

# Trade schools lead in state loan defaults

PORTLAND (AP) — Trade schools have the highest rate of student loan defaults in Oregon, a federal report said in August.

But at least one school may appeal the listing, claiming the comparison with four-year colleges and universities is unfair.

Mary Beth Mose, fiscal officer at Phagans' School of Beauty in Salem, said the 45 percent default rate the government listed for the school appears too high.

Mose said trade schools such as beauty and barber schools generally are attended by low-income students without the level of academic training needed for college.

"A lot of the students who go to beauty schools don't have a high school diploma," Mose said. "Most of these kids have been on their own for years. They don't have anyone to back them up financially."

The chairman of the Oregon State System of Higher Education financial aid directors committee, who oversees public colleges and universities, agreed with Mose.

Constance Alexander said colleges also have four years to establish a relationship with students, compared to just a year or even less for most trade schools.

"We're there year after year to answer their questions, counsel them, and prepare them to pay back their loans," said Alexander, who also is financial aid director at Southern Oregon State College in Ashland.

Alexander said student incentive to repay loans also depends

on how successful they feel the program was in helping them find a job after graduation.

Alexander said the repayment rate has improved for colleges and universities because federal regulations have been changed to require counseling before a student takes a loan, in addition to after graduation.

Alexander said banks are also more flexible with adjusting payments when students run into financial problems.

"Banks are saying there is no reason for anybody to go into default. Just stay in touch with us and we will work with you," she said.

Alexander predicted the passage of the Clinton administration budget bill will give schools more control over loans by requiring the government to provide loan money directly rather than acting as a middleman for banks.

The highest rate of default on the government list was University Beauty College of Portland at 47.5 percent. Moler Barber College in Portland was second at 46.1 percent, followed by Phagans' at 45 percent.





The lowest rates of default were listed as zero for five schools: the National College of Naturopathic Medicine and the Oregon College of Oriental Medicine, both in Portland, the Oregon Graduate Institute of Science and Technology in Beaverton, Western Medical College of Allied Health Careers in Salem, and Tualatin College of Beauty in Tualatin.

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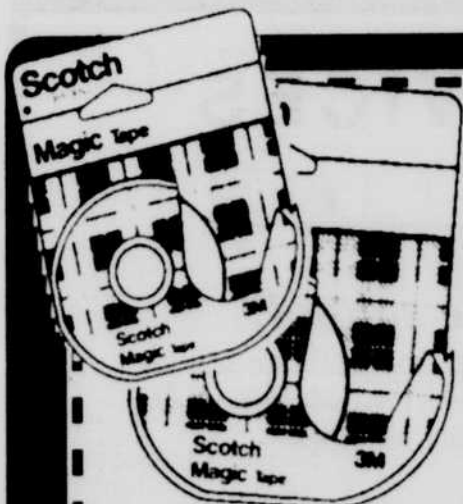
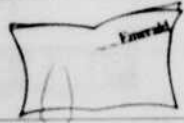
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