy.

Although an institute may have reservations about assisting those in formation with student loans, in the larger schema of ensuring an institute's future by welcoming new members, the benefits of financial assistance often outweigh the alternative of turning away new members who bring vitality to a community and service to the Church. This, in and of itself, is a worthy investment of any religious institute.

BENEFITS OUTWEIGH RISKS

Although an institute may have reservations about assisting those in formation with student loans, in the larger schema of ensuring an institute's future by welcoming new members, the benefits of financial assistance often outweigh the alternative of turning away new members who bring vitality to a community and service to the Church.

Educational debt and candidates for religious life: Practical considerations

by Rev. Daniel Ward, O.S.B.

2013: Pat, a 27-year-old, contacts the vocation director of the Community of Christian Hope. After a number of visits, Pat decides to apply for admission to the candidacy program. In the interview, Pat informs the vocation director about student loans of $67,000 accrued while pursuing a BA in economics and an MBA in finance.

1967: Chris, an 18-year-old high school graduate, enters the postulancy program of the Community of Christian Hope. After completing novitiate, the Community enrolls Chris in a four-year college program. Chris shows a keen interest in finance and majors in economics. Upon graduation, the leadership team asks Chris to enroll in an MBA program so he can work in the Community's finance office and, perhaps, one day become the treasurer.

DEBT NOT AN IMPEDIMENT

Educational debt is not an impediment to entrance nor is it a reason to delay entrance. Higher education often helps the development and growth in wisdom of an individual.

What is the difference in these scenarios? Pat and Chris received the same education and both can serve the Community. But the education Chris received was paid for by the Community, while the education Pat received was paid for by Pat with financing from student loans.

A debt in and of itself is not a canonical impediment to entrance into religious life. The Code of Canon Law contains a norm that states that a person should not be admitted to a religious institute who has a debt that cannot be repaid (canon 644). The canon is stating a precaution that should be taken into consideration when the person applying has a debt. Does the person have a debt that he or she cannot repay and, therefore, is entering the religious institute in order to have the institute repay the debt? The motivation for entrance into the institute should not be the repayment of a debt but rather the desire to live the vowed life and mission of the institute. The canon leaves the policy and decision up to the individual institute.

Therefore, institutes should establish a general policy on educational debt which will provide a framework for making decisions about persons who have educational debt at the time of application. The policy should not be a reaction to or based on a single situation.

The policy should reflect a general principal: that educational debt is not an impediment to entrance nor is it a reason to delay entrance. Higher education often helps the development and growth in wisdom of an individual. In turn, this helps the individual in life, relationships and work. This is the reason that many employers value the fact of higher education over the educational major or even graduate studies.

Of course, specific factors may mitigate the general policy in particular situations. Therefore, the policy should provide some guidelines for consideration before its implementation.

• While higher education is a positive factor for acceptance into an institute, there may be situations where the degree or degrees earned by the person seem to indicate instability or indecisiveness. This could happen if the person has multiple degrees in disconnected fields. The educational debt may not be a problem in itself, while the educational history might indicate that the person is not focused and has difficulties in deciding upon and staying with something.

• The person applying has not been able to hold steady employment and has deferred or even defaulted on student loans. In such a case, it is important to consider whether the person is applying simply for financial support to pay off the student loans.

• The debt may be so large that the religious institute cannot afford to take on the responsibility of the student loans. While the individual's education may benefit the institute in the long run, the institute should not assume the financial responsibility for a candidate's student loans if doing so might jeopardize other needs (i.e. retirement or health care costs). The institute's first responsibility is to provide adequately for present members and not risk their long range care.

• The source of the student loans may be a greater and more costly issue if it does not come from a government-backed source. Private loans have much higher interest rates. A privately financed education leads to the question of why the individual opted for private financing over government-backed financing.

If a person with educational debt is admitted to initial formation, the suggested practice is to continue to pay the monthly installments rather than paying off the debt at once.

Further, in most cases it is not advisable for the candidate to apply for a deferment which is limited to 36 months. If the candidate leaves with insufficient income for a number of months, he or she may need the deferment option at that point in time.

Also, it is not advisable to require a person to use personal assets (patrimony) to continue to pay down or pay off the debt unless the individual has substantial personal assets. If an individual has a small amount of personal assets at the time of entrance and spends the assets down to nothing to pay off the debt, the institute may have to provide substantial financial assistance if he or she leaves during initial formation. The purpose of retaining patrimony is so that the person has financial assets to support himself or herself in the event he or she leaves the institute.

The institute should also ensure that the person never defaults or declares bankruptcy on the debt while in formation. Educational debt is generally not discharged in bankruptcy. Both default and bankruptcy will affect a person's credit rating and in some cases, he or she may even be impeded from being licensed in certain professions. Should the person leave after defaulting, he or she will find it difficult to establish credit. The obligation then would fall upon

NO DEFAULTS

An institute should ensure that a candidate never defaults or declares bankruptcy on the debt while in formation. Both default and bankruptcy will affect a person's credit rating and in some cases, he or she may even be impeded from being licensed in certain professions.

KEY ELEMENTS OF A DEBT POLICY

A religious institute should adopt a policy on educational debt of those applying for entrance into the institute.

The policy should:

- Be flexible since not all cases are the same.
- Provide some guidelines for evaluating each case.
- Encourage, rather than discourage, a person to enter religious life.

the institute to provide significant financial assistance until the credit rating of the individual improves and the person can support him or herself.

Some religious institutes require a candidate to sign an agreement stating that he or she will repay the religious institute the amount it paid on the debt if he or she leaves before final profession. While this agreement most likely would be legally enforceable if drafted properly, in most cases, it is not worthwhile to follow through as the cost of the collection process would probably exceed the amount owed. However, signing an agreement may help the person to understand that there is a moral obligation to repay the debt.

If the person continues in religious life, the issue of when to pay off the entire debt is a cost-benefit analysis best done by the finance office of the institute.

In conclusion, a religious institute should adopt a policy on educational debt, in fact about all debts, of those applying for entrance into the institute. The policy should be flexible since not all cases are the same. The policy should provide some guidelines for evaluating each case. Finally, the policy should be one that encourages, rather than discourages, a person to enter religious life.

Developing a congregational policy and practice regarding educational debt

The following is offered to help religious institutes develop or assess their policies and practices pertaining to inquirers and candidates who have student loans.

• What is our institute's overall plan for the education of our new members? How does our institute's approach to and policy for working with inquirers and candidates with educational debt fit into this plan?

• Does our institute's current policy make sense in light of the number of inquirers and candidates with educational debt as well as our congregation's future and its financial realities? If not, how should it be updated? What financial obligations to our current members must we consider before we develop or adjust a policy of investing in the educational debt of our newer members?

• Who is designated by our religious institute to monitor our policy and its implementation?

• How can we ensure that those making financial decisions for our religious institute are knowledgeable about student loans and up-to-date on repayment options?

• Is our vocation minister knowledgeable about student loans?

• Can our vocation minister explain the institute's policy and its rationale clearly to inquirers and candidates?

• How does our policy and practice encourage personal responsibility on the part of candidates?

• If assistance is provided in repaying student loans, how does the congregation ensure authentic freedom in discernment?

• Does our policy …

… limit the amount of educational debt the institute will assume? If so, does the cap need to be adjusted? If the institute has no cap, should it establish one? If so, what should the cap be?

… resort to loan deferment or forbearance judiciously?

… state how the loan is to be paid off after the person's perpetual profession?

….take into account the fact that significant numbers of candidates leave before final profession and may need financial support thereafter for a period of time?

….ask those who leave to repay the amount of the loans paid by the institute? Why or why not?

QUESTIONS TO CONSIDER

- Does our institute's current policy make sense in light of the number of inquirers and candidates with educational debt as well as our congregation's future and its financial realities?
- Does our policy limit the amount of educational debt the institute will assume? If so, does the cap need to be adjusted?

Does our policy take into account the fact that significant numbers of candidates leave before final profession?

Appendix: Federal student loan forgiveness programs

Resource Center for Religious Institutes

The federal government has implemented policies to assist individuals with low incomes, especially those working in the public service sector, with their educational debt. The Resource Center for Religious Institutes has reviewed the College Cost Reduction and Access Act of 2007 (CCRAA) that went into effect in January, 2009 with an eye toward assessing whether this program could be an option for candidates and members of religious institutes who have educational debt.

FEW OPTIONS FOR GOVERNMENT-SPONSORED DEBT RELIEF

A small number of prospective candidates may benefit from the government-sponsored student-loan forgiveness programs. However, because of the length of time that the program takes to provide relief to applicants, and because religious institutes rarely have an opportunity to counsel candidates as they are preparing to enter college and apply for financial aid, the program is not one that will offer wide relief to prospective candidates to religious life.

After examining the program with respect to how it is implemented and those to whom it applies, we acknowledge that there may be a small number of prospective candidates who may benefit from this program. However, because of the length of time that the program takes to provide relief to applicants, and because religious institutes rarely have an opportunity to counsel candidates as they are preparing to enter college and apply for financial aid, the program is not one that will offer wide relief to prospective candidates to religious life.

For the CCRAA to have any real impact on debt, the student generally must couple the program with another federal program such as Income Based Repayment Plan (IBR) or Income Contingent Repayment Plan (ICR). This is because the CCRAA requires the borrower to make 120 monthly payments and be employed in a qualifying job before the balance of the debt will be forgiven. Without being enrolled in an IBR or an ICR, nearly all borrowers who have made 120 payments (essentially 10 years of payments) will have paid off their loans.

To summarize, the CCRAA loan forgiveness program would not be applicable or beneficial to members of religious institutes for the following reasons:

1. They require making loan payments on a monthly basis for ten years (120 payments)

2. The person must be employed full-time (30 hours or more per week)[2]

3. There would have to be substantiation of employment by issuance of a W-2 and, therefore, income taxes would be owed.[3]

4. The loans must be Federal Direct Loans not private, Federal Family Education Loans, Parent Plus loans or others.[4]

5. The Federal Direct Loan program with payments over 120 months started in October 2007 and would first become eligible for loan forgiveness in late 2017.[5]

6. The person must be employed in public service work that does not include religious instruction, worship services or church proselytizing.[6]

For more information

On religious life:

CARA, "Educational Debt and Vocations to Religious Life" (2012), http://www.nrvc.net/debt_study/?return_url=debt_study

CARA, "Recent Vocations to Religious Life" (2009), http://www.nrvc.net/study_full_report

The press has heavily covered issues surrounding the amount of student loan debt carried by young people. For more information:

The Project on Student Debt: http://projectonstudentdebt.org/about.vp.html

For a series on the issue: http://www.nytimes.com/2012/05/13/business/student-loans-weighing-down-a-generation-with-heavy-debt.html

American Student Assistance: http://www.asa.org/policy/resources/stats/

The Urban Institute: http://www.urban.org/UploadedPDF/412849-Forever-in-Your-Debt-Who-Has-Student-Loan-Debt-and-Whos-Worried.pdf

For information on the effects of student loans on seminary students and Protestant clergy:

Anthony Ruger, Sharon L. Miller, Kim Maphis Early, "Gathering Storm: The Educational Debt of Theological Students" (2005), http://www.auburnseminary.org/finance-and-student-debt?display=all&view=print

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