

## REPAYMENT & OTHER OUTCOMES

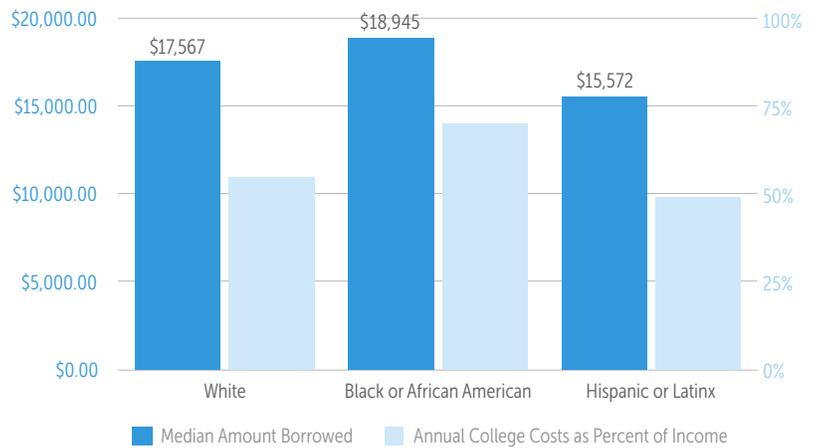
Addressing equity challenges in higher education requires a multi-faceted approach, so we break our report into three categories. This document summarizes problems and recommended federal policy solutions for Repayment & Other Outcomes in higher education as identified in Young Invincibles' report *Race & Ethnicity as a Barrier to Opportunity*. To read the full report, visit: [www.younginvincibles.org](http://www.younginvincibles.org).

**PROBLEM:** African American & Latinx students more likely to struggle with student loans – Students of color borrow for college at higher rates and higher amounts. Student loan debt comes with significant risk, as it is not dischargeable in bankruptcy and defaulting on loans comes with severe financial consequences.

### Recommendations:

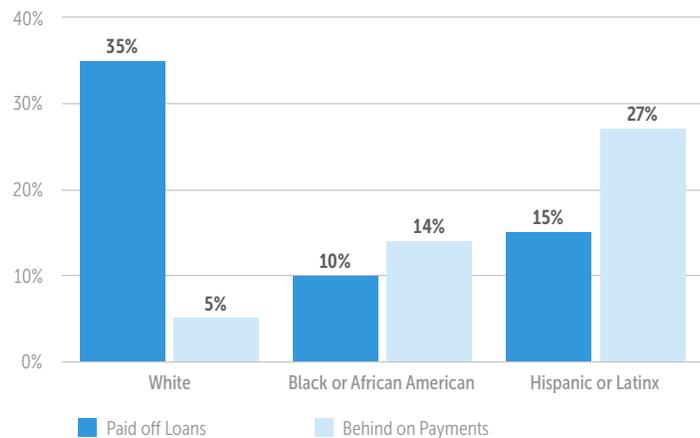
- **Simplify repayment plans** – The current repayment system offers nine different repayment plans that are contingent on borrower's income, many of which are very similar and difficult to navigate. Congress should simplify the system into two plans, one with the typical amortization, and one where payments are based on income.
- **Redesign repayment interfaces** – Currently, borrowers interact with their servicers to enroll in their repayment plans, with income-driven plans requiring a separate application from the federal government. This causes confusion for the user, potentially keeping at-risk borrowers from enrolling in the plan that's best for them. The Department should centralize the repayment system into a single interface.
- **Improve data collection and use** – The Office of Federal Student Aid should improve tracking of repayment trends by race and ethnicity, primarily by adding more demographic questions to the FAFSA. The Department should also work with servicers to identify repayment disparities but also best practices to improve outcomes for at-risk communities.

### African American Students More Likely to Borrow & Borrow More



Young Invincibles' analysis of U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12).

### Students of Color More Likely to Struggle to Repay Their Loans



Federal Reserve Board of Governor's Economic Well-Being of U.S. Households in 2015