MORNING CONSULT[®]

CENTER FOR RESPONSIBLE LENDING & EDUCATION MINNESOTA

Minnesota Student Loan Borrowers

FEBRUARY 2021

METHODOLOGY

This poll was conducted between January 11- February 22nd, 2021 among a national sample of 480 Minnesota Adults with Student Loans. The interviews were conducted online. Results from the full survey have a margin of error of plus or minus 4 percentage points.

AUDIENCE DEFINITION



Borrowers: Borrowers were excluded from the sample if they indicated that they were currently students. All other borrowers were included and, thus, the sample includes borrowers with \$0 payments, borrowers who were behind on their payments or in default, and borrowers who were making regular monthly payments.

OVERALL KEY FINDINGS

- 1. As a result of the COVID-19 crisis, payments have been paused for federal student loan borrowers nationwide until at least September 2021. Almost one in three (28%) Minnesota borrowers are not confident that they will be able to resume payments on their student loans when they need to.
- 2. Three-quarters of MN student loan borrowers report that their student loans cause them stress. Additionally, more than half of borrowers (59%) report they would have trouble paying for an unexpected expense or are already falling behind in their finances.
- 3. A fifth (22%) of MN student loan borrowers are unaware of the current pause in payments. Further, 30% report having problems that have resulted in lower credit and a quarter of borrowers (27%) report that their servicer did not tell them about income-driven repayment options.
- 4. Over half (51%) of Minnesota's student loan borrowers struggle to afford their payments. Borrowers report that they have delayed saving for retirement (50%), put off buying a home (29%), been unable to buy basic necessities like food or clothing (26%), put off starting a family (20%), or have gone without medical care (17%) in order to pay their student loans.
- 5. A strong majority of MN borrowers, across the political spectrum, support eliminating student loan interest on all federal loans (83%), designating an office in Minnesota to take student loan complaints and advocate for borrowers (79%), and reducing student loan debt by \$50,000 for all borrowers (71%).

CONTENTS

COVID-19 IMPACT

BORROWERS ARE STRUGGLING TO KEEP UP

BORROWERS REPORT CHALLENGES DURING REPAYMENT

MACROECONOMIC IMPACT

POLICY SOLUTIONS



Total

COVID-19: IMPACT

Four in five borrowers report that their work life has changed since the onset of the COVID-19 pandemic. This reported change is strongest among less than college educated, lower-income, and urban Minnesota borrowers.

How much, if at all, has your work life changed since the onset of the coronavirus (COVID-19) pandemic?

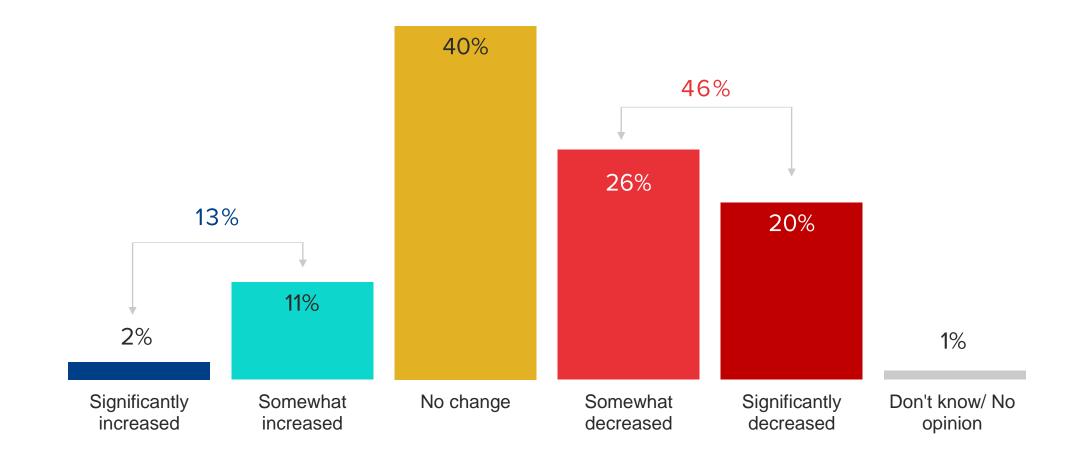
	A lot	Some	Not much	Not at all			Change
Borrowers	44%		37%		13%	7%	81%
Gender: Male	43%		37%		13%	7%	80%
Gender: Female	44%		36%		13%	7%	80%
Age: Under 35	42%		39%		15%	4%	81%
Age: 35+	45%		34%		11%	9%	79%
Education: <college< td=""><td>54%</td><td></td><td>29</td><td>9%</td><td>8%</td><td>10%</td><td>83%</td></college<>	54%		29	9%	8%	10%	83%
Education: College+	40%		40%		14%	6%	80%
White	43%		37%		13%	7%	80%
BIPOC	49%		35%	0	13%	3%	84%
Income: Under 50k	51%		33	%	10%	6%	84%
Income: 50k+	39%		39%		14%	7%	78%
Urban	49%		34%		11%	6%	83%
Suburban	41%		40%		12 %	7%	81%
Rural	44%		34%		15%	7%	78%
				Tota	I Chanae = A I	lot + Some	

Total Change = A lot + Some

COVID-19: IMPACT

A plurality of Minnesota borrowers (46%) reported that the monthly income of their household has decreased since the onset of the coronavirus (COVID-19) pandemic.

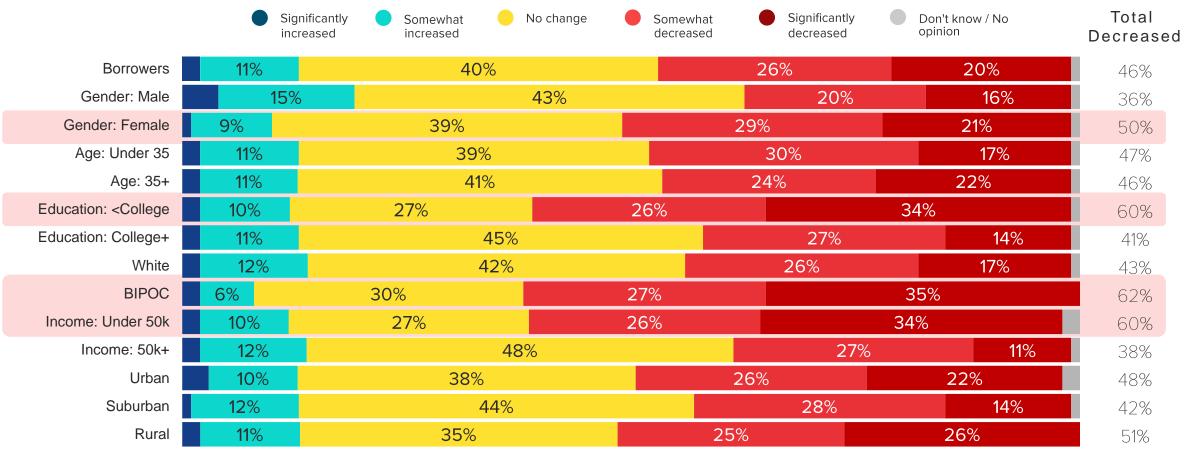
Thinking about the monthly income of your household, including everyone in your home, how much has your household income charged since the onset of the coronavirus (COVID-19) pandemic?



COVID-19: IMPACT

This decrease in monthly household income is most strongly felt by BIPOC borrowers and lower-income borrowers.

Thinking about the monthly income of your household, including everyone in your home, how much has your household income changed since the onset of the coronavirus (COVID-19) pandemic?

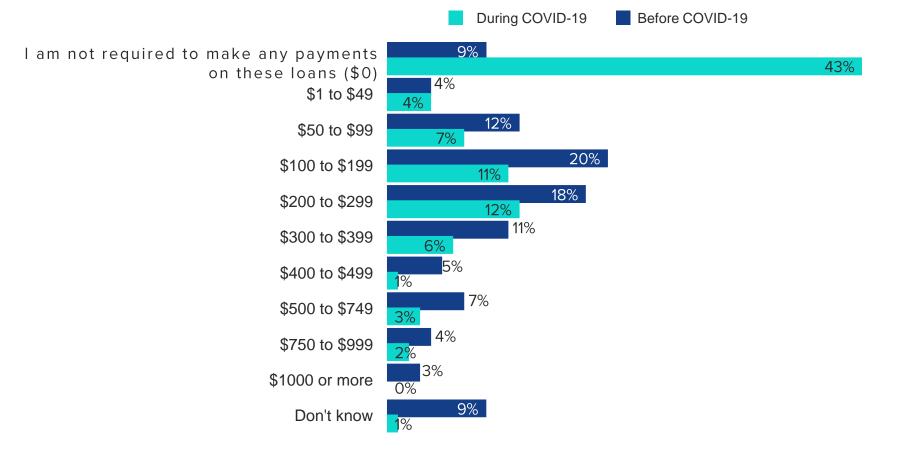


Total Decrease = Significantly decrease + Somewhat decrease

BORROWERS ARE STRUGGLING TO KEEP UP

Forty-three percent of borrowers actively report they are not required to make payments on their student loans right now. However, in a pre-COVID environment, half of borrowers report having paid somewhere between \$50 and \$299.

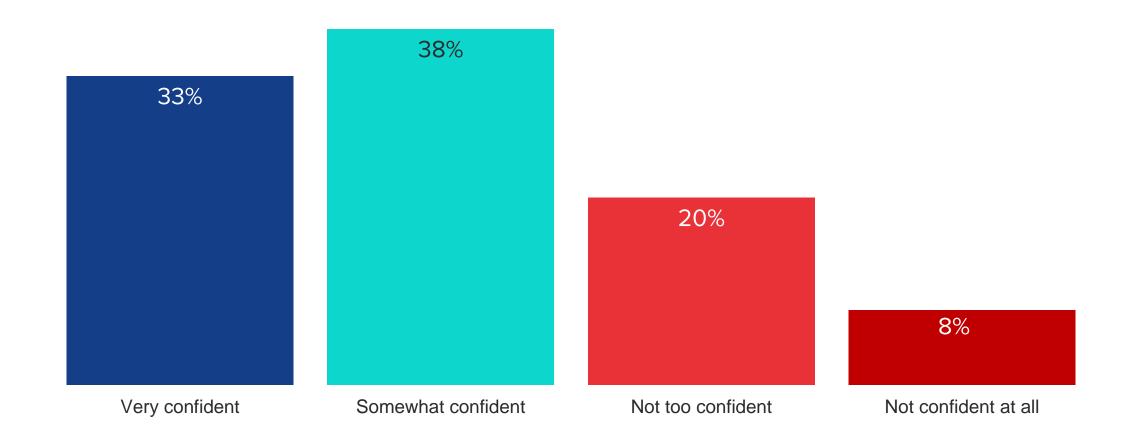
[Since] [Before] the coronavirus (COVID-19) pandemic approximately how much was the total monthly payment that you were required to make on the loans from your education?



BORROWERS ARE STRUGGLING TO KEEP UP

More than a quarter of borrowers report a lack of confidence in being able to resume the same payments they were making before the coronavirus pandemic on their student loans.

How confident are you that you will be able to resume paying the same payments you were making before the coronavirus on your student loans when you need to resume payments?



BORROWERS ARE STRUGGLING TO KEEP UP

This lack of confidence is most strongly felt among lower-income borrowers, BIPOC borrowers, rural borrowers and less than college-educated borrowers.

How confident are you that you will be able to resume paying the same payments you were making before the coronavirus on your student loans when you need to resume payments?

	Very confident	Somewhat confident	 Not too confident 	 Not confident At all 	
Borrowers	33%		38%	20%	8%
Gender: Male	43%		34%	17 %	5%
Gender: Female	30%		39%	22%	9%
Age: Under 35	30%		39%	24%	7%
Age: 35+	37%		37%	17%	9%
Education: <college< td=""><td>18%</td><td>43%</td><td></td><td>28%</td><td>10%</td></college<>	18%	43%		28%	10%
Education: College+	37%		37%	18%	8%
White	36%		37%	20%	7%
BIPOC	10%	52%		26%	13%
Income: Under 50k	14%	45%		32%	9%
Income: 50k+	43%		35%	1 5%	7%
Urban	36%		38%	22%	4%
Suburban	34%		41%	16%	10%
Rural	31%		32%	28%	9%

CONTENTS

COVID-19 IMPACT

BORROWERS ARE STRUGGLING TO KEEP UP

BORROWERS REPORT CHALLENGES DURING REPAYMENT

MACROECONOMIC IMPACT

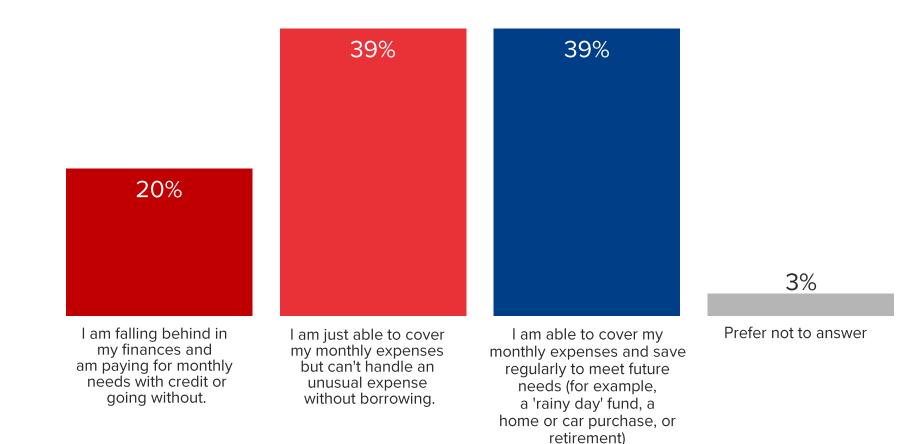
POLICY SOLUTIONS



BORROWERS ARE STRUGGLING TO KEEP UP

A fifth of Minnesota borrowers indicate they are falling behind in their finances and are paying for monthly needs with a credit card or going without while 39% report just being able to cover their monthly expenses but being unable to handle an unexpected expense.

Which best describes how you feel about your finances?



BORROWERS ARE STRUGGLING TO KEEP UP

Less than college-educated borrowers, BIPOC borrowers, and lower-income borrowers report the highest level of falling behind on their finances and are paying for monthly needs with credit or going without.

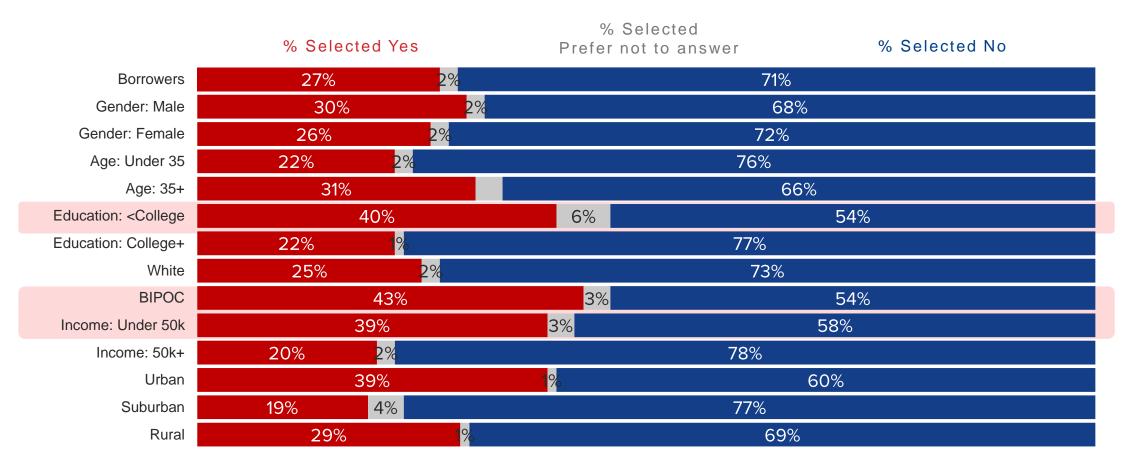
Which best describes how you feel about your finances?



Borrowers	20%		39%		39%		3%
Gender: Male	15%	37	7%		45%		3%
Gender: Female	22%		39%		37%		3%
Age: Under 35	20%		40%		38%		1%
Age: 35+	19%		37%		40%		4%
Education: <college< td=""><td>31</td><td>1%</td><td>Z</td><td>13%</td><td></td><td></td><td></td></college<>	31	1%	Z	13%			
Education: College+	15%	37	7%		45%		3%
White	18%		38%		41%		3%
BIPOC	29%		44	%		24%	3%
Income: Under 50k	34	4%		44%		18%	4%
Income: 50k+	11%	35%			53%		<mark>2</mark> %
Urban	23%		36%		36%		5%
Suburban	15%	3	39%		45%		1%
Rural	24%		40%		32%		3%

BORROWERS ARE STRUGGLING TO KEEP UP

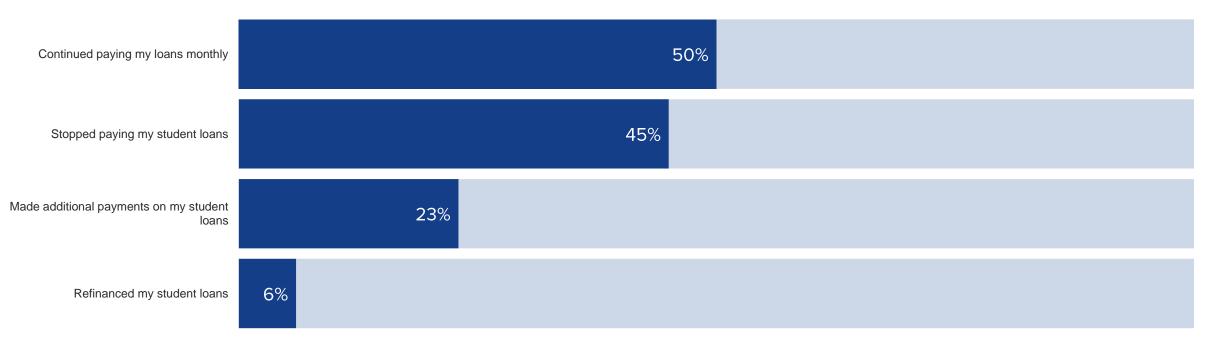
Similarly, less than college-educated borrowers, BIPOC borrowers, and lower-income borrowers are more likely to report being contacted by debt collectors in the past 12 months about a past due debt. *Have you been contacted by a debt collector in the past 12 months about a past due debt?*



MACROECONOMIC IMPACT

Half of Minnesota borrowers (50%) indicate they have continued to pay their monthly student loan payments during the coronavirus pandemic while 45% report they have stopped.

Have you done any of the following regarding to your student loans in response to the coronavirus (COVID-19) pandemic?



% Selected Yes

COVID-19: IMPACT

Three-quarters of borrowers report experiencing high levels of stress due to their student loans, particularly among younger and lower-income borrowers.

How much stress does the student debt you have cause you?

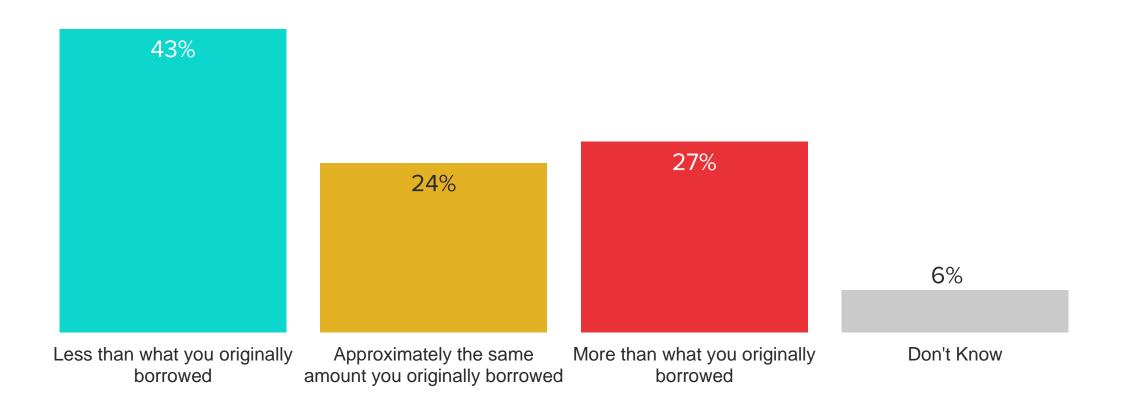
	A lot of stres		o stress all	Total Stress
Borrowers	35%	40%	18%	7 % 75%
Gender: Male	24%	45%	19%	12% 69%
Gender: Female	39%	38%	18%	5 % 77%
Age: Under 35	45%	35%	17%	<mark>3%</mark> 80%
Age: 35+	27%	44%	19%	10% 71%
Education: <college< td=""><td>36%</td><td>39%</td><td>17%</td><td>8% 75%</td></college<>	36%	39%	17%	8% 75%
Education: College+	34%	41%	18%	7 % 75%
White	34%	41%	18%	7 % 75%
BIPOC	40%	37%	19%	5 % 77%
Income: Under 50k	41%	41%	13%	5% 82%
Income: 50k+	31%	40%	21%	8% 71%
Urban	36%	47%	13%	4% 83%
Suburban	32%	37%	24%	7% 69%
Rural	38%	40%	13%	10% 78%

Total Stress= A lot of stress + Some stress

BORROWERS ARE STRUGGLING TO KEEP UP

A fourth of Minnesota borrowers (27%) report owing more than what they originally borrowers.

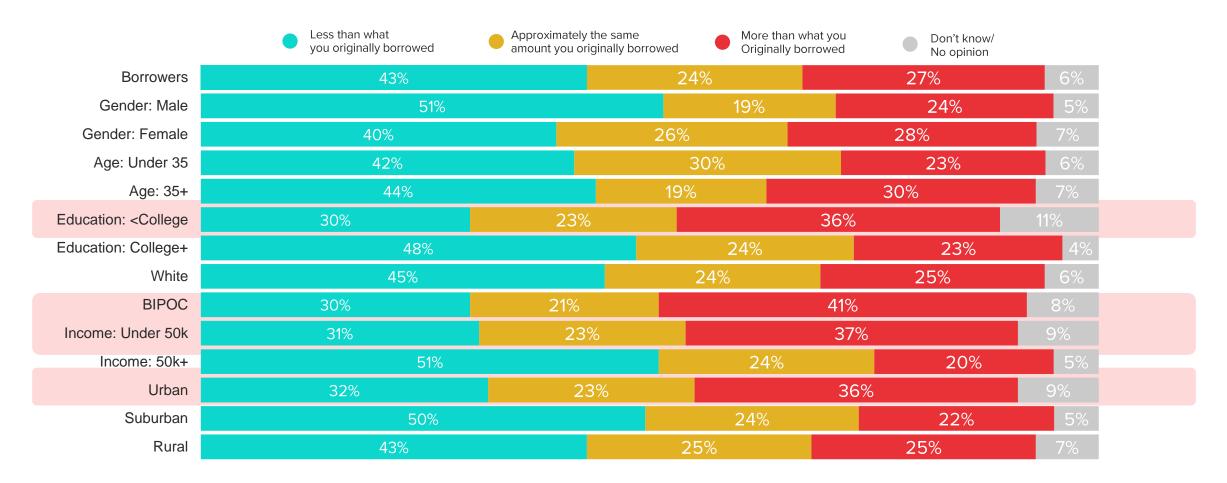
Thinking of all your student loans, relative to when you first took out your student loans, do you currently owe...



BORROWERS ARE STRUGGLING TO KEEP UP

BIPOC borrowers, lower-income borrowers, and urban borrowers disproportionately indicate they own more in student loans than when they originally borrowed them.

Thinking of all your student loans, relative to when you first took out your student loans, do you currently owe...



COVID-19: IMPACT

Seventy-percent of borrowers indicate their student loan payments have had an impact on their overall budget. This impact is strongest among younger, college-educated, rural, and lower-income borrowers. *How much of an impact, if at all, does your monthly student loan payments have on your overall budget?*

	e Larg	e impact Somewhat of an impact	Not much of an impact	No impact at all			Total Impact
Borrowers	30%		40%		22%	9%	70%
Gender: Male	25%	38%		2	9%	9%	63%
Gender: Female	32%		40%		19%	8%	72%
Age: Under 35	36%		39%		18%	7%	75%
Age: 35+	25%	40	%		25%	10%	65%
Education: <college< td=""><td>25%</td><td>34%</td><td></td><td>25%</td><td></td><td>16%</td><td>59%</td></college<>	25%	34%		25%		16%	59%
Education: College+	32%		42%		21%	5%	74%
White	31%		39%		22%	8%	70%
BIPOC	24%	44	4%		22%	10%	68%
Income: Under 50k	32%		34%		23%	11%	66%
Income: 50k+	29%		43%		21%	7%	72%
Urban	28%	30	6%	22	%	14%	64%
Suburban	27%		46%		23%	5%	73%
Rural	37%		32%		21%	10%	69%

Total Impact= Large + Somewhat of an impact

CONTENTS

COVID-19 IMPACT

BORROWERS ARE STRUGGLING TO KEEP UP

BORROWERS REPORT CHALLENGES DURING REPAYMENT

MACROECONOMIC IMPACT

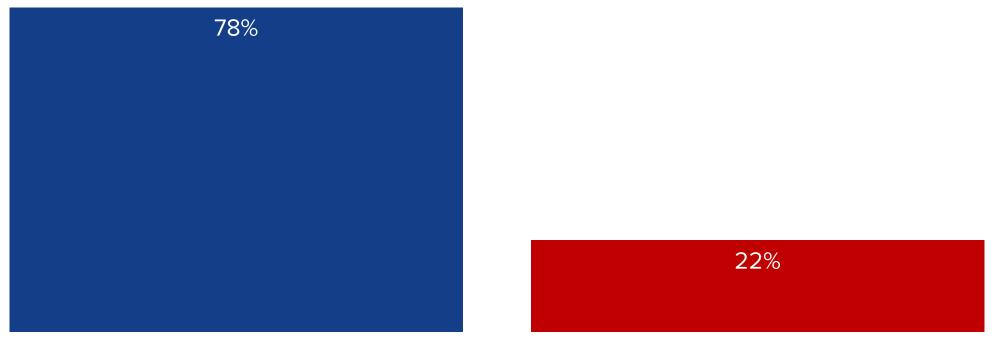
POLICY SOLUTIONS



BORROWERS REPORT CHALLENGES DURING REPAYMENT

A fifth of MN borrowers (22%) are not aware of the current automatic payment pause on federal student loans while more than three-quarters report (78%) they are aware.

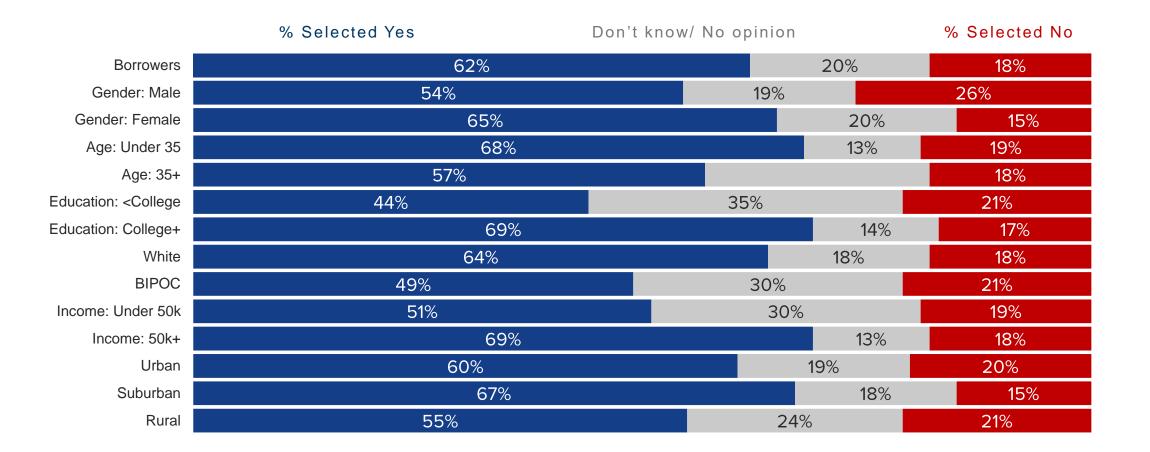
Are you aware that all federally held student loans have been automatically deferred with 0% interest, meaning that many borrowers do not currently have to make payments on these loans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Sixty-two percent of borrowers report that the temporary pause applies to their loans while 18% report it does not and 20% are unsure.

Does this temporary pause apply to the loans that you have or not?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Thirty percent of borrowers report they have had a problem with their student loan that lowered their credit. Additionally, more than a quarter report they have had a problem that increases the overall cost of their loan (28%) and that a servicer did not tell them about income-based repayment (27%).

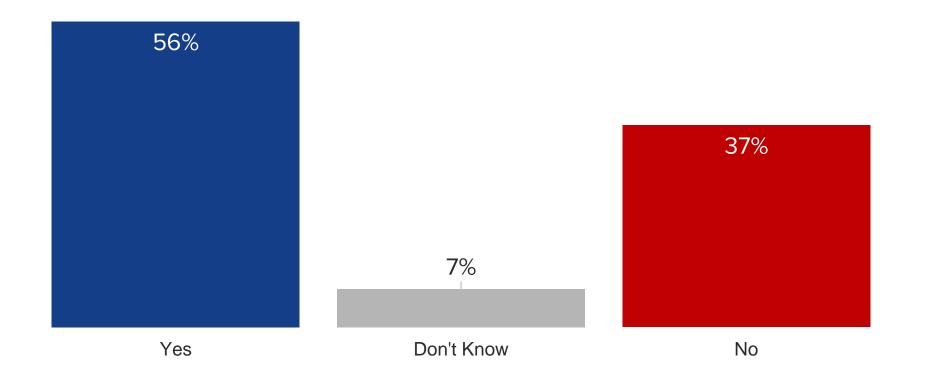
Here is a list of situations some have had with their student loan payments. Has this problem ever happened in your experience with a student loan servicer?

		Yes No Don't know/ No opinion	
Had a problem that lowered your credit	30%	60%	10%
Had a problem that increased the overall cost of your loan, such as new fees or increased interest rates	28%	61%	11%
The servicer did not tell you about income-based repayment plans	27%	58%	14%
Had a problem that prevented you from accessing existing forgiveness options	25%	62%	13%
Had a problem that caused you to default on your loan	24%	69%	7%
The servicer did not answer your questions	23%	65%	12%
The servicer made it hard to know about renewal deadlines	22%	63%	14%
The servicer gave you incorrect or incomplete information	22%	64%	14%
Had a problem that caused your loans to be placed with a collections company	21%	71%	9%
The servicer incorrectly handled payments and refused to correct the mistake	14%	75%	11%

BORROWERS REPORT CHALLENGES DURING REPAYMENT

More than a third of borrowers (37%) have not heard of income-driven or income-based repayment plans.

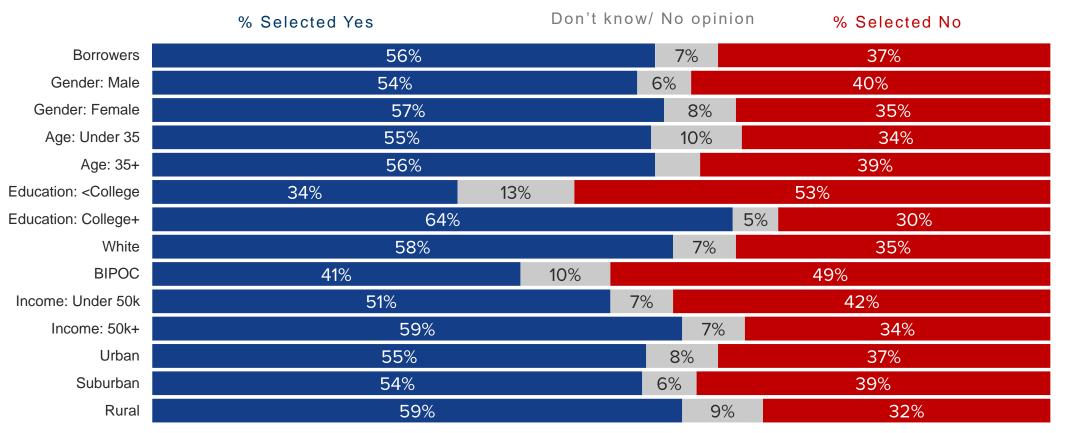
The federal government allows borrowers to tie their loan payment to their income and family size. While this makes repayment more affordable in the short term, it can mean borrowers pay more in the long term. Have you heard of these plans, sometimes called income driven or income-based repayment plans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

BIPOC borrowers and less than college-educated borrowers are the least likely to have heard of incomebased repayment plans.

The federal government allows borrowers to tie their loan payment to their income and family size. While this makes repayment more affordable in the short term, it can mean borrowers pay more in the long term. Have you heard of these plans, sometimes called income driven or income-based repayment plans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Thirty-percent of Minnesota borrowers report being enrolled in an income-driven repayment plan, with higher rates among college educated, lower-income, and urban Minnesotan borrowers.

Are you currently enrolled in an income-driven repayment plan?

	Yes	Don't know/ No opinion	Νο
Borrowers	30%	8%	61%
Gender: Male	31%	4%	64%
Gender: Female	30%	10%	60%
Age: Under 35	32%	10%	58%
Age: 35+	29%	7%	64%
Education: <college< td=""><td>24%</td><td>14%</td><td>62%</td></college<>	24%	14%	62%
Education: College+	33%	6%	61%
White	31%	8%	61%
BIPOC	25%	10%	65%
Income: Under 50k	33%	9%	58%
Income: 50k+	29%	8%	63%
Urban	33%	10%	57%
Suburban	28%	6%	66%
Rural	32%	10%	57%

CONTENTS

COVID-19 IMPACT

BORROWERS ARE STRUGGLING TO KEEP UP

BORROWERS REPORT CHALLENGES DURING REPAYMENT

MACROECONOMIC IMPACT

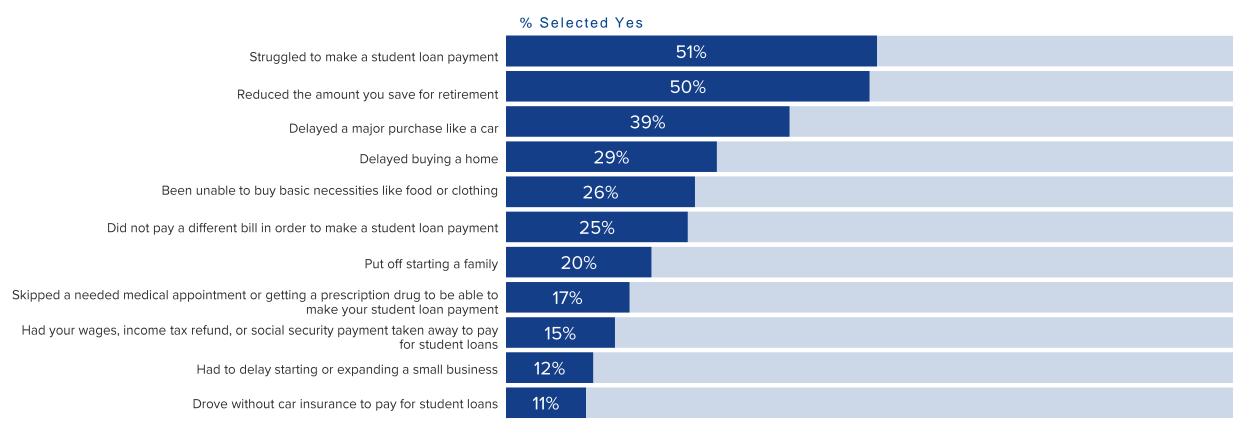
POLICY SOLUTIONS



MACROECONOMIC IMPACT

Borrowers report that they have delayed saving for retirement (50%), put off buying a home (29%), been unable to buy basic necessities (26%), put off starting a family (20%), or have gone without medical care (17%) in order to pay for their student loans.

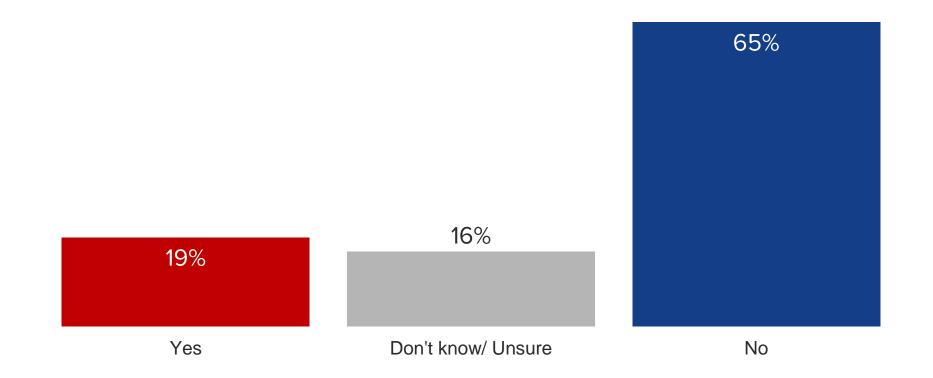
The following questions are related to the impact of your student loans. Have any of the following situations described below happened to you in the last 1-2 years due to student loan payments?



MACROECONOMIC IMPACT

Nearly a fifth of borrowers (19%) report knowing someone who has moved to take a job that will help them afford their student loan payments.

Do you know anyone in Minnesota who has moved in order to take a job that will help them afford their student loan payments?



CONTENTS

COVID-19 IMPACT

BORROWERS ARE STRUGGLING TO KEEP UP

BORROWERS REPORT CHALLENGES DURING REPAYMENT

MACROECONOMIC IMPACT

POLICY SOLUTIONS



POLICY SOLUTIONS

A majority of MN borrowers, across the political spectrum, support ensuring that all schools make a plan to ensure student access in the event of closure, increase the amount of federal grant aid available to low-income students, and reducing student loan debt by \$50,000 for all borrowers.

Here are some ideas that have been proposed by lawmakers. Do you support or oppose each of the following?

i cere	Total Support of Oppose eden of the form Don't know No opinior)ppose
ire ire	88%		8% 5%
in eld	86%		6% 8%
ofit ed.	83%		10% 7%
าร.	83%		4% 12 %
ne ts.	81%		10% 9%
nd rs.	79%		13% 8%
on 1e.	77%		10% 13%
ers	71%	6%	23%
ng ns	57%	23%	19%
rs.	54%	27%	18%

Ensure that all schools, especially for-profit institutions, make a plan to ensure student success in the event of school closure

Create more options for loan forgiveness based on employment or service in a specific field

Provide debt relief for student borrowers who were defrauded by for-profit colleges or whose schools closed while they were enrolled.

Eliminate student loan interest payments for all federal loans

Increase the amount of federal grant aid (e.g. Pell) available to low-income students.

Designate an office in Minnesota to take student loan complaints and advocate for borrowers.

Automatically adjust monthly student loan payments amounts based on income.

Reduce student loan debt by \$50,000 for all borrowers

Invest in tribal colleges and universities (TCUs) by increasing state funding per student to match the level at predominately white public institutions

Extend federal student aid availability to DREAMers

