



# TAKING OUT AND REPAYING STUDENT LOANS: A Report On Focus Groups With Struggling Student Loan Borrowers

PREPARED FOR NEW AMERICA BY THE FDR GROUP  
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## I. INTRODUCTION

Taking Out and Repaying Student Loans describes the experiences of student loan borrowers from all walks of life who have struggled to repay their loans. It is a qualitative research effort based on six focus groups that took place between June and October 2014, one each in Philadelphia, Boston, Phoenix, San Francisco, Chicago, and Atlanta. In total 59 student loan borrowers participated in the groups.

The research was commissioned by New America and conducted by the nonpartisan public opinion research firm FDR Group.

The findings that follow lay out what borrowers – specifically, those who have taken out loans for certificate programs, 2-year degrees, or 4-year degrees – say caused them to have trouble repaying. Participants reflected on their state of mind and the choices they made when originally taking out their loans and when their repayment struggles began. They told us what they would do differently today, and for those who

achieved good standing, the things that helped them get on track.

The research suggests that the cause of so many struggling to repay student loans these days is a combination of uninformed borrowing – mostly due to ignorance, youth, naïveté, and a weak job market – and a messy system that is difficult to understand and tricky to navigate.

There may be a “typical” struggling borrower, but we didn’t find it in these focus groups, which consisted of a diverse group of people economically, ethnically, and in terms of life stages, careers, and education levels. We had participants who were former military with access to many educational benefits and supports. We had people whose parents were savvy and guided them through the process, and others who were the first to achieve beyond high school. Some dropped out due to illness, others because they realized early on that they had picked the wrong field, and still others ultimately completed their degree. Many focus group participants started college immediately after high school, but others were older and had even put their own children through college. Yet all shared one trait: trouble re-

paying student loans.

The findings that follow are written thematically. We'll leave it to survey research to tally how many and how much – our purpose was to get people's stories in their own words. Verbatim quotes are the data that were used to inform the findings. Careful readers will notice that in some instances a quote may indicate a misunderstanding of the loan terms or an inaccuracy about the student loan program on the part of the speaker. We include even the misinformation in the report as evidence of the confusion that exists around student loans.

Qualitative research never produces a single right answer to a research question – there's always room for interpretation and healthy disagreement, and we encourage readers to draw their own conclusions. New America staff provided us with information about recent developments in student loan policy and identified some issues that they deemed especially important to explore, but they gave us complete freedom in designing and conducting the focus groups and in formulating this report. The final responsibility for the questions asked in the focus groups and results reported here rests with the FDR Group.

Following this introduction you will find a description of the research methodology, the detailed findings, and a section on implications. Attached at the end are copies of the screening specifications used to recruit the focus group participants and the moderator's guide.

## II. METHODOLOGY

The FDR Group convened six focus groups with struggling student loan borrowers to explore their experiences with the student loan process – taking out the loan, starting to repay and then falling behind, and the offerings available to help get back on track.

The principal goal of the research was to help New America's efforts to understand the nuances of college students' decision-making regarding higher education with an emphasis on how they weigh cost, debt, and educational outcomes. The research findings will be used to inform New America's policy papers, blogs, and commentary.

The focus groups took place between June and October

2014, one each in Philadelphia, Boston, Phoenix, San Francisco, Chicago, and Atlanta. In total 59 student loan borrowers participated. A detailed screening process was used for recruiting "struggling" student loan borrowers (protocol attached). To be included in a focus group, a potential participant had to fit the following description:

A person who has taken out a student loan to pay for a certificate/trade program, community college, or 4-year college (anything below a graduate degree) and who really struggles to make payments or is already in default. This person could be either a traditional student (enrolled in school full time immediately after high school) or a non-traditional student (took at least a year off before enrolling in school).

In addition to being screened for various demographic characteristics (e.g., sex, age, race/ethnicity, level of education, employment status, amount of loan, type of school) a potential respondent had to respond affirmatively to at least one of the following six questions<sup>1</sup>:

- Have you never made a student loan payment or have you missed payments for a year or more (also called default)?
- Have you missed 3 student loan payments in a row?
- Have you been late on 3 student loan payments in a row?
- Have you chosen Income-Based Repayment (IBR) or a Pay As You Earn plan because monthly payments were unaffordable?
- Have you applied for student loan consolidation to reduce monthly payments?
- Have you temporarily had your loan payments postponed or reduced (also called loan deferment or forbearance)?

Each focus group was demographically diverse, including a mix of both men and women; people in their 20s to 50s in age; both middle class and those with lower income; seeking or holding 2-year degrees, 4-year degrees, and certificates. The study explicitly excluded people who had at-

tended graduate or professional school (e.g., medical or law school). Student loan debt ranged from “less than \$10,000” to as much as “\$30,000 to 60,000,” although most debt loads fell on the lower end of this range. Participants had attended a diverse set of institutions of higher education, including those that are for-profit, private non-profit, and public. Ethnic background was approximately 40/60 African American or Hispanic to White, with some Asian American participants as well.

A few words of caution about the nature of qualitative research: Focus groups are a valuable tool for exploring people’s spontaneous views on a given topic and for uncovering underlying values that help explain why people feel the way they do. From a policy or communications strategy standpoint, they provide information on how to frame information in such a way as to appeal to the values and mind-sets that underlie beliefs. But, although focus groups are tremendously helpful for listening to people talk about issues, for uncovering the sources of their opinions and motivations for action, and for generating hypotheses for further research, they cannot determine how many people hold a particular view, and their findings cannot be generalized to the population as a whole.

The focus groups were held in and recruited by professional facilities. In general, the facilities recruited potential participants using their own opt-in databases that include thousands of people who have signed up to participate in focus groups. The databases grow by word of mouth, community outreach, and advertising. All groups were moderated by Ann Duffett, PhD, of the FDR Group.

### III. KEY FINDINGS

#### A. Life Happens

There are a variety of circumstances – often situations that are beyond one’s control such as the economic environment, family responsibilities, or illness – that can hamper people’s ability to repay their student loans.

#### A weak job market:

I lost my job and my dad was sick and everything came down at once. So I was late a few times. – Phoenix

The timeline is a little fuzzy to me, but I had a job lined up right after school, and less than a month in I got laid off. The whole company downsized.

It was a small start-up. It went from 18 people to about four people....I don’t remember which happened first, if I deferred right off the bat or if...there was a three-month grace period where I didn’t have to do anything right away. – Chicago

#### Low paying jobs:

The field that I’m in is not very lucrative as far as radio [job] market, and even what I was making – I wouldn’t have been able to pay them back like that, you know, so. – Atlanta

#### Unanticipated family responsibilities:

I went to [college] right out of high school many years ago and [then] I decided to get married and have a child and put that on the back burner. In the past three years I have decided to go back... for a nursing degree, and it’s ironic, right before I was ready to graduate, my father fell ill, so I’ve been taking care of him and putting that on the back burner. All the while still paying the loans. – Philadelphia

I was paying, but then I missed some payments. We had a family emergency so I had to take care of one of my siblings, so I just couldn’t pay for about six months or seven months, and by the time I went back, it was either pay back the entire loan amount, which was \$50,000, or they would work with me and it would be around \$700 or \$800 a month for me to get back on track. – Chicago

Well, I started off pretty good...because my parents were helping me, and they helped me to keep on track, reminding me monthly that I needed to send a payment in....My mom got sick and it didn’t get better, so I kind of put my student loans along with other bills on the back burner to deal with family issues, and eventually it caught up to me. Sallie Mae harassed me. They called constantly, and at some point I was scared that they would start garnishing my wages, so my dad and I called and set up a payment where he started paying again for me until I could. – Chicago

#### Illness:

I started paying mine in the first six months and I missed two or three payments because I was so sick. And that is what I was doing too, using my credit cards for gas, groceries, and all the necessities and things. It seems so stupid now to use a credit card for groceries. I mean who in their right mind pays interest on groceries? – Phoenix

## B. Uninformed Borrowing

### 1. Too little thought goes into taking out student loans.

Only a handful of focus group participants recalled conducting due diligence when applying for student loans. On the contrary, and despite the thousands of dollars at stake, these borrowers described minimal investment in the process. The thinking seems to go along these lines: I want to go to school, tuition is expensive, student loans are available and easy to qualify for, they come as part of financial aid packages, I won't be able to afford it without the loan, where do I sign?

My parents...said they'd pay for my room and board for two years, and I would have to take out the loan, so that was our agreement....It wasn't something that was a thought-out process. – Chicago

I did everything there at my financial aid office. It was real simple for me. I remember her name was Sylvia; she was the head of the financial aid office. She helped my Dad and me with everything. It was just painless. I had a small loan so I can't really relate to the large amounts of interest and everything. But it was easy. I got a book voucher that day and the loan came in and I just got started. – Phoenix

At my school, they didn't really advise you per se, they just said school's going to cost this much. I'm like ok I want to go, I don't have \$40,000, but she said sign here and they'll give it. And that's basically how it went. I was like ok; I need a job, an education, and the promise of a job. – Philadelphia

I don't even remember taking out my loan. I don't remember doing anything, and when I graduated there was this gigantic bill, and I didn't even remember taking it out. – San Francisco

I think also for me they had a check mark for whatever you can't pay through scholarship or grant, do you want this to go to a loan? And I just checked yes. It was so easy, it was just one check mark. – Boston

I knew I'd have to take out loans, no matter what. I just did, and it was just a matter of how much, and at that point, the money wasn't real, and then it comes off real soon as you get out. – Chicago

### 2. Much can be attributed to the naïveté of youth.

The focus group participants who enrolled straight out of high school described having no conception of the enormity of what a student loan entailed. They were too young to understand how much they were borrowing and what it meant, clueless about what it would mean to default or be late. Several conceded that their loan providers may have provided information about the consequences for not repaying, but the forewarning was lost in the promise of better employment, the desire to go to college, or the throes of youth.

I graduated high school and went right to college, and I didn't know what I wanted to do. I didn't even know what it was like to have a phone bill. I was like "No, dad, it'll be fine; I'm going to take out this \$15,000 loan, I'll pay it back no problem." I have never paid anything. I didn't know what that meant. I couldn't even comprehend \$15,000. – San Francisco

It said sign here. My mom was with me, and she is smart, but as far as the economic thing, we weren't too fiscally smart on making a decision. I really wanted to go to school, so I was, let me just go ahead and sign that paper even though I don't know how high the interest rate is. I didn't know what I would be paying when I actually leave the school. – Phoenix

I also think that I assumed that I'd be making a lot more money, and that it would never come to that. You could read all that and just gloss over it....My four-year creative writing degree is going to just pay all the bills forever and that's... the 18-year-old mind. – Chicago

And the reality of it is that I really could have just closed my ears to it if somebody told me, but I don't remember anyone breaking it down to me and saying, when you sign this paper, this is what it really means: You're going to be paying this much, and if you miss a payment this much, and if you miss more than this payment then your interest is going to look like this, and if you go into default this is what could happen. When I went in for a meeting, I didn't really know what that stuff meant either. I mean, I'm not ignorant, I just said ok and signed the paper. – Philadelphia

Refund checks? I'm 23, if you give me a refund check, I'm going shopping. I don't understand what that means, you just gave me free money. And no one's stopping me cause it comes to me. – Philadelphia

3. Student loans are relatively low on the list of "bills that must be paid."

Trouble repaying also stems from too many borrowers who deem their student loan as a low priority in their hierarchy of bill paying. In focus groups from Atlanta to San Francisco, we learned that there are virtually always other bills that must be paid first. Few could point to a line item in their spending where they might cut back in order to make a student loan payment on time.

And in the middle of the chaos or a crisis it's like, "They can't take my education away from me. I already graduated." So what are you going to do? Shut it off like the lights? I understand it's still bad, but they can't take it away, so I'll just get to it. I'll pay it off, whatever, but right now...I don't know. – Chicago

You already got your degree, so what's the big deal? There's nothing, you don't have anything else, they can't take it away from you. You've already got it, so I mean they can take away your car, they can take away your home. – Atlanta

I just want to say, because I know if I ever had to not pay a bill, it would be my student loan, because I have to live. I have to pay for my house, I have to pay for electric, gas, and water. I have to have those things to sustain. My student loan I don't have to pay to sustain. So if I was ever in a

position where I can't pay a bill, the student loan is going to go first. And I think that is probably how it is for most people because you have to live. – Chicago

I don't know if anyone here went as far as I did in default, so my credit did take a hit, but my credit was not what was important to me as far as other interesting things, like I'd rather pay my cell phone than pay my student loan. – Atlanta

I just kind of have a laissez-faire attitude about my student loan.... Ten years from now I'm going to get hit with this huge bill and they're going to want all the money at once....But if I get my tax return money, I think about what I want to do with that money that's going to make me happy (not about paying student loan). – Atlanta

I was very adamant in the past about paying my bills on time. And then things started happening, and it got to a point where I was like, I'm not going to worry, if it gets paid it gets paid. I'm not going to have a heart attack over it, it's only money. – Boston

Friends are saying to me are you crazy? Leave the student loans alone, you can just pay that back anytime. Student loans won't bother anything. – Boston

If you don't make your credit card payment, you get a \$30 late fee, and if you don't make your student loan payment it just goes on the next month, and there's no – they don't even contact you. – Atlanta

I could get rid of some things because a lot of it I don't use. Like I have Netflix. I have all these cable channels and I'm never at home to watch them. But when I am there, that's the whole point of having it. You want to be able to enjoy your surroundings, but I hate to give up Netflix and other things to really pay it. – Atlanta

4. Resentment, remorse, and anger: these are the emotions that come with the territory when student loan payments are in arrears.

Resentment over having so much debt is commonplace,

especially among those who are not working in the field they took out the student loan to get into. This resentment may also contribute to the apparent low priority some place on student loan payments relative to other bills. In any case, the inability to pay back their loans leads to both remorse and anger. The remorse is self-directed: How did I let this happen? Why did I pick such an expensive school? But the anger is directed at the system, e.g., low-paying jobs, difficulty in finding jobs due to lack of experience, the bad economy. Some resort to excuses for not paying: I didn't know the difference between loans and grants; I didn't finish so I didn't think I had to pay.

#### Regret about choice of school:

It's like, "Why did I spend all this money on a degree at [expensive private school]?" It has nothing to do with my job. – Chicago

I think I would have went a different route. I probably wouldn't have went to [for-profit university] because it's a private school, and when I looked at how much I owe and not to be in my field right now, I'm just horrified at what I've done. – Atlanta

#### Degree not helping me find a job:

I owe at least \$30,000. And I don't even have a job in nursing; I'm a surgical tech and I do my accounting thing on the side. I just can't even find a job in nursing right now, and that's ironic. I have to pay this loan for \$30,000 and I'm not even working in the field that I want to. – Boston

I can't find anything in my degree. I got a bachelor's in history; at this point I am working at a pet store. There are no jobs, I have applied everywhere, so I don't see it as an investment when I have to try and pay [the student loan] on a minimum wage job when I am trying to make a living to begin with. – San Francisco

Ok I took on a two-year loan for medical engineering....I completed it and I am paying back the loan now, but I didn't get a job in the field in which I wanted to. So I am working on an off-site

trying to get back to school to complete a four-year degree. Two years don't mean much any more so you have to get a four-year. – Boston

I was kind of in denial about it; I don't want to think about it because if I think about it too much, I'm going to be mad that I don't get the job.... I know there's other things in life that you pay for that you don't really get anything out of, but for some reason, the student loan I just resented. – Chicago

Anger. For so many years I wasn't in the field that I went to school for but yet I still have to pay you. And I say you, because I know they just gave me a loan, I signed the papers, they give me the loan, I get that, but there is anger there because I think, what part did I play in not doing what I had to do? There is so much confusion that came out more in anger, in dread, in fear and just ... what am I going to do, how am I going to pay this? – Philadelphia

#### Low-paying jobs in field:

I just graduated a little over a year ago too. But it is the same – I think there is so much competition with young graduates that it is really hard to find a job. I graduated with bachelor's in communications, I did do a couple of internships, but none of the entry-level jobs offer as much money as a server at a restaurant. So I can make more money doing that. It is a burden because I am not doing what I want to do; I serve tables every night just so I can make those loans. – San Francisco

#### Can't break into field without experience:

I'm not in field [that my certificate is in], but that's because every time I apply for something it's like, "Well, are you certified?" They might sit down with me a lot, but it's about who you know the majority of the time, not what you know. I might have the degree, which I do, but I don't have the experience. And that's what they hit me with all the time. "Oh, well, you can volunteer." Uh, I need money. – Atlanta

I have been on interviews, and you have to be

experienced. How am I supposed to get experience straight out of school? I don't! You have to give someone time to get the experience. Hire me. I'll get experience. But it doesn't work like that, so when you get into debt it's like, oh well. – Philadelphia

I didn't know I had to pay it back:

From when I was young I was really confused about the difference between a student loan, a Pell grant, and a grant. I didn't realize that grants didn't need to be paid back but a student loan did. – Phoenix

I was just going to say that I didn't have that confusion. I knew that you had to pay back. But I have seen that with friends of mine when they get award letters and a loan, and it is not being explained, and they just see what is being offered, and they thought that was their award without any pay back. So I can see how that can be confusing. – Phoenix

I didn't know that if I didn't finish, even though I went with intentions on finishing, that they still wanted their money. I mean now that I'm sitting here thinking about it, it makes sense that they want their money. It does make sense whether you finish or not. It's just not fair – I only had 1,000 hours, 8 months of going to school full time, and they are so quick to give out (the loan)...I wish I could go back and do things differently. – Boston

I didn't finish, so why pay it back?:

My first bill was \$300 and I completely ignored it. I didn't pay attention to it. I was like, "Well, I didn't finish, so I'm not paying for it." I pushed it away and a couple of years later they called me and said, "Hey." I didn't realize how they have my number. They say, "You have a bill and we're going to garnish your wages." And I said, "Well, good luck with that because I don't have a job." So then they put me on this payment plan, which I've been paying for a very long time. – Atlanta

Bad economy:

I came out of school right at the worst part of

the recession, which was not caused by me or other young people, and that was kind of the government at large [whose] practices ended up not only screwing us up for our lifetime earnings but also drove up the price of education in the first place. I think those are all fair reasons that they're looking at giving us some loan forgiveness, especially for people that graduated between '08 and '12 or maybe it's '06 and '12. – Chicago

5. Student loan borrowers take out loans with the intent to repay them...

The student loan borrowers who participated in these focus groups took out loans with every intention of paying them back. With one or two exceptions, these individuals came across as genuinely entering into good-faith agreements; they were not trying to finagle a way out of repaying.

I worked three jobs at a time, I work Monday-Friday, I work the weekends, and I work the nights.... So eventually I was able to pay off what I owe them. And it was really, really important for me to keep my credit awesome, and I guess for me living in the US and coming as a foreigner, there are a few things that are quite important. And one of those things was to make sure I pay what I owe and make sure I had good credit standing. When I was not able to pay, I would apologize all the time and call the school all the time because I wanted to go back. – Boston

We signed up for them so it's only right that we pay them back, because it's the morally right thing to do. You borrowed the money, you pay it back. – Philadelphia

I feel stressed, but I wish they could see my life from the other side. I do have kids, four of them, and it is hard....I do know that I have an obligation to pay, but it is just so, so much money now. – San Francisco

I paid what I could....I left college so I was just working full time and I paid here and there, maybe every few months, whenever I could, and then there was long periods of time where I would stop because I switched jobs a lot, I was young, I

had no idea what I was doing. So I went through every option that I could possibly do like deferment and default, all that kind of stuff. – Boston

The jobs after college, they weren't paying that much. I was working three jobs and bartending and picking up side jobs here and there, so that just wasn't enough. I'm the oldest of 11 kids and I'm the only one with a college degree. I talk to all of my siblings about going to school and they're all freaked out because of my loans. They're like, 'Ah, but you're paying all this money!' I'm like, 'You just got to make it work.' – Chicago

Of course, I did know once you graduate you have to start paying back within the six months. I understood all of that, but when I finished school I didn't think it was going to take this long to find a job. So then I thought maybe I'll not be able to pay them back so I just went on deferment... I do read my letters when they come in and I know I can't pay, and the best thing to do is to have a conversation with these people that you can't pay, so they don't garnish your paycheck. – Philadelphia

I dropped the ball. I put it on the back burner. – Chicago

I just kind of squeezed out whatever I had. I do photography on the side, so I sold some of those. I sold a \$2,000 lens for cheap. – Boston

6. ...But when borrowers find themselves unable to keep up with their payments, shame, guilt, and embarrassment ensue, as does resentment for having to repay loans that are a constant reminder of something they don't have (the job, the degree, the certificate).

At one point I was unemployed, so that's when I was late, and I started missing payments, and I remember....It was kind of like I resented the student loan because I felt like it wasn't doing anything for me....And I didn't want to think about it. – Chicago

I see it as just not being responsible. It didn't feel good when you're not being responsible and someone is calling you out for it, it doesn't feel great. I didn't want to answer those phone calls,

for the times that I did answer I would say, yeah, I'm going to pay it off next month. It just kind of kills my mindset or motivation to be responsible when you're poor. And as soon as I made my first big pay check, I paid it all in full. – Boston

I was embarrassed to ask my parents, and now I can't ask them for too much else, so it's a little bit more of a personal side thing. – Chicago

They made it hard on me when I graduated and I was [no longer a student]. I was waiting in line like I usually did when I was a student, but they were like, no you need to make an appointment now. And eventually you go in there and he's not looking at you as a potential student he's looking at you as a slacker who already graduated and can't get a job. – Boston

I have gotten behind a few times, and it is just like that weight, and you are like, oh my God. Then I just work a couple more times and then I have that money. Maybe I won't go out that night and I'll pay the bill. And I do feel really guilty if there is that letter; I just don't want to open that yet. Put it off. Then you open it and it's like shit I have two more days to pay this before the penalty. – San Francisco

I feel guilty about not paying and the interest is so much, almost as much as the original loan. But it is daily life, and I think about paying the bills that are right here that I need to survive, those are always priorities. OK, college loans have to wait, but I am torn. – San Francisco

They bring it out in you. They treat you like you are supposed to know everything or like you're a complete moron. They are in there like didn't you read the fine print? And you don't know what print they're talking about. – Philadelphia

I've been back and forth with it. I don't know. I'm so mad at the school that I get to a point where I don't want to pay it. – Philadelphia

And it's hard for [us] because we didn't even finish. And they are asking for all this money and we're like screw you, I didn't even use it. It's tough, it makes you a little bit bitter about it,



because I didn't get to do what I wanted to do.  
– Boston

### C. A Messy System: Obtaining Student Loans

#### 1. In retrospect, student loans are too easy to get.

These student loan borrowers told us that getting a loan was easy – no entity seemed especially concerned about their ability to pay it back<sup>2</sup>. Student loans are simply part of a financial aid package; prospective students are told how much they'll get in grants and how much they can take in loans – which is often more than the sticker price – and then told to sign on the dotted line. As a result, borrowers take advantage of the favorable terms that student loans offer compared to other loans. Several talked openly about borrowing more than they needed to buy a car, to travel, to save. The opportunity for “free money” in the form of a refund check was too enticing to pass up. Upon reflection, they saw this as a bad decision on their own part but placed some blame on a system that encourages irresponsibility.

It should be just as hard as it is to get a loan for a car....They want to make sure that you can pay this loan back just to get a car, so why is it this easy for someone who has no credit, no job, no way of paying this money back right now to do that? – Chicago

Each year was a different amount. You might qualify for \$7,000 but your class may only cost \$5,000. Now do you want the \$2,000 for your return, you know what I'm saying, to help you along with your books and stuff or do you want it? Some of that I took and I put into a different type of account, like an IRA or something like that....Sometimes I didn't take it. So my [loan] amount could have been way more than what it is now. – Atlanta

It was so easy for me to go and get that loan. That was my first loan. Now I really regret it. Not so much that I didn't finish but that I didn't pay attention. Because it was so easy for me to get it, I didn't really look into hey, here's free money, not that it was free money but I thought I would be working two jobs and take care of it. No, it took me forever and by the time I left school I

still wasn't finished. – San Francisco

The last one I got, I went for it, because they were offering a lot more, like \$6,000. I was like, I'm going for this, and get every last penny. – San Francisco

I went to the financial aid office, and I knew how much each semester would cost, and I just took out a loan for each semester. I took out more than it was for tuition because I had to pay for housing and food....Nobody asked me or questioned me. I had friends encourage me to take out more money to buy a car because the interest was so low for student loans versus car loans and that was right before I graduated. Maybe it was smart maybe it was stupid, I don't know. – Phoenix

When you take out a car loan or a mortgage, these banks take more into consideration of who this person is and who they're giving their money out to. For students, they're giving out the money without actually giving it to them, and these students don't know how much they're going to have to pay back or how much the interest is or how it will be afterwards. Because I've seen the advisors' student loan line, and seen about 800 people lined up, but the car loan, there's like 4 people there. [Do] these people realize whom they are giving their money to and [do] they take into consideration are they really going to pay it back? I feel as though the student loan companies – especially the financial aid – is just taking advantage of these kids walking in here asking for student loans. – Boston

Because I was so bent on living on my own and not living at home, I took out extra for my apartment, for my computer, for my car note, all these extra loans for personal things, and my financial advisor, he actually encouraged me. He was like, “Well, you could just take out the loan, but you're qualified for this extra amount that you could use for these personal things.” I was like, “Wow.” I don't know if he got a kick-back....You get those refund checks...at the time it was like free money. – Chicago

I went to Russia for a month with my best friend. It was a pretty great experience; I don't think I would

give that back. – San Francisco

Yeah, right. But when you're 19, it's like, "Wow, I just got \$600," or whatever it was. – Chicago

I think back at the school; basically all they said was this is where you sign. They kind of hook you in, because whatever money's left, you're getting a check and you think, oh, I'll get a little bit of money. – Philadelphia

I have a cousin that just went through the whole process to be an LNA (licensed nursing assistant), and she's got a felony charge on her record for stealing pills from a pharmacy. Nobody in their right mind is going to hire this girl to work in a hospital or pharmacy, but yet they still let her into the program and they took her money. – Boston

2. More often than not, loan advisors are really just salespeople.

Some focus group participants suggested that so called loan advisers are really just salespeople employed by the schools who have quotas to meet, not professionals with training or skills to actually advise or counsel prospective students on the options available to cover the costs of higher education.

It was someone at the Art Institute, and they are a private school, so it is different than public schools; they're out to make money, let's be real. It was just someone in a cubical walking us through...and then the economy happens and he gets laid off. Yeah, we can do this right now and then real life happens....And it was just a job to them. No offense to that person, but it was just a job to them, just another person to sign the paper. – Philadelphia

I later found out that all those people that work in those offices are random people that are off the streets, and they have quarterly quotas that they have to meet for how many people they sign up and recruit. So had I known that, I would have never gone there. – San Francisco

I just feel like there should be a better marriage between banks, colleges, and us. Because when I

think about it, the schools doing what they want to do, they want to enroll me, they want to get me there for their own reasons – and mind I don't think they're all bad, but they're not seeing the bank end of it, the loaner is. I feel like they play a real serious part. Maybe it's more of the loan people that we mean to look at, not so much the schools, and what role they're playing to educate the people that are signing us up. – Philadelphia

I was going to go to [for-profit technical school] to be a paralegal, and they were higher pressured than car salesmen. And then [different for-profit technical school] – I went in there [with boyfriend] and I swear they had both phone numbers and they blew up our phones for a good eight months. – Phoenix

3. Predatory recruitment tactics are common.

In every group, there was at least one person who described feeling preyed upon by schools that cared only about enrollment numbers. Too many focus group participants were lured by the promise of lifetime job placement, only to be offered \$10 per hour jobs that could have been gotten without the hefty tuition price tag and corresponding loan. Loan advisors seem to go out of their way to make repayment appear easy: you're entitled to this money, just sign here, you'll graduate with sought-after skills, you'll have no trouble scoring a job. (At best, the promises are perceived as misleading if not outright disingenuous.) Typically, these were young folks right out of high school, but there were also career-changers and older folks who felt this way.

Feeling scammed:

Knowing what I know now, I would not have gotten a student loan....I was fresh out of high school, and it sounded good because it was an accelerated course. So they get you in and basically, "Oh, well, let's go through the financial aid paperwork." So you're under the impression that you're going to get all this financial aid help. What they're really doing is running student loans, so they say, "Well, you got this much and the school is going to pay for this,"... Then you've got to get two separate loans for this"... That's to start, how they get you, and then why I didn't continue is because after two terms, then they said, "Okay, well, now we have to do your stu-

dent loans again." I've already borrowed \$12,000 for the two terms that I've gotten, so now I have to do another 12 grand? I just stopped. So the route that I'm going now, is company does tuition reimbursement, so I will take whatever I can pay now, whatever course I can pay for now, which is what I did, and get tuition reimbursement. Once I get that money back from the company, then I'll re-enroll. – Atlanta

They know when high school kids get out that they don't really know much, so they push them to get into school and not caring what their future looks like. And promising them a job and this and that when you get out. But they are not telling them how much it is going to cost, they just want to boost their enrollment up. It is the same way as credit cards. As soon as you turn 18 you have credit cards in the mail to please apply. – Phoenix

Once I got out of high school I took about a year off before I went to college. I started at a city college and I specialized in automotive technician. I started there for a year and got out due to circumstances around the home. I took a little break the following year. I went back for a 2-year degree at a tech institute. I thought it was the greatest thing when I first started – they reeled me in, had all the people come in and say how great a school it was, and we can get you financed don't worry, and we have lifetime job placement. Once I got out it was a totally different story, all the jobs they were offering me were only \$30,000, \$10 an hour changing oil....All the times they tried to find me placement they never found me a job, I always found one on my own. – San Francisco

When I first got my loan from the tech school, and I was really young and now that I am old, I am like, they hustled me. They didn't give me any good guidance about how to pay it back. They were just like you're 18, just sign the paper and take out \$19,000. All they told me was you'll get a great job and pay it back, that was their guidance. I was really dumb, and they were like you can take another one next year and finish your degree. Now I think, why did I do that? That was so dumb. – San Francisco

I was a 20-year vet at the marine corp. I was an MP in the marine corp. I have my own business on eBay. I was attempting to go back to school for business management, human resources. I wanted to get into that kind of stuff. But I got sick. I was in the hospital for a while. The loans went through and they were gladly taken by the school, but I never had a chance to go back to school. So that has been a process I've been fighting for the last couple of years. I feel that I shouldn't owe them anything. That I shouldn't have to pay them. Maybe I just haven't talk to the right people, I don't know. – Philadelphia

I was told I wouldn't have to make a payment until a year after I leave school. But they didn't tell me that I had a certain amount of time to finish those thousand hours. So I'm thinking I will be ok, I won't have to make a payment until I get out and have a job. – Boston

I decided to go back, and I actually started first in the medical assistant program and I'm in debt from that and right after that I went into the cardiovascular program which was about two years, and I'm in debt about \$50,000 almost. And ended up with an associate's degree [and no job]. – Philadelphia

#### Inflated promises for jobs and support:

They'll give people the loan but the success rates in that field, there are no jobs out there. I know people who went to school and took certain degrees or certificates and couldn't do anything with it. – Boston

My school closed. I was the last graduating class. When they say I can go back to use the facilities, to do ultrasound and practice, I can't do that. – Philadelphia

It was [name of for-profit technical school]. And a school like that, now that I look at it, they are just preying off so many kids, those who are just looking for a way out and do something with themselves. They are just racking up so many thousands of dollars with these quick programs, two years; you take a class, you are done in six weeks. When you get out they are offering \$10 an hour jobs, just setting them

up to fail. – San Francisco

They say 85% placement, that's a lie. Because just to backtrack, I took a CNA (certified nursing assistant) course in the early 80's and they said when the HMOs come in, you're going to be running with jobs. No, didn't happen, and when I took the medical assistant program, oh it's 85% placement. Lying. – Boston

I am 46 years old. Right now I work for a car dealership doing business development trying to help people with [bad] credit get vehicles. I did go back to school in about '06-'07, I went to a paralegal school, it was a certificate program. I didn't think the school was that good. Because they promised all these jobs and job placement – they did put me in one job and it was very low pay. I am a single mom with four kids and I just couldn't do that....But I still owe them money. – Philadelphia

I was going to say the reason I went back to school was because the schools made it look so appealing, like you would get a good job and good career....And I think all the schools – that one in particular – they make it seem like you'll get this great job but you're pretty much on your own. – Philadelphia

#### D. A Messy System: Repaying Student Loans

1. Two things loan providers could provide more of: flexibility and caring customer service.

Student loan borrowers report being penalized for unexpected reasons, e.g., for a change of address not being made in a timely manner. Others talk about reaching out to loan providers with what they deem to be reasonable requests about their monthly payments, only to be arbitrarily turned down. Some focus group participants felt that they were treated with a lack of respect when they called their loan provider or collection agency.

I moved and [the school] didn't update my files.... And so I didn't receive a bill, and it went against my credit and that is how I found out I should be paying now. That was the very first payment and I didn't know....I called them and talk to them,

and they said that [it] was my responsibility. – Phoenix

[I took out \$30k student loan] just for that last year. And I didn't mind too much because I was being considered for 10 different jobs in the 6-figure range, and then I didn't make a single one of them, and so I was jobless for my first six months, and then I just started a new job about six months ago. But that job was commission-based only, so I had no disposable income, so for the first year I think I made about two payments, and then things kicked off my second year and I finally paid it all off at once. And then there is a fee for paying it too early. So I paid it off all in one go, so I thought I was clean. And then I think a month or two later I got a 50 some dollar fine. So I was confused. – Boston

I call them and I said I couldn't do the \$189 a month. Then it rose to \$220. And in my mind I'm getting paid every week so I said, "Can I mail you a check every Friday?" Had they said you can mail a check every Friday, they are more likely to get payment from me than a lump sum. They told me no they would not let me. – Philadelphia

Making it easier to pay the loan – I called and I was like, "One time you changed the due date for me...can you do that one more time?" And they were like, "No, I can't do that."...He made it seem non-flexible at all. Because it was one payment one day a month and I wanted to flex that a little bit and he was not moving....I just wanted them to either take the payment out a week later or take out a little bit less. – Phoenix

I'm getting these bills saying you didn't make your payments. And I call them up to let them know exactly what's going on but they can care less. [PROBE: There was no flexibility?] No, because I would call, and you get the automated thing saying, pay your bill, pay your bill, pay your bill. And I'm just pressing 0 like, "Let me talk to somebody!" And then the first thing he says is, "How much would you like to pay today?" I'm like, "Wait a minute, hello? I couldn't pay in the first place (that's why I'm calling)." [PROBE: Just to summarize, there was no customer service?] No, not at all, because they wanted the money first off and then try to help you second off. It was like you're

doing something bad. But you offer this program. Don't make me feel bad that I'm asking forbearance, because you guys are offering it, so allow it, let me get it because it's hard right now. – Boston

2. For some, the initial monthly payment was simply too high.

What with being fresh out of school, having little experience, and entering a weak job market, many describe feeling unprepared for the (unexpectedly) high student loan bill. In the focus groups, it seemed that \$100 is the sweet spot, an amount that student loan borrowers would deem reasonable and payable.

I didn't know my bill was going to be \$270 when I first came out of school. The highest bill I had coming out of college was my phone bill, that maybe was a hundred bucks. So when you have a \$270 bill, and I think, "Well, I can't pay this, I can't do that, this is a \$270 bill," – one of the highest bills I'm going to have on my table for at least another 20-30 years, and knowing that if I lower this bill it's going to affect me or if I go into forbearance it's going to affect me. – Boston

I didn't fully understand it beforehand, but when I started getting the bills, I was like, "Oh, let me find out what's going on here" because I'm really thinking about not paying it...[because] I couldn't afford it at that time. It was like 200 and something dollars and I was fresh out of school and just started working...and it was unaffordable. – Atlanta

I just didn't find a high paying job after school. [My loan payment] was \$150, that was the original amount per month and I just couldn't pay it. I wasn't making enough money and I just let it go. I was just trying to get by. – San Francisco

It was higher than what I expected....It was maybe \$300 or \$400....And immediately I called them. Like, "What are y'all doing? I can't afford that." So that's when I looked into deferments and everything because I was like, "This is crazy." – Atlanta

I finished school in February, so probably around before I graduated in January, they said it is coming soon. They wanted me to pay \$350 a

month for these bills. I can't do that from the beginning. – Philadelphia

Once I graduated...I don't think they gave me enough information or maybe I didn't ask enough questions, but I was hit with I'll say \$30,000 that I had to pay back. I didn't think it was going to be that much....I should have been more informed. – Boston

I think my car payment was like \$102. Something like that around \$100 a month is doable, even if you're working only part time. [PROBE: Even if you had to pay for longer?] Right, it's more doable and it's not as stressful, it's not like, "Oh my God I owe \$270 this month, I don't even have that." If it was \$98 it feels like a totally different thing. – Boston

I was paying like \$260. [PROBE: What did you kind of think it would be?] Like \$70, fewer than \$100 is where I thought it would be. – Phoenix

3. For others, the original monthly payment was achievable, but "life happened," they fell behind on their payments and then struggled to catch up.

The original monthly payment seemed reasonable to many, but that quickly faded once late fees, penalties, forbearance, deferment, and default entered the mix. It's at these junctures when borrowers panic and think "why bother?" In this scenario, it's not the original amount that causes borrowers to balk, but rather the adjusted amount after they get into payment trouble.

They know you can't pay that large money that they're asking, and don't get me wrong, I understand that because I didn't pay, I have to pay this fee, but if I could pay this monthly fee to begin with, I would have been doing it. – Chicago

I missed payments because Sallie Mae was asking for too much money. – Chicago

The amount has tripled. – Boston

Well let's just say I didn't have financial help as well. I started off having to pay \$75 a month, but then when I dropped out because I didn't have the money for school, now the interest has built up and it's

like \$20,000 now...As of right now I don't have a monthly payment because I don't answer the phone from them. They take my taxes at the end of the year.  
– Phoenix

Mine was \$200 when I first graduated, then I had it on deferment and then I had it on forbearance. Now I'm paying \$462 a month.  
– Philadelphia

Because they tack on the interest, that's how mine was. Mine was like \$140...I was just paying it as it came in. I did the forbearance, I did the deferment, then it ballooned to like \$288, it literally doubled. – Philadelphia

#### 4. The facts about interest.

The student loan borrowers in these focus groups understood the concept of interest in the abstract – I borrow money today, I pay it back plus a little more tomorrow. They tended to know the amount of their principal, or at least the rounded off amount. Some knew the interest rates they were paying, but many did not, although this could simply be a function of having multiple loans each with differing rates. Nevertheless, there was a lot they didn't seem to know about the terms of their student loans. For example, too many had no idea that interest accrues while they are enrolled in school or during a loan deferment. Too many didn't know about the consequences on interest stemming from late payments, default, or delinquency. The fine print describing the loan terms did not resonate with them.

I was shocked. Because what happened was that you take out these loans and you don't realize that this interest is building up as you're going to school, and it took me five years to finish, and when I finished this big amount appeared and I thought, holy crap what happened? I didn't take out that much. But after the interest I had this great gigantic bill. – Phoenix

One of the things I didn't totally understand was the interest, the subsidized and the unsubsidized. I didn't realize the interest started immediately; when I found that out I started asking questions and that is what pushed me to pay it off. I saw it going up, and I was like it didn't matter what, I was going to pay it off. And I was able

to pay it off. – Boston

My thing would be that if I actually saw the balance go down, I'd be way more motivated to pay it on time, but...the balance keeps going up. It's like, "What the heck?" I mean why even bother, you know? – Atlanta

I was young, and I didn't know what I was getting into, I didn't have any financial help from my family. I didn't realize that I was only paying all the interest up front. After a few years I didn't understand and went into a panic because I still owe what I started with. I had been paying every month. I didn't realize that you only pay that first.  
– Phoenix

I was up to my eye in payments that I almost took out a loan out of my retirement just to pay that off...Just the interest, and I am paying back all this interest, and I keep paying it and I feel like nothing is getting paid off, so if I take a loan out on my retirement at least the repayment and the interest I would be paying myself back versus paying the lender. – Phoenix

#### 5. Design features built into the loans (particularly federal student loans) make it easy for borrowers to postpone or defer payment.

Many in the focus groups described using features to postpone, reduce, or defer payments. These are protections built into student loans ostensibly designed to help borrowers who are unable to afford their monthly payments due to financial hardship. Along with the postponement, reduction, or deferment comes interest added to the original balance. For those who postpone by letting the loan go delinquent or who default, both interest and penalties are added to the balance. Some focus group participants who admittedly weren't struggling financially and could have continued with their monthly payments in the traditional manner of repayment chose to take advantage of these benefits. There were also some who had other lenders (credit cards, home or auto loans from banks) who were more aggressive in demanding payment. In both cases, borrowers knew there were options for holding off on their student loans, so they did.

One man had \$200 initial payments and a job, but he deferred his student loan payments for two years...I

made some payments and then a few years later I stopped making payments...because I got in over my head with that between student loans and credit cards...I think I fell back so far on the other credit cards and other payments and they were haggling me so more frequently. And they were willing to eliminate my debt or renegotiate it, so I could pay it off...the credit cards to pay off quicker, so I'd rather have done that before, because the student loans weren't even, they sent me one letter like every three months. – Atlanta

I didn't pay for, like, 2 years, and I was expecting a paycheck. And the office called me up and said, 'We have to start garnishing your wages,' and that's what really started making me pay my loans. And they only garnished them once and then I started paying back... But that's how I knew it was serious, when they garnished my wages. – Philadelphia

My husband has a good job, my daughter's 9, I figured let me go back to school, because I want to have my own financial independence and I want to do something with my life....I took the loans out through Wells Fargo, it was a collegiate loan....I just didn't educate myself on it. Because I wanted it so bad, I didn't really, as someone said, read the fine print. Now as I'm sitting here listening to everyone talk about that, I think well, really, whose fault is that? It's my fault. I'm an adult. I really should have, before I signed it, figured something could happen, I can get laid off... this, that and the other. It's my responsibility. – Philadelphia

I like to honor my debts and here I am getting forbearance and getting hardship? I am kind of divided; one part of me feels like oh (this is not good) and then the other part of me is like eh, don't worry about it. – San Francisco

When I got into forbearance, I did notice they would tell me, 'OK, you're in forbearance; you don't have to pay the principal, but you do have to pay the interest.' Even when you're paying the regular payments, and they keep those low, you're not even touching the principal. It's all interest, that's why it makes it so difficult. – Boston

I went back 10 years later to get a second degree. Stuff happened, I didn't finish. I had taken out a \$10 grand loan and I went through a lot of crap: I went through forbearance, didn't pay and defaulted, started payments again, still paying on the interest. I am about to do forbearance again. I am just up to here in the interest, which has amounted to almost half of the loan itself. – San Francisco

#### 6. Information sources are weak.

We asked focus group participants where they go if they need information about repaying their student loans. For the most part the responses were generic – they check out the web; look at their bill; some actually read the correspondence they receive. On the whole, it sounds like paper statements are confusing and on-line statements less so. A handful received advice while they were still in school.

At the state schools they give you some solid advice. "Here you can go on this website, see how much you owe, there is a 600 percentile of you finishing school, and see how many Pell grants you have left." That was probably the most sound advice I got on how much I owed and how to pay back. – San Francisco

My mentor, she helped us out, she was head of African American studies, so she would have classes for the graduating students and tell us how to pay back our loans. But before that no one even mentioned it. – Philadelphia

I saw online, there was an ad. It was Obama did something for student loans, and I was like, "What did Obama do?" So I clicked on the link and...all these consolidation companies that you could work with, so through there I went and did some research through the Better Business Bureau to see which one's real legit, because also simultaneously there's all these other companies that aren't legit right now, and I found what was good with reviews, and then I reached out to them and then they worked with me and consolidated. – Chicago

I thought [the DVD] was boring but I also listened, because my dad wasn't helping me, and I was stressed out, and I knew that this was money I had

to take care of later so I listened to it all. I was a little more proactive when I went to get help and when I was confused about certain things. – Boston

It is really confusing. They send me a monthly statement, but the monthly statement is, “We are going to take this amount of money on this day from your bank, have a nice day.” It is not, “Hey, here’s a number and you can talk to a person if you have any questions. Here is your balance and here is your interest.” – Phoenix

Our paper statement is bad, but I pay through their website. On the website it is quite a bit more clear. You can at least see how much you owe still. The paper statement is pretty bad. – Phoenix

7. Student loan debt feels as though it is never-ending, and borrowers can easily dig themselves deeper into debt even after they’ve stopped borrowing.

In contrast to credit card bills or other loans, which seem to decrease over time, there’s a perception among student loan borrowers that student loan payments will go on forever. The amount, they say, never seems to decrease. The result is a sense of hopelessness and less motivation to pay at all. The issue is compounded by the fact that borrowers can relatively easily delay, reduce, or defer payments, which results in interest or penalties added to the original balance. Consequently, the monthly amount owed jumps, or the length of the repayment period stretches for decades, or both.

They’re never-ending, and they keep adding interest no matter how much you pay...It’s like paying a freaking mortgage from student loans. I mean it’s crazy. It’s like taking a second mortgage or something. Having a student loan is horrible...It’s the worst thing ever. I’m glad to have my degree, but it’s the worst thing. – Atlanta

I didn’t go to work right away and so [the loan] was deferred. So when I finally got [the bill], I was blown away by the interest. I was like, ‘How did it get to this much, when [the loan] was this much?’ Because I didn’t see it for probably two years. – San Francisco

It doesn’t. It doesn’t go away. – Chicago

I would have wanted to know that they didn’t go away forever, that they would be there forever, that there was no forgiveness for it. – Atlanta

Once it got so far I just felt like it was hopeless, like there’s no way to get out. – Chicago

And also student loans because they’re so open-ended, they just go on forever and ever and ever. You feel like in ten years it’s still going to be there. – Atlanta

I have been paying off my student loans for 9 years and I haven’t even paid half of them off yet... I didn’t realize that I was only paying all the interest up front. And after a few years I didn’t understand and went into a panic because I still owe what I started with. I had been paying every month. – Phoenix

So I get the bills, I see them every month, but I don’t have to pay them [while using the forbearance benefit], but I see the interest climbing, climbing, and climbing. – Boston

## E. Reactions To Income-Based Repayment Plans

### 1. Confusion and lack of information are widespread.

There was a general lack of awareness about income-based repayment plans, and even those who were using them seemed to be confused about plan details. One explanation for misunderstanding is that information about this option is hard to come by – as a Phoenix participant who is on an IBR plan said, “Coming out of school you think your only choice is to pay it [the amount on your monthly statement]. They don’t tell you about all the other stuff.” Another explanation: multiple IBR plans (or proposals) exist, and they have many moving parts, so it was challenging to distill the components into a well defined focus group question. As a result, the conversations typically evolved into mere questioning about the details, and people’s reactions to the information often had a “What’s the catch?” vibe.

2. Those who are in IBR like it; the smaller monthly payment is what appeals to them, regardless of the trade-offs.

Several who are currently on IBR plans indicated positive experiences, and the general idea behind IBR resonated with the others. Some IBR users in the focus groups described



how IBR made it possible for them to have a lower monthly payment and be more responsible in paying back their loans. The trade-off between (a) paying smaller monthly payments over a longer period of time with the possibility of loan forgiveness but possibly paying more money over the total life of the loan vs. (b) utilizing the standard 10-year repayment plan and likely paying no more than originally anticipated – tended to land on the side of (a).

It didn't take too long after graduation that I decided I was going to be an independent contractor and making my own business, and you don't know how much you are going to make month to month. So I am really glad I chose that [IBR].  
– San Francisco

I mean the interest is going to build up still, and I will be paying for a few more years because of it. It works at the moment, and I think that I can go back and adjust it a year from now if my circumstances change. – San Francisco

So my payment has changed. For the last year...it was like 50-something dollars. When I submitted it again this year, it went down to like 16 bucks.  
– Atlanta

We were talking about the paying it back. When you go on income based, and I did that for a short while, and it got me out of a bind, which was nice. I would have liked to be shown two options when I got out of school. Like here is an income based, you can go on a lower payment for 20-30 years, here is what you'll pay and the interest, or you can have just a set payment every month and you choose what you want to do.  
– Phoenix

And every year, it's good for a year, I give them my tax returns, my pay stubs and then my dependent information, some other information and they come back and they say this is what you make and this is what your payment is and it seems to be working out. To be honest I would like to pay off my student loans but I am at a point that I don't care if I do. I feel like I am never going to be able to pay them off. Just as long as you make my payment something I can afford and I don't default on it, then I am good. – Phoenix

3. The IBR conversation inevitably moved from concerns about the amount of the monthly payment toward concerns about repaying a higher amount than the original loan would have cost.

It's easy for us to say it sounds reasonable, but when you think about it, let's say you have a \$30,000 job per year, which is not that high, but 10% is \$3,000 and every month you can make a \$250 payment, and we're complaining about a \$250 [original] payment. But we just said a 10% cap is ok, but it is not ok. – Boston

We can cap it and capping it sounds great, everyone 10%. What if you're still making more money than the next person and you're still paying more money a month, and that's too much for you to pay? – Philadelphia

I think about income adjustments every year if you get raises, and that's usually around the 10% mark, and I don't know. I guess I'd be a little bit nervous, because if your income goes up then the payment's going to go up, and maybe that's substantial or it's the same amount. Like now I just got a raise, but now it's going on my loans, you know? – Chicago

At a reasonable rate, but you are still paying more interest because they are extending the life of your loan. So in the end you are paying more.  
– Phoenix

I feel like it is pointless in a way, because you are giving away money when you are paying it back... All you are doing is paying on interest, you are not paying the actual loan. Right now my mindset is let them keep taking it [my federal income tax refund in lieu of a loan payment] at the end of the year on my income tax. – Phoenix

4. The idea of loan forgiveness is well received (not surprisingly), but it also evokes some skepticism and confusion.

For people that have a lot of debt, the 20-year thing is good because they might not make good money for 20 years and then at the end...[forgiveness]. – Chicago

I found out about a program, it's student loan for-

giveness. So if you have certain problems and are in certain positions, I think if you pay for 90-months straight – you can't be in default – then you can apply for student loan forgiveness. So I am just kind of trying to get to that point so I can apply and hopefully get forgiven. – Phoenix

I'd rather take option number one because I know there's going to be some forgiveness. – Atlanta

I don't understand how you are supposed to pay back in 20 years paying \$100 a month. – Philadelphia

## F. Consequences

A woman – middle-aged, employed as a public school teacher in San Francisco, a parent herself – went back to school for a second degree. Of the experience she said, "I had no clue [there would be consequences]. I was completely naïve, stupid, or I just didn't want to know or pay attention." This quote illustrates two important points about borrowers and the consequences of failure to repay student loans. First, that gainfully employed adults, too, can fall into the trouble-repaying-my-student-loan trap. And second, that the consequences of not paying back tend to become clear only after they take effect.

Not only does interest accrue and thus ratchet up the total amount of the loan repayment, there are also other varied consequences.

1. Having wages or income tax refunds garnished is an especially potent consequence; it is effective for spurring defaulted borrowers to action.

Having wages garnished:

I work for the government, and one of the loans I had at the time was a government-backed loan. I was late on a couple of payments. I went away for a week for work, and so you pay with your government credit card, and they put the money into your account so you can pay with your government credit card. Well, the department of education garnished that payment. So I was waiting for the money, and I saw that it was a credit of like a dollar and then a bill of \$2,000,

so I called and they told me that the department of education garnished it. It was almost \$2,000 because it was a federal loan. – Phoenix

Say you were expecting a paycheck from your employment and it's going to go towards a medical bill, but that money isn't there anymore. It's gone. The government got it from you. – Chicago

Powerless. You feel powerless. – Chicago

Having income tax refund garnished:

I had some VA benefits from years before...and I fell behind on my classes back then, and they sent me letters saying, "Oh, we are going to get you." Then the tax return came and I was expecting a nice sizable tax return, and they took the money out of that. So that was a bit of a wake-up call. – Phoenix

I filed TurboTax. "Your money's on its way." And then it never came, and I was like, "Where's my money?" And it's like, oh, it's their money. It's federal, it's a federal loan. – Chicago

I am in default right now. They are actually only taking my tax money as of right now. I wasn't really aware of all the financial difficulties that it could put me through. I honestly just thought I would take out the loan and it wouldn't really affect me on getting a house or job. – Phoenix

2. Dodging bill collectors becomes a too regular occurrence.

But the problem was I was unemployed and I started ignoring those Sallie Mae envelopes. I used to get 2 to 4 a month and I had a stack, because I couldn't do anything for the first 10 or 12 months. When you're not making money it's tough...Well, I kept getting calls and all that mail. They called my parents and my dad called me freaking out, and that's when I started to use my lunch money and paid off the first payments. I would make a payment every few months. – Boston

I don't know if any of you guys have Sallie Mae, but they are ruthless. – Chicago

In fact, the calls became more – they call as soon as I come in the house, it was almost like they knew...Soon as I walk in the door, the phone will ring and it's Sallie Mae. – Chicago

3. There's fear – and embarrassment – that current and former employers may discover that you are having trouble paying your bills.

I used to feel so embarrassed by all this, and for me it's pride. Like if it ever got to wage garnishment, my boss would know, and I know for a fact we don't hire people if they have any wage garnishment. – Chicago

When you take out those loans, they make you put your references, so if you don't pay it or something, they send them a letter and they call your references. – Atlanta

4. Bad credit. (Say no more.)

The consequences have been with me for the last 15 years, paying on that stupid student loan with all that interest. Because that mark has yet to be erased from my credit report. – San Francisco

28 years ago – that still follows me because there are no statutes of limitations on loans. – Phoenix

If you're late three times you get reported. I have a lot of negativity on my credit report because of being late. – Philadelphia

My credit has been rocked. Every time I pull a report it's at the top, and it's, "You owe \$50,000"...I hate that it's at the top, and it just, it's really affected my score. – Chicago

My fiancé had a huge amount of student loans and couldn't get a job right out of college, and missed like three or four payments. He probably should have called, and it killed his credit. Unfortunately his degree was in finance and nobody would hire him. He got a job offer at Fidelity...and then they check his credit and took back the job offer. – Phoenix

5. Having student loan bills hanging over one's head has a major impact on how you spend your time.

Delaying important decisions about life:

I have \$30,000 in student loans, but I don't even, I didn't even get a degree or anything like that, and it's weighing a lot on me now because I'm about to get married and my fiancée doesn't want to have children until this debt is over. So, now it's a burden on me. I got to pay this debt down as quick as I possibly can. – Atlanta

I was 20, I was like, "Whatever." But now being 32 and a single mother, I can't get a car loan and I can't buy a house. If I had known then how it would have affected the whole rest of my life, I would have done things completely different. – Boston

I eventually want to go back to school and finish my civil engineer degree. And I'm not paying if I am in default, and then they won't give me any more student loans. – Phoenix

I feel like I got played and I feel that time is ticking. I'd like to go back to school to learn something else but I don't have the time or the money. – San Francisco

Having to get a second job to afford bills:

I got a second job to pay my loans and that's the truth. And I love the job, but I'm working every weekend because I have to pay for the student loan, that's the reason why I got a second job. – Philadelphia

6. Perhaps the most unintended consequence is the cynicism that some develop about student loans – a growing perception that the system is rigged, that the government encourages borrowers to choose forbearance or default in order to reap the financial benefits.

Here's an exchange with an Atlanta college graduate, a woman in her 30s, who currently owns her own business:

Female: The loan forgiveness, too, I mean like the government is involved with these loans that we have. And they don't want a country of idiots. They want us to take our education. So we're kind of helping to benefit the government, too, so why don't we get any kind of benefit out of it?

Moderator: So, okay, I'm just playing devil's advocate, but they gave you the loan. They gave you the loan. You've got a degree and you like it.

Female: I still think they should be a little bit more helpful, instead of trying to screw us in the end.

## G. Solutions

Here are suggestions from struggling borrowers for improving the systems in place for applying for and repaying student loans.

### 1. General suggestions include:

- Take money out of paycheck automatically (voluntary, not via garnishment).
- Be more flexible about monthly amount – it should be acceptable as long as a minimum amount is being paid each month.
- Provide one-on-one counseling that targets those who are most in need.
- Offer a longer grace period.
- Conduct random surveys of student loan borrowers

1) as a way to measure schools' accountability; and 2) to provide feedback about the process to loan companies.

Honestly I wish I had gotten a call from the loan companies. Or if the loan company had said we see you applied for a loan, who did you speak to, and we saw the school you are going through, did they let you know this and this and this? Did the person show you a DVD or did he talk about the process? Did you feel like you were rushed or did you feel like you know what the precautionary clauses are? – Boston

2. Don't wait so long to let student loan borrowers know they are in trouble. Based on these findings, the sweet spots for intervention would seem to be:

- when an enrolled student does not show up at

the beginning of a course

- when an enrolled student drops out in the middle; stops coming
- when a course or program comes to an end (either the breaks in between courses or close to graduation)
- during the 6-month grace period before payments are expected to begin
- at the point of unemployment, or decline in income

3. Hold schools more accountable for placement promises and for giving loans only to people who will have a reasonable prospect of employment. Along the same lines, don't release money to the schools until the student has shown up for class.

They should be able to show the output annually. Someone should hold them accountable in showing this is the amount of students coming in and here is the output of the number of them that have been successfully placed in jobs. – Boston

The schools shouldn't get the money so quick....I feel it really does have all to do with money; they shouldn't get their money if I'm not paying (attending). Does that not make sense? – Boston

That happened to my brother, he signed up for some kind of trade school and he went through the first day and then he changed his mind, decided he didn't want to go there anymore. He was 17. They kept the money; he owes \$17,000....He owes \$17,000 for one day at school. – Philadelphia

I got sick....The day I was supposed to start class the loans came through, two days prior to that, and they took the money. And they were notified when I went in the hospital and they still took the money, and as far as I'm concerned that's theft. – Philadelphia

4. Knowing that many (if not most) folks taking out student loans are young and inexperienced in financial matters, shouldn't there be systems in place to protect them? Suggestions were:

- Provide them with an estimated amount of their monthly payment during the application process, something along the lines of: If you take out \$10,000 in student loans, in 4.5 years, assuming you pay back on time and never miss a payment, you will owe approximately \$12,600, which breaks down to approximately \$105 per month for 10 years. If you are late or miss a payment, the monthly amount will increase to X amount.
- Provide us with detailed information about non-repayment consequences from the start, and make sure they absorb it (e.g., give a test, require a signature, require attendance at a seminar). Worth nothing, however, is that several struggling borrowers pointed out that providing them with more information from the start, or requiring them to acknowledge potential consequences before taking out their student loan, would have made little difference at that time.

You can advise people. I had great advice, I had great support, I had older siblings and stuff, and I still mismanaged and abused and made stupid decisions. But still having that support system and the right guides, it doesn't matter, it can fall completely on the individual. – Boston

Now, sure, but when I was younger I don't think I would have done anything different. If they explained it to me now I'd be like, oh wow! But being young and going [to college], there's not much you could have told me to keep me out of there. You know what I mean? I would have signed up, I would have signed the papers. – Philadelphia

I don't know how you could make sure that kids are mature enough to understand what they're signing. I don't know what kind of a test you could take, but I think there should be one in place, like something they should have to do. – Chicago

I came in an early freshman class; I started six weeks before the semester started. So they gave us courses on loans, how much we were going to have. I didn't pay attention to the class at all. I was 17 when I started college, it was all about a party for me, and not being at my mom's house. – Philadelphia

5. What advice would struggling borrowers have for someone considering student loans? Know the difference between subsidized and unsubsidized loans; finish rather than drop out; compare the relative costs of tuition.

Definitely research the differences between the government loans. Early on I took out more unsubsidized loans than I did subsidized loans, because I was an 18-year-old idiot and I didn't know what I was doing. A couple of years later when I realized which one was actually better, oh, look, now I can't take out enough because I took out too much in unsubsidized loans. – Atlanta

(I went to college) for a semester and a half! It's been a huge regret. I read a statistic that every time you skip a class you're losing X amount of dollars. I wish I had thought about that. I wish I knew then what I know now because I would have stuck it out. Because now I work three jobs, I'm a single mother. I still pay this loan when I can, when I can't...oh well. – Boston

I would have maybe considered the price of the school in my decision a little bit more thoroughly. I had a few options and I didn't consider the money I'd be paying back at all as part of it. – Chicago

I went to a fancy private school for a year and a half first, and...if tomorrow I could do it all over again I would not have gone to that school. I would have gone to the two-year school and transferred to a really cheap school with a really clear idea of what I wanted. – San Francisco

6. Two schools of thought emerged from the focus groups in regard to whether it is worth it to incur student loan debt at all.

1) It is worth it.

Yes, most struggling borrowers said, because education – the degree, the certificate, the school, the knowledge you come out with – has value whether or not you use it directly in your job or career. Not to mention it is often harder to get a job or advance a career without some evidence of post-secondary education.

Even though I didn't go to vet school, I mean, I still have a biology degree, and without that I was told I wouldn't have gotten the job that I had gotten, so a degree, it's worth it for me. – Atlanta

I would [recommend taking out a student loan] but with some counsel to look for a degree or trade, to have a future. I still feel that education still has a lot of value – my degree has a lot of value to me. I may not be in it but it still has value. For a friend I would encourage them to get a degree in a field that is promising (in terms of job prospects). – Phoenix

If you don't have the piece of paper then your hope is limited. Now with a piece of paper you feel like your hope is now greater. You can do more, it's a possibility, but without it you don't have much. – Philadelphia

We don't hire people if you don't have a degree. That's just it. I mean, you're not getting in, and even an associate's would be something. So if that means taking out some loans because you don't have money, then that's what you have to do. It's just one of those necessary evils, in my opinion, and I see my siblings struggle because they don't have the degrees yet and they're in these menial jobs, and they're borrowing money from me. – Chicago

I don't think I would do anything different. I'm proud that I graduated from [my school]. I think it's opened a lot of doors for me, not necessarily [the school] itself, [it] didn't place me in any jobs, but the name carries a lot of weight, especially in the city, so for that I'm grateful. – Chicago

## 2) Doubt about its worth.

But there were several struggling borrowers who made strong cases for forgoing student loans.

I would not [recommend taking out a student loan], and I think it's because in today's world a degree doesn't mean what it used to mean to me, and so for myself and when my oldest son graduated high school, it was really hard for me to try to push him to go to school, especially when I know that I can't afford to pay for all his

schooling. I know I can pay for some but not all. It was hard for me to try to convince him to go to school and get me in more student loan debt or himself into student loan debt when in the end it's not guaranteed that it is going to pan out. There are people with PhDs that are making \$10 an hour, so it just doesn't pan out like it used to. – Phoenix

In the beginning you feel like it's all worth it because it's something that you want to do, you want to educate yourself, you want to be able to obtain a job with better benefits and more money so you can provide for your family. But at the end you realize was it really all worth it? Because of these days I had to study and I couldn't put the time with the kids because Mommy has to read this, wait a minute Mommy has to write a paper, and then in the end right now I'm not working at all. So I can't pay my student loans back yet. – Philadelphia

I am a photographer, and I have two student loans. I went to school outside of Boston and I think of the loan as a burden now. Because off and on it has been hard to make payments throughout the years, and I have gone into default and forbearance and all of that. It just has been periods of my life where it has been really hard to keep payments going. I'm not sure if it was worth it. I wish I could go back in time and find another way to pay for college. – San Francisco

## IV. IMPLICATIONS

As is often the case, the qualitative research did as good a job raising questions as it did answering them. Keeping the research goal in mind – to document the experiences of struggling borrowers and gather data to influence public policy on the design of the federal student loan program – here are six culminating policy questions that emerged from the research:

- Student loan borrowers sign the dotted line not knowing the amount their monthly payment will be. How could this be rectified?
- A student loan program without real consequences for delinquency will inevitably result in

borrowers postponing payment or underpaying. How to find the right balance between accommodating those who are truly struggling and heading for default with those who do not need the help but postpone payments and increase their loan burden anyway?

- Consolidating student loans to reduce the monthly payments (and thus extend loan terms) could be sound behavior depending on one's financial situation. What can be done to encourage more borrowers to utilize this repayment option?
- IBR could be an attractive option for any given student loan borrower, whether struggling or not and even at the beginning of the loan repayment period. What are the pros and cons of offering income-based repayment as the only repayment option from the very start of loan repayment?
- We were struck by the number of young people who registered for school genuinely intending to attend, but then dropping out quickly, sometimes after just a day or a week. What support systems can be put into place to keep tabs on teen-age student loan borrowers so that they are encouraged to stay in school, particularly at the beginning of programs?
- There seems to be an over-abundance of formal information, pages and pages of disclosure statements that nobody reads but everybody

signs. Yet the information that matters does not penetrate. What changes can be made to provide easily-accessible student loan terms and drive home the importance of timely repayment?

## V. APPENDICES (Screener & Moderator's Guide)

### A. Focus Group Screener

### B. Moderator's Guid



APPENDIX A: FOCUS GROUP SCREENER

People Who Have Taken Out Student Loans

Hello. I'm calling from \_\_\_\_\_. We would like to invite you to participate in a focus group. It will take place on day/date. A light meal will be provided and you'll be paid \$ at the end of the discussion. If you're available, I'd like to ask you a few questions.

Description of potential focus group participant:

A person who has taken out a student loan to pay for a certificate/trade program, community college, or 4-year college, and who really struggles to make payments or is already in default. This person could be either a traditional student (enrolled in school full time immediately after high school) or a non-traditional student (took at least a year off before enrolling in school after high school).

Q1. SEX

Female RECRUIT A MIX

Male RECRUIT AT LEAST 4

Q2. Have you personally taken out any of the following types of loans within the past 10 years? [READ ITEMS]

YES  NO

Auto loan   (doesn't matter)

Mortgage loan   (doesn't matter)

Student loan   CONTINUE IF "YES"

Q3. I want to find out a little bit more about your student loan(s). Was your student loan(s) for [READ ITEMS]:

a Certificate program or technical/trade school  RECRUIT A MIX, at least 2

2-year college / associates degree  RECRUIT A MIX, at least 2

4-year college / bachelors degree  RECRUIT A MIX, at least 2

Graduate school (masters, law, PhD, MBA)  TERMINATE

Something else \_\_\_\_\_  (Ask Us)



Q4. Which of these statements best describes how you're doing paying back your student loan(s)?

I've never had any problem making my student loan payments  TERMINATE

I've been late a few times and may have missed a payment  CONTINUE

I've really struggled/am struggling to pay back my student loans  CONTINUE

I don't think I should have to pay back my student loan,

so I'm not making payments at this time  CONTINUE

RESPONDENT MUST SAY YES TO AT LEAST ONE OF THESE IN Q5; MANY WILL SAY YES TO 2+. RECRUIT A MIX – AT LEAST 2 FROM EACH IF POSSIBLE.

Q5. Have you: YES NO

Never made a student loan payment or missed payments

for a year or more (also called default)   RECRUIT 2 +

Missed 3 student loan payments in a row   RECRUIT 2 +

Been late on 3 student loan payments in a row   RECRUIT 2 +

Chose Income Based Repayment (IBR) or Pay As You   RECRUIT 0-3

Earn plan because monthly payments were unaffordable

Applied for consolidation to reduce monthly payments   RECRUIT 0-3

Temporarily had your loan payments postponed or reduced   RECRUIT 0-3

(also called loan deferment or forbearance)

Q6. Approximately how much money did you borrow in student loans? Your best estimate is OK.

Less than \$10,000  CONTINUE

Between \$10,000 and \$30,000  CONTINUE

Between \$30,000 and \$60,000  CONTINUE

More than \$60,000  TERMINATE

Q7. Did you enroll in school immediately after high school and attend full time, or was your situation different?

Enrolled immediately after high school and attended full time  RECRUIT 3-5

Situation was different [RECORD SITUATION]  RECRUIT MIX

Q8. What is the name of the school(s) or program(s) you took out the student loan(s) for? [RECORD NAME(S)]

Q9. Have you already completed the program or degree you took out the student loan(s) for, are you still taking classes, or did you stop taking classes before completing the program or degree? [RECRUIT A MIX]

Completed program/degree

Still taking classes

Stopped taking classes before completing program/degree

RECORD FOR DEMOGRAPHIC PURPOSES, NO QUOTAS

Q10. Which best describes you – African American or black, white, Hispanic, Asian, or something else? [RECRUIT A MIX]

African American or black

White

Hispanic

Asian

Something else (specify)\_\_\_\_\_

Q11. Do you currently work full time or part time, or are you a homemaker, retired or a full-time or part-time student, or are you unemployed at the moment?

Work full time

Work part time

Homemaker

Retired [RECRUIT 1 MAX; none OK]

Full time student

Part time student

Unemployed

Q12. Which of these general categories best describes your household income in 2013?

Less than \$25,000

\$25,000 to \$50,000

\$50,000 to \$75,000

More than \$75,000

Q13. How old are you? \_\_\_\_\_ [RECORD ACTUAL AGE AND MARK CATEGORY]

Under 21 [RECRUIT 2 MAX]

21-29 [RECRUIT A MIX]

30-39 [RECRUIT A MIX]

40-49 [RECRUIT A MIX]

50-59 [RECRUIT 1 MAX]

60-69 [RECRUIT 1 MAX]

## APPENDIX B: MODERATOR'S GUIDE

### GETTING STARTED

Can we get a quick picture of where you are in life right now in terms of work, school? (Where did you go, what did you go for, are you working in your field?)

### STUDENT LOANS IN PARTICULAR [WARM-UP]

In your mind, how does taking out student loans compare to other kinds of loans? Say a car loan, or a mortgage or having credit card balances that you pay interest on? How are student loans different, if at all? What's your payment hierarchy – which bills are the most important to pay, which are easier to let skip. Why?

Generally speaking, how do you feel about taking out student loans and going into debt for school – would you do it again? Some people see it as an investment, as a benefit, as a way of preparing for the future. Others see it as something to avoid, as a weight that will make it harder for them to get ahead. Where do you fall?

Would you recommend taking out student loans to someone you cared about, say a younger brother or sister? Why or why not – what's good & what's bad about them? What kind of advice would you give them? What should they pay attention to?

Were student loans worth it for you? If you could do it over again, what would you have done differently?

### TROUBLE IN MAKING STUDENT LOAN PAYMENTS

How many schools did you take out loans for? Do you know who your student loans are from (who you owe the money to) or how much you owe?

Do you have a general plan on how to approach these loans? When you have questions about your student loans now, who do you go to?

What kind of guidance have you received about how/ when to pay back correctly? Do you know the options available if you can't afford your monthly payments?

Was the amount of your monthly payment what you expected it to be (high, low)?

Thinking back to before you started having trouble re-paying your student loans, did you know there would be consequences for not paying? What did you think the consequences would be? Are the actual consequences the same as you thought or different? Is their impact worse than you thought or not as bad?

So what happened when it was time to pay back your student loans?

What made you decide not to pay this particular bill? If you had a job and an income, what was the reason why you stopped paying your student loan? Did you stop paying others as well?

PROBE: Some of you didn't have a job yet, or were unemployed for some reason and had little or no income. But some of you seemed to be in a position where you were earning. Why did this bill become discretionary and others didn't? Or was there some other reason why you fell behind? Or did all your bills fall behind?

PROBE: Many of you had a period of time when you were not paying, but now you are back on track and making payments. How long did you go without making payments? What changed in your situation to make you get back on track? Have you had to give up anything in order to maintain good standing with your student loan payments? What are you doing without?

What were the consequences you faced once you were late or missed student loan payments? At what point in the process did you start to feel the effects of late payments or no payments? When did the consequences actually kick in?

[Probe if these don't come up spontaneously:]

Amount of loan went up a lot

Phone calls, letters, etc. from loan servicers

Can't get other loans, or anything on payment plan

Lose tax refund

Garnish your wages (18%)

[Probe on last two]: Do you see this as a viable option for paying back your student loan – at least now it's getting paid kind of thinking? Makes it easier to pay without having to think about it? Worth it to not have a monthly payment? Does anyone find it embarrassing? Why?

Paying back your loans – what's the main obstacle for you?

[Probe if these don't come up spontaneously:]

- Can't afford monthly payments, payments too high
- Didn't know I owed (didn't realize financial aid=loan)
- Didn't graduate so didn't think I had to pay it back (or didn't want to)
- Small amount so didn't think it was important (small enough to ignore)
- Just waiting until they ask for it

THE DECISION-MAKING PROCESS [EMPHASIS]

Walk me through your decision-making and the process when you were first taking out your student loans.

- What made you decide to take out a student loan?
- Did you have other options for paying for school? How did you learn about them? Who gave you advice? Was it good? Who helped you with the loan application?
- What kind of counseling did you get from the school? Was it helpful?

Probe: Some people take out extra (federal) student loans for living expenses – was that the case for you or anyone in your circle of school friends? How did that work out – was it worth it? Would you recommend it to someone just starting in college?

#### SOLUTIONS

Was anything surprising to you, now that you think back about when you took out student loans? What do you think should be done to improve the process?

PROBE ON “need more info”:

What kinds of information would you like to have? How would you like to get it? Who would be a trustworthy source of information? Looking back to who you were when you first signed for the student loan, do you think you would have paid attention back then if someone gave you such information?

Looking back, do you think you would have paid attention if the loan provider or other trusted source warned you of the consequences – for example, actually gave you the statistics that X% of students going to this school have trouble paying back their student loans, or that if you miss/are late for a certain number of payments your debt will increase substantially. Do you think providing such information would be a good idea or bad idea?

Generally, which of these two is more appealing to you?

1) to have affordable monthly student loan payments that take place over a longer period of time than the standard 10 years – you may end up paying more overall, but it is affordable on a monthly basis and as long as you pay you will always be in good standing so you won't be in fear of default or all the consequences of bad credit that we've talked about tonight – and after 20 or so years of faithfully paying, any remaining debt will be forgiven

OR

2) to have a higher monthly payment that would be a big chunk of your discretionary income, but you will finish paying the loan after 10 years – you'd be taking more of a risk in terms of being able to stay out of default and remain in good standing, but you'll be done in 10 years and the overall loan amount will be less than if you extended the payments over a longer period of time

#### CONCLUDING QUESTIONS

In your opinion – was it too easy for you to get a student loan? Why / why not?

If you were the government, what would you do to ensure that student loan takers would be able to pay back the money they borrowed?

## NOTES

1. In actuality, all participants responded "yes" to two or more.
2. Virtually all participants had government loans, and some may also have had private loans. One participant had only a private loan.