

FINDINGS

Student Debt in Texas: Why It's Time to Collect on the Best Interests of Texas Borrowers



STUDENT LOAN REPAYMENT:

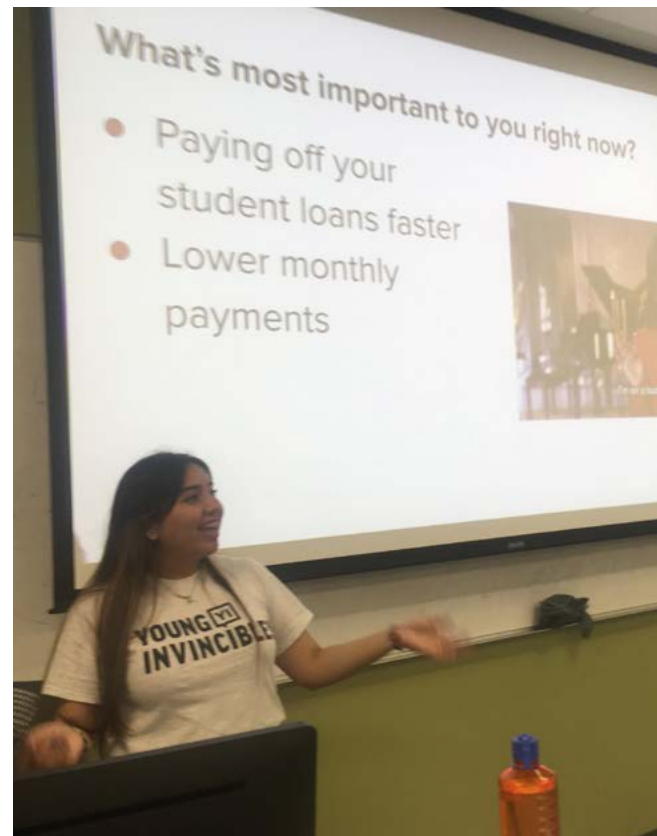
“

THERE SEEMS TO BE NO CENTRAL RESOURCE.”

Borrowers feel trapped, resoundingly sharing the feeling that they will never be able to pay off their debt. Just 32 percent of the 143 participants in our student debt workshop series agreed or strongly agreed that they felt confident regarding their knowledge of repayment options prior to the workshop. As Evan, a borrower in Austin shared, “there seems to be no central resource.”⁶⁹

The repayment process feels confusing and hopeless.

When discussing repayment, we often encountered feelings of hopelessness and despair. **Borrowers expressed confusion about the many steps needed to manage debt, with one focus group participant sharing that “...It’s so overwhelming. You don’t know what to do and when to do it and who to contact. I just feel lost.”**⁷⁰ When describing debt, overwhelming was a word that came up over and over. Another borrower told us that “the process does seem very overwhelming. Like figuring which loan or which repayment plan would be better for you, knowing that things change, having to reevaluate everything again.”⁷¹



Young Invincibles Young Advocate describing the student loan repayment process.

69 Student Debt Video, Young Invincibles, 2020

70 Student Debt Workshop Participant, 2019

71 Student Debt Workshop Participant, 2019

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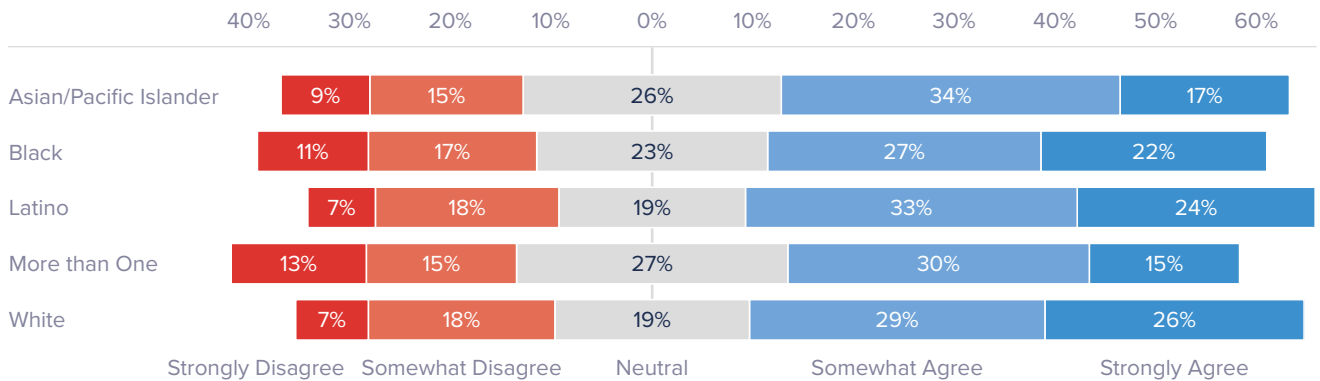
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There is a lack of confidence in repayment plans. 60 percent of Latino respondents, 51 percent of Asian/Pacific Islander respondents, 49 percent of Black respondents, 55 percent of white respondents, and 45 percent of respondents who identify with two or more racial groups agreed or strongly agreed they were not familiar with student loan repayment options. Latino and Asian/Pacific Islander borrowers were also the least likely to feel extremely confident in their repayment plan.

Such results highlight that there simply isn't enough accessible information about how to manage student loan debt. Students and borrowers are taking on enormous amounts of debt without full education of the long-term ramifications and long-term management strategies, including the impact of interest over time and the variety of repayment structures available.

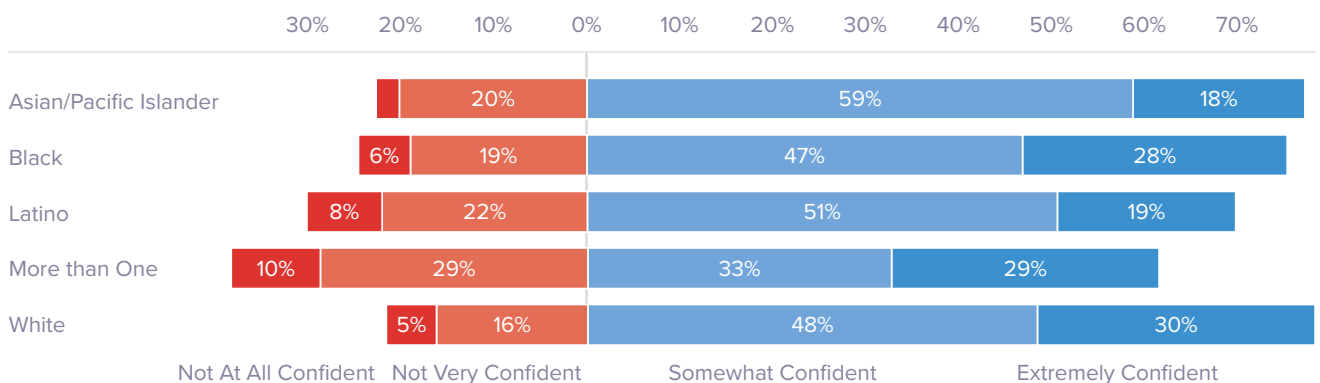
Student Loans: Familiarity (Race/Ethnicity)

Agreement: I am not very familiar with different student loan repayment options.



Student Loans: Repayment Plan Confidence (Race/Ethnicity)

Confidence in Current Loan Repayment Plan



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Many Texans wish they had more financial aid.

Workshop participants told us they wished they had more financial education before entering repayment. **One borrower said, “I feel very anxious because it’s one of those things you didn’t have to think about while you were in college... then it’s a thing that creeps back up right now that you’re done and months have passed and the student loan companies reach out to you. They’re like, hey, we want our money, but you don’t have that much money...so it’s a very scary topic and we weren’t very well prepared about it...”**⁷² Borrowers also expressed frustration that they may not even be aware of all of the higher education funding options available. Borrowers frequently shared they wished they had more information about other options, such as scholarships.⁷³



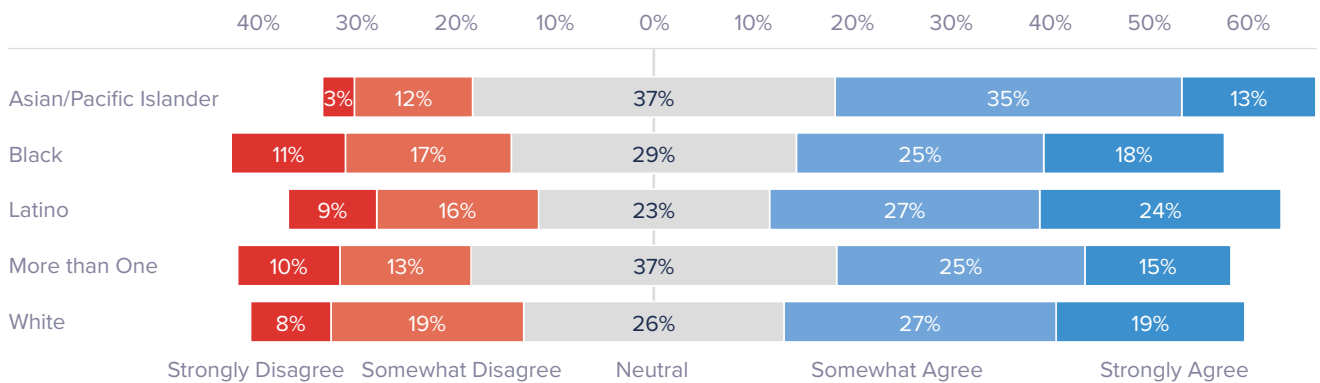
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On our survey, 46 percent of all borrowers with current debt said they had not gotten enough information about financial aid from their institution.

While this number was high for all racial groups, 51 percent of Latino respondents with existing debt somewhat agreed or strongly agreed they had not gotten enough information from their institution, which was the highest of any other racial group. Additionally, borrowers in our focus groups expressed confusion on where to go find information about critical financial aid and loan repayment questions, especially after graduating.

Student Loans: Information From School (Race/Ethnicity)

Agreement: I have not gotten enough information from my school about the financial aid process.



72 Student Debt Workshop Participant, 2019

73 Student Debt Workshop Participant, 2019

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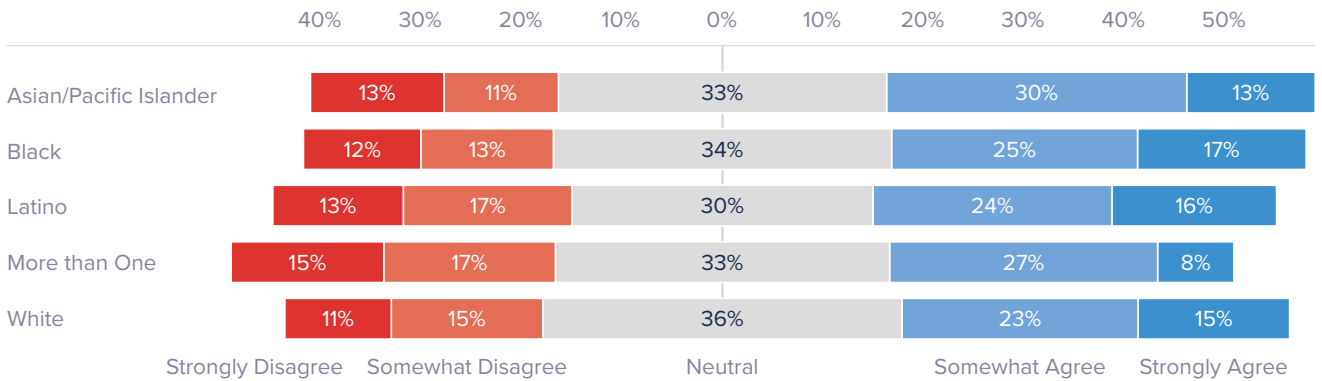
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Women and non-binary respondents were more likely to disagree that their student loan servicer was helpful in creating a plan than male counterparts. The majority of respondents across racial groups were neutral or disagreed their loan servicer was helpful.

Student loan servicer interactions are critical to ensuring borrowers are on the best repayment plan for them, and ensuring they know their options. Our findings call attention to why state level oversight is critical to investigating consumer experiences, complaints, and protections.

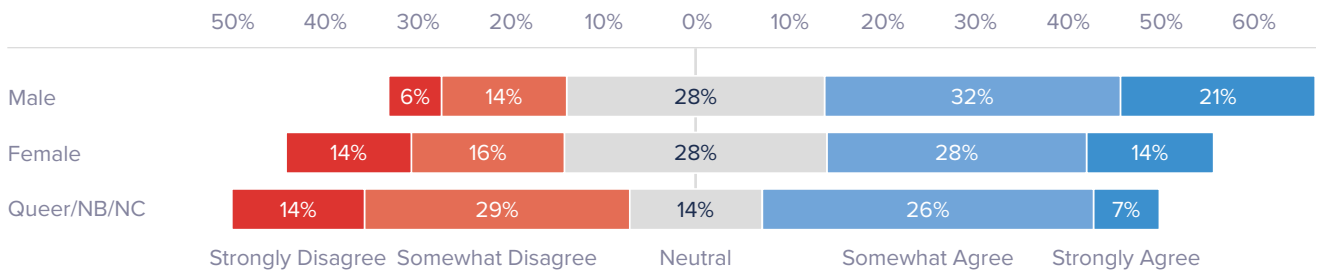
Student Loans: Information From Servicer (Race/Ethnicity)

Agreement: I have received helpful and complete information from my student loan servicer about different loan repayment options.



Student Loans: Information From Servicer (Gender)

Agreement: I have received helpful and complete information from my student loan servicer about different loan repayment options.



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Consumer education makes a difference in loan repayment confidence.

Pre and post test results from our student debt workshops suggest there is value in receiving direct education about repayment plans, loan consolidation, loan interest, and loan default. During our debt workshops, participants self-reported the strongest increase in understanding repayment options more than any other component of the workshop, highlighting that this information is new for many borrowers. **One borrower summarized this by asking, “Why didn’t anyone tell us that stuff concisely in the beginning.”**⁷⁴ Our student debt workshop outcome data below shows that indicators such as confidence in financial aid knowledge and repayment knowledge were increased after workshop participation.

Question	Pre-Test Avg.	Post-Test Avg.
I have the knowledge I need to pay back my student loan debt.	3.42	4.78 +.76 gain
I am confident regarding my knowledge of financial aid.	3.41	4.09 +.68 gain
I am confident regarding my knowledge of repayment options	2.95	4.04 +1.09 gain
I feel empowered to take charge of my personal student loan repayment process	3.26	4.14 +.88 gain

74 Student Debt Workshop Participant, 2019