

SUMMARY OF DATA COLLECTION – HIGHLIGHTS

Findings from a Student Loan Debt Repayment Counseling Program Pilot

The Center for Excellence in Financial Counseling (CEFC) at the School of Public Policy & Administration, University of Missouri-St. Louis (UMSL) developed a unique, replicable student loan debt-repayment counseling program to help financially distressed borrowers. The effectiveness of CEFC's approach is indicated by a third-party evaluation of data collected during a 25-month national pilot program. (*Evaluator: Public Policy Research Center, UMSL)*

Program by the numbers

- Counseled 1,239 borrowers over the 25-month pilot.
- Analyzed data from 1,050 borrower files.
- Roughly 80 percent attended a single session while 20 percent participated in multiple sessions.
- 11 percent sought legal consultation.
- Borrowers held a total of over \$50 million in federal loans and over \$14.5 million in private loans.

Program borrower demographics

- The majority of borrowers counseled in the program were in the 30 and under age group, followed by the 51 to 60 age group.
- 80 percent of borrowers were employed full-time in some type of job, less than 50 percent had found a job that allowed them to fully use their education.
- Majority of borrowers had monthly gross income in the range of \$2000 to \$4000, with the highest percentage falling below \$3,000.
- Over 51 percent of borrowers counseled had completed their education, earning a degree or certificate; 31 percent indicated they had not completed their education program, and over 17 percent of borrowers did not indicate a completion status.
- Across all age groups, the majority of counseling clients were women.

Program borrower's student loan status

- Slightly more than 20 percent of federal borrowers counseled in 2013 and 2014 had loans that were in default.
- Approximately 45 percent of the total federal loan balances were in deferment in 2014, more than double that for 2013 client borrowers.
- Nearly 40 percent of total private loan balances for 2013 and 2014 involved a cosigner; for 10 percent of the loan balances, the co-signer was the client receiving services.
- The bulk of private loans were held by borrowers age 30 and younger with 50 percent of the total loan balance current.
- Approximately one-third of borrowers were not current on other unsecured debt. For those in default, the percentage was over 60%.
- Among borrowers not in default, 64 percent reported they were current with their credit card payments. By contrast, only 24 percent of in default borrowers reported being current with 61 percent indicating they were not current.

Highlights from the program findings:

- Over 90 percent of borrowers responded that their student loans kept them from achieving their personal goals.
- Nearly 74 percent of counseled borrowers responded that they agreed with the statement, “I wish I had found a counseling program like this sooner.”
- Over 57 percent responded that as a result of the counseling they changed their federal repayment plan because they qualified for a lower monthly payment amount.
- Nearly 39 percent of borrowers responded that they knew about their repayment options for their federal loans prior to counseling.
- Over 87 percent of counseled borrowers indicated they felt better informed about their student loan repayment options.
- Nearly 84 percent of borrowers responded that as a result of the counseling they now trust that they will make good financial decisions in relation to their student loan debt.
- Over 66 percent of borrowers indicated they felt less stress about their student loan situation as a result of the counseling.
- Over 53 percent of borrowers indicated they were on time with their student loan payments prior to counseling. Seventy-one percent responded they were making their monthly student loan payments on time as a result of the counseling.

Counseling session rating scale

A very brief scaling instrument was developed to capture the borrower’s reaction to each counseling session in four areas:

- If they felt heard, understood and respected
- If the counselor and borrower worked on or talked about what the borrower wanted to work on and talk about
- If their level of concern about repaying their student loans changed
- If their feeling of control over their finances changed

Preliminary analysis indicates that 92 percent of respondents rated each area with a score higher than 9 (out of 10).

Conclusion

The program evaluation results clearly demonstrate that financially distressed borrowers benefit from this unique counseling program. The data show positive responses from borrowers in changes to attitudes and behaviors regarding repayment of their student loan debt and overall money management.

To learn more about this replicable program

For more information about the CEFC program, visit: www.umsl.edu/~cefc or email Vicki Jacobson at jacobsonv@umsl.edu