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# CENTER FOR RESPONSIBLE LENDING

*North Carolina Student Loan Borrowers*

SEPTEMBER 2020

## METHODOLOGY AND AUDIENCE DEFINITIONS



**Methodology:** *This poll was conducted between August 18-September 2, 2020 among a national sample of 500 NC 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.*



**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.*

## KEY POINTS

1

Forty-five percent of NC student loan borrowers report a decrease in their household income since the onset of COVID-19, with the most severe impact hitting borrowers who earn less than \$50,000 per year (55% reporting a decrease).

2

Seventy-three percent of NC student loan borrowers report that their student loans cause them stress. Additionally, more than two-thirds of borrowers (69%) report they would have trouble with an unexpected emergency or are already falling behind in their finances.

3

Almost one in four (24%) NC student loan borrowers is unaware of the current pause in payments. Further, more than two in five (41%) have had problems with their servicers that have resulted in lower credit and one in three borrowers (32%) report that their servicer did not tell them about income-drive repayment options.

4

NC student loan borrowers report that they struggle to make their payments (51%) and have reduced the amount they save for retirement (41%) and put off major purchases like a car (34%) or a home (27%) due to their student loan burdens.

5

While nine in ten borrowers (89%) are not familiar with income-share agreements (ISAs), a strong majority (61%) of borrowers agree that ISAs may only exacerbate the financial stress during repayment.

6

Two-thirds of NC borrowers, across the political spectrum, strongly support eliminating student loan interest on all federal loans (67%), extending monthly repayment relief (67%), and reducing student loan debt by \$20,000 for all borrowers (64%).

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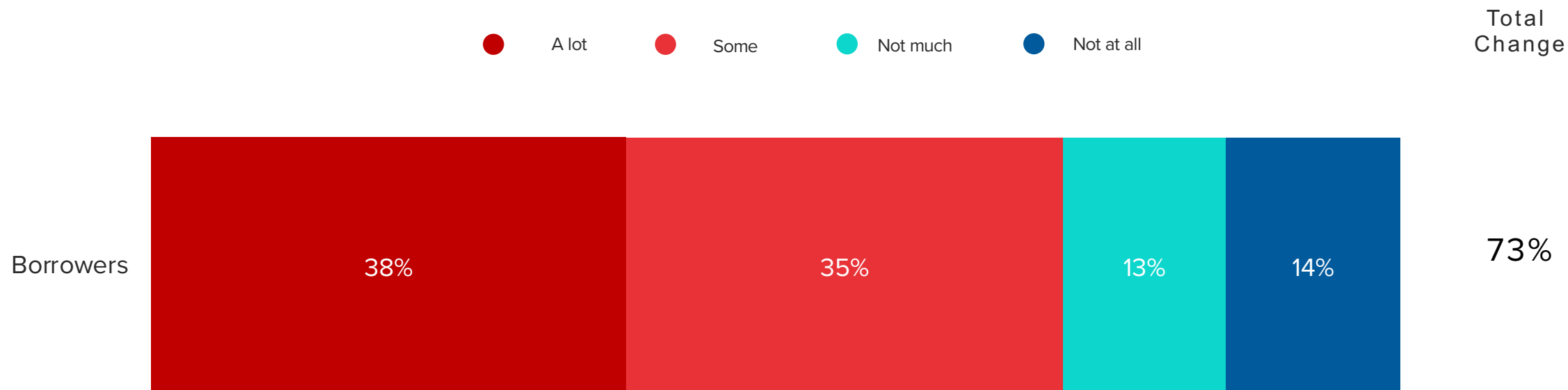
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Policy Solutions, ISAs, and  
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## COVID-19 IMPACT

Three-quarters of borrowers' (73%) report there has been a change in their work life since the onset of the coronavirus (COVID-19) pandemic.

*Switching gears slightly, how much, if at all, has your work life changed since the onset of the coronavirus (COVID-19) pandemic?*

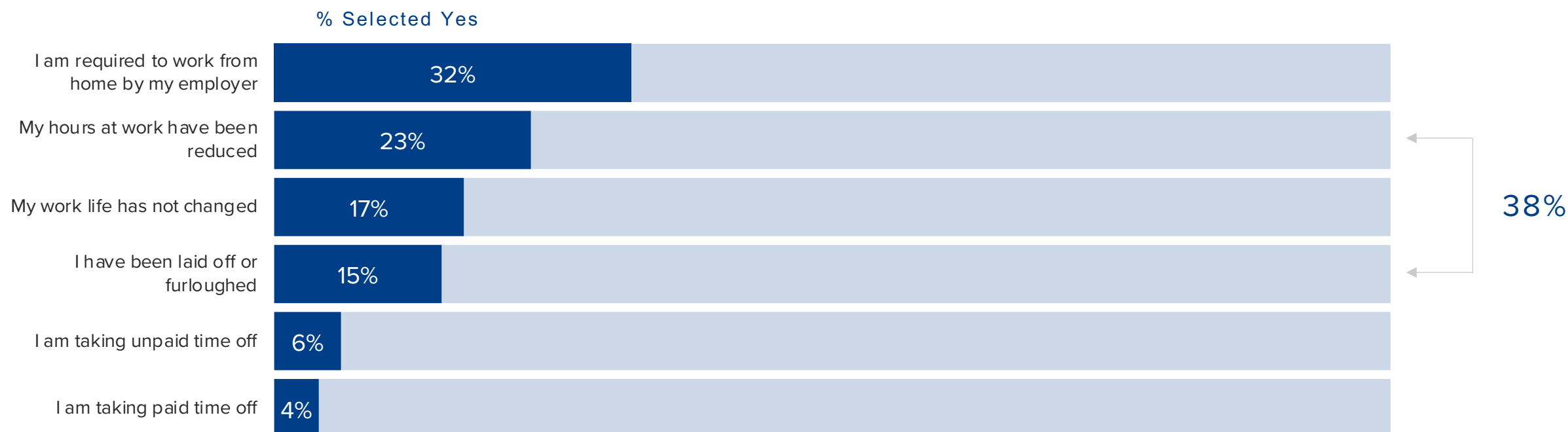


*Total Change = A lot + Some*

## COVID-19: IMPACT

Nearly a third (32%) of NC borrowers report they are required to work from home by their employer. However, 38% report their hours have been reduced and/or that they have been laid off or furloughed due to the pandemic.

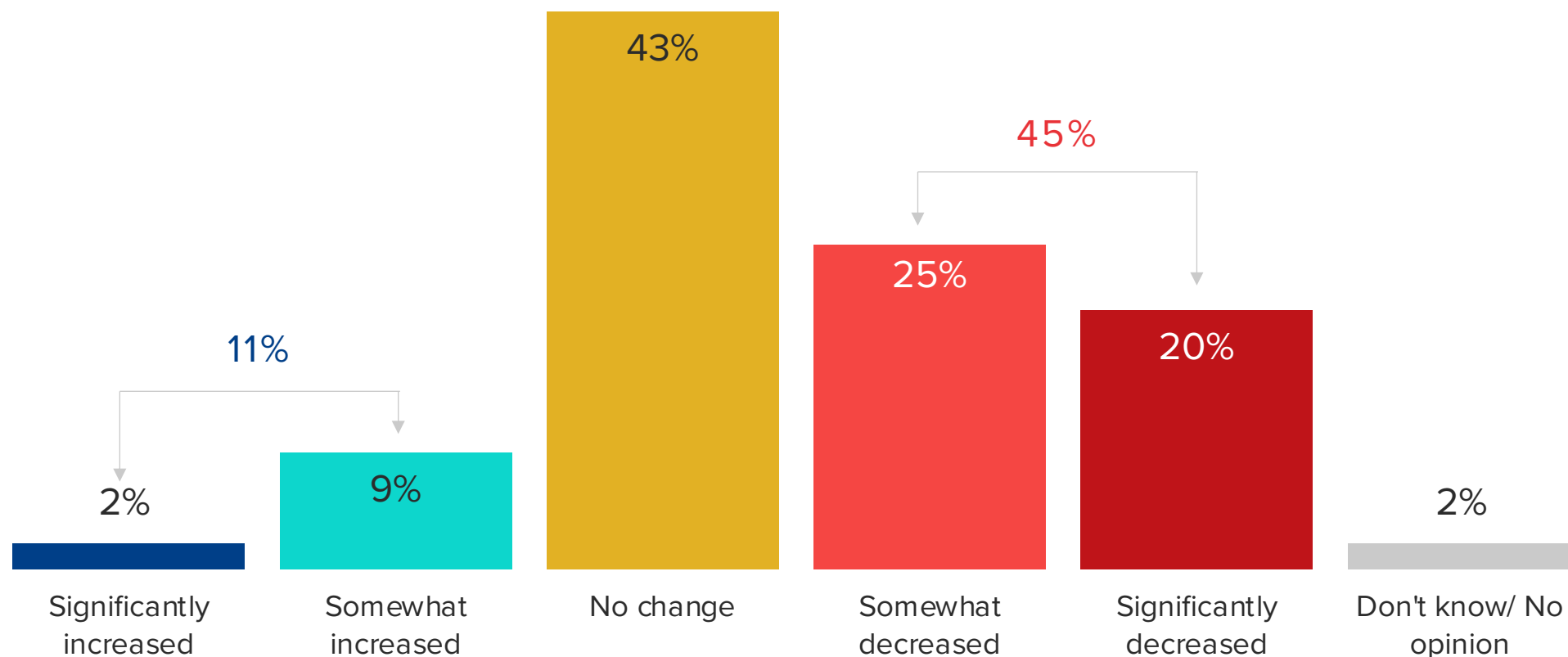
*Switching gears slightly, how much, if at all, has your work life changed since the onset of the coronavirus (COVID-19) pandemic?*



## COVID-19: IMPACT

Forty-five percent of NC student loan borrowers report a decrease in their household income since the onset of COVID-19. Additionally, 43% report no change in their household income.

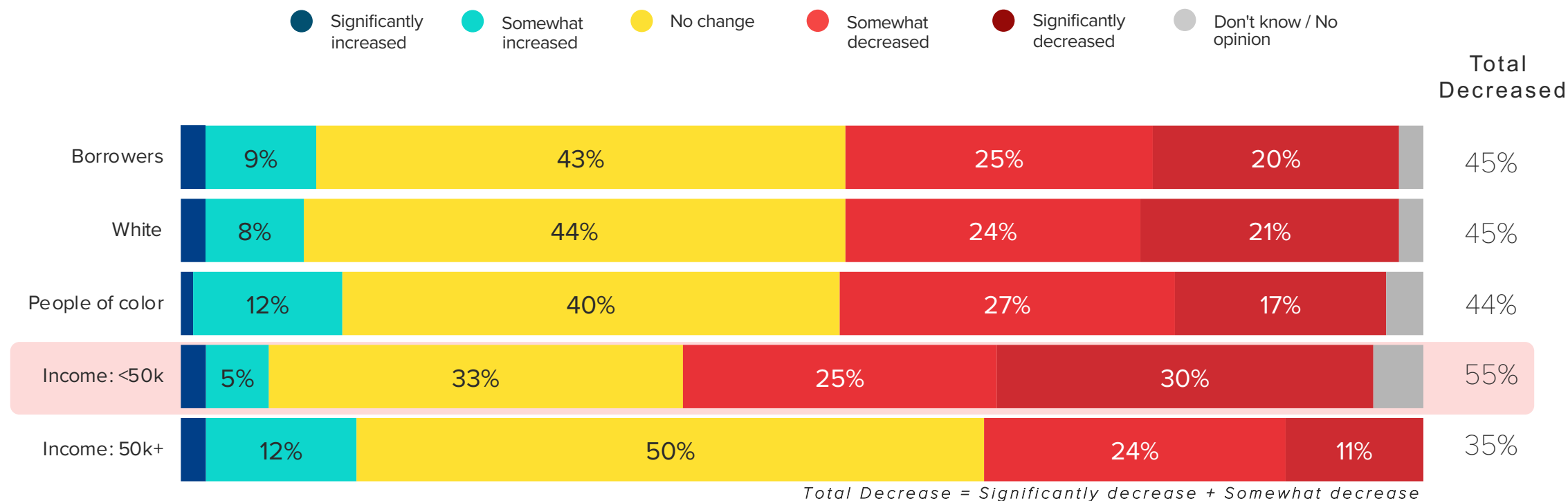
*Thinking about the monthly income of your household, including everyone in your home, how much has your household income changed since the onset of the coronavirus (COVID-19) pandemic?*



## COVID-19: IMPACT

### Lower-income borrowers report the highest level of decrease (55%) in income amidst COVID-19.

*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?*



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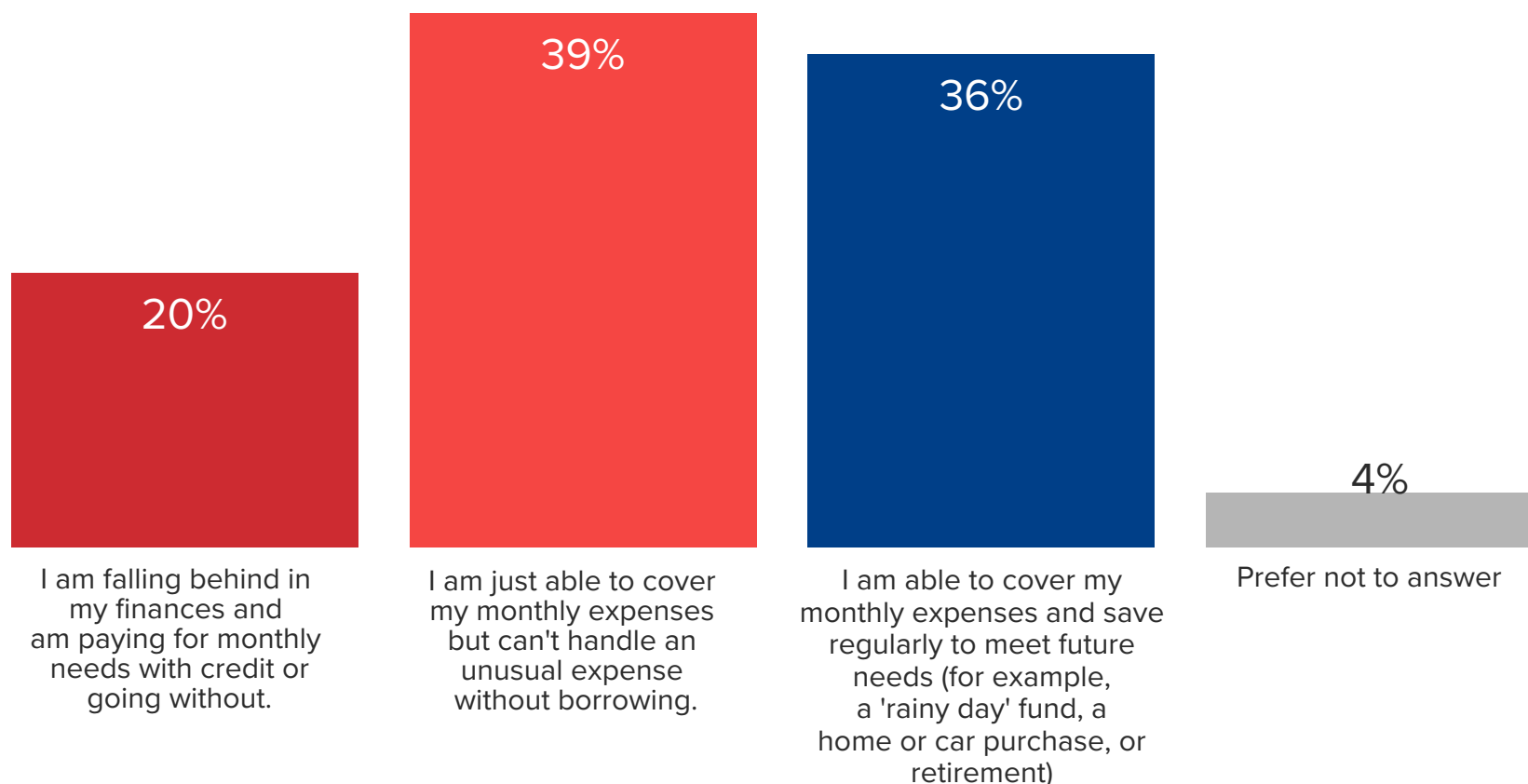
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Policy Solutions, ISAs, and  
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## BORROWERS ARE STRUGGLING TO KEEP UP

More than two-thirds of borrowers (69%) report they would have trouble with an unexpected emergency or are already falling behind in their finances.

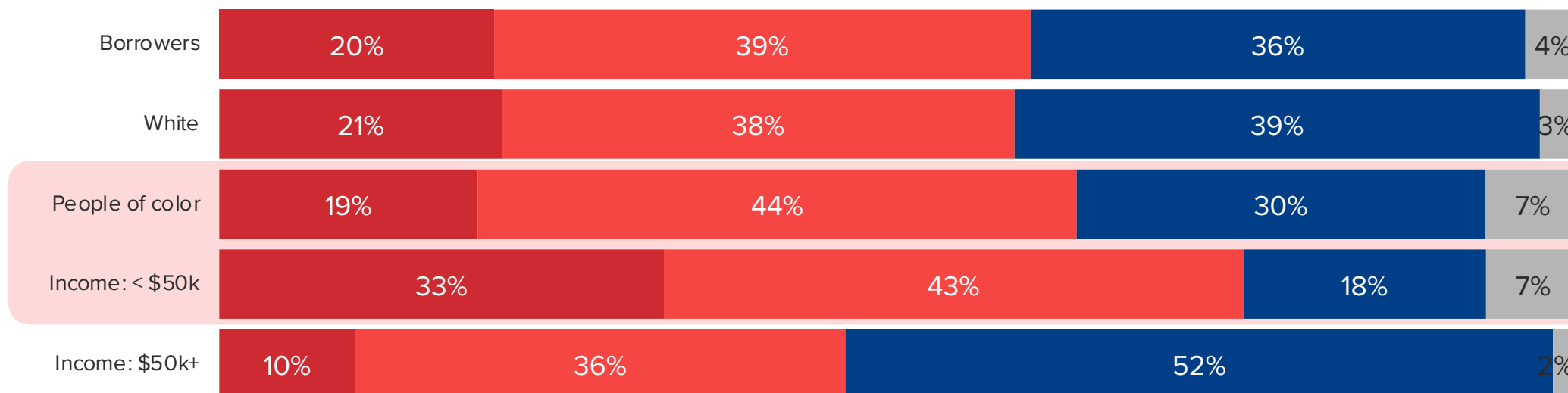
*Which best describes how you feel about your finances?*



## BORROWERS ARE STRUGGLING TO KEEP UP

Borrowers of color and those making below \$50k are more likely than white and those who make above 50k to report they would have trouble with an unexpected emergency and that they are falling behind in their finances.

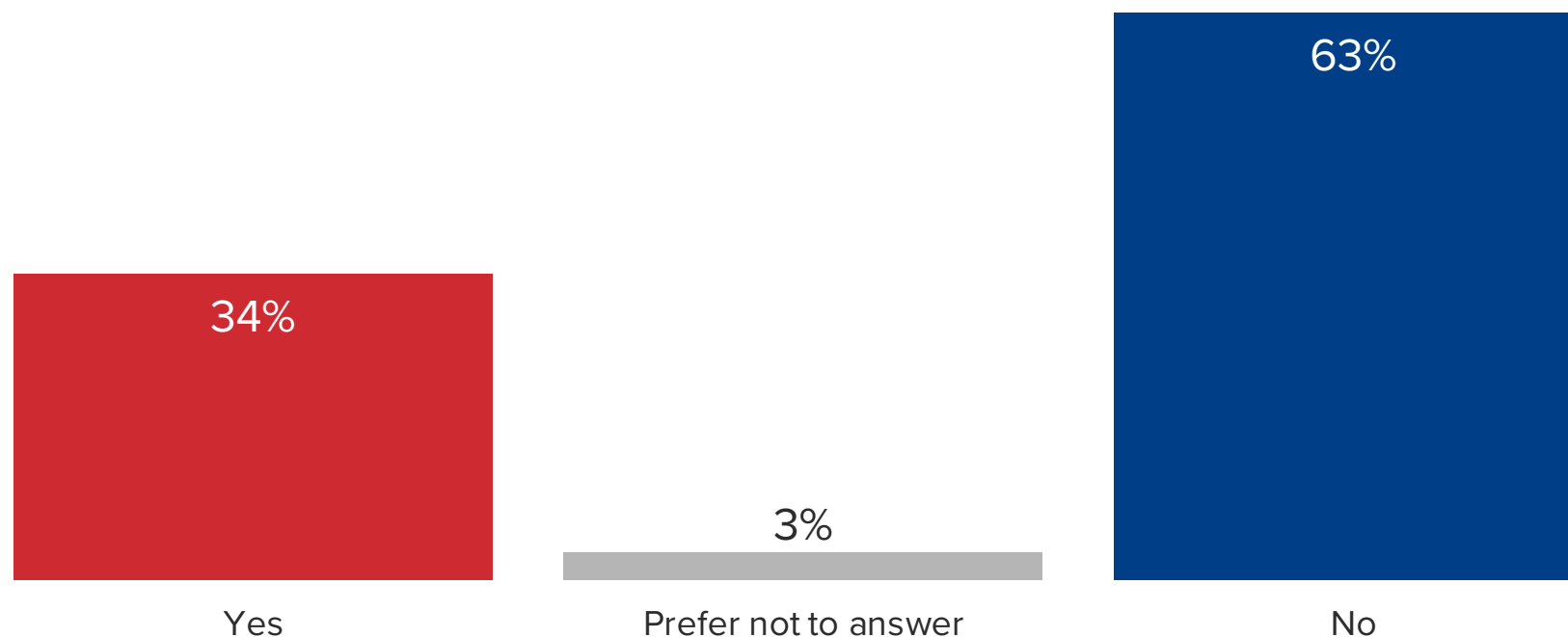
*Which best describes how you feel about your finances?*



## BORROWERS ARE STRUGGLING TO KEEP UP

A third of borrowers (34%) report having been contacted by a debt collector in the past 12 months.

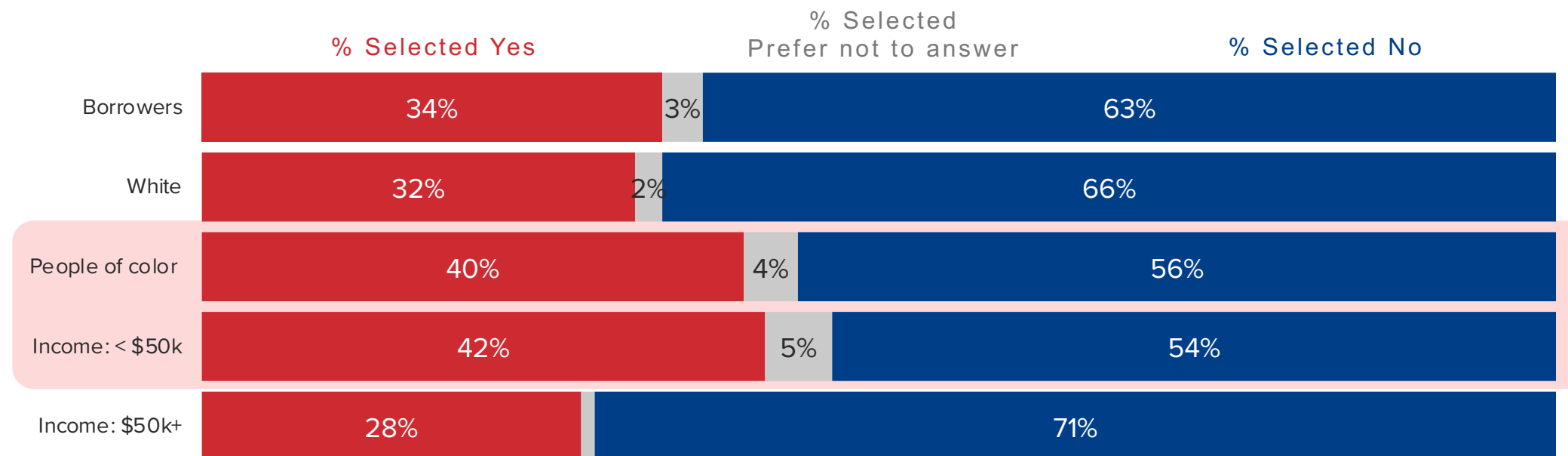
*Have you been contacted by a debt collector in the past 12 months about a past due debt?*



## BORROWERS ARE STRUGGLING TO KEEP UP

Lower-income adults and borrowers of color report being contacted by a debt collector at much higher rates than white or high-income adults.

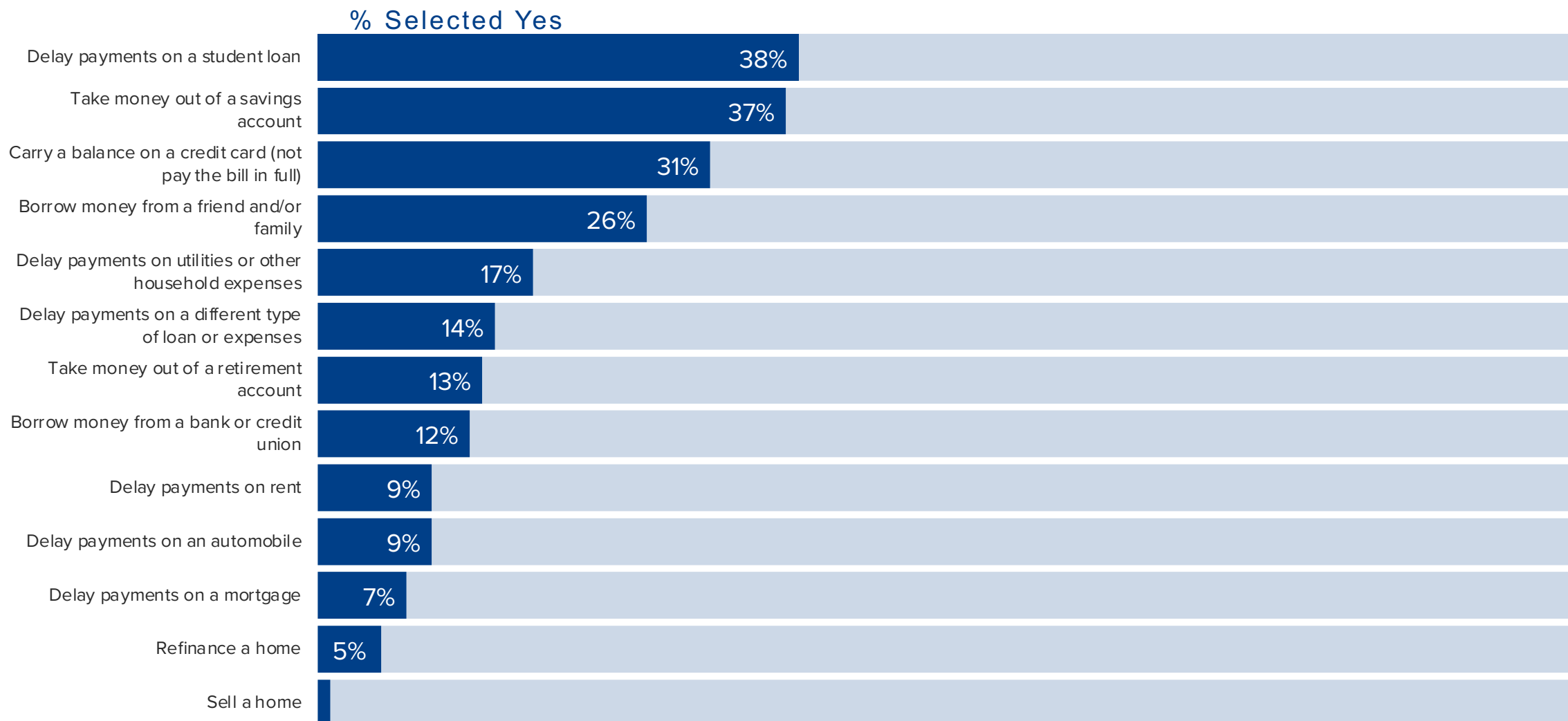
*Have you been contacted by a debt collector in the past 12 months about a past due debt?*



## BORROWERS ARE STRUGGLING TO KEEP UP

Common courses of action to manage expenses during COVID-19 include delaying student loan payments (38%), taking money out a savings account (37%) and carrying a balance on a credit card (31%).

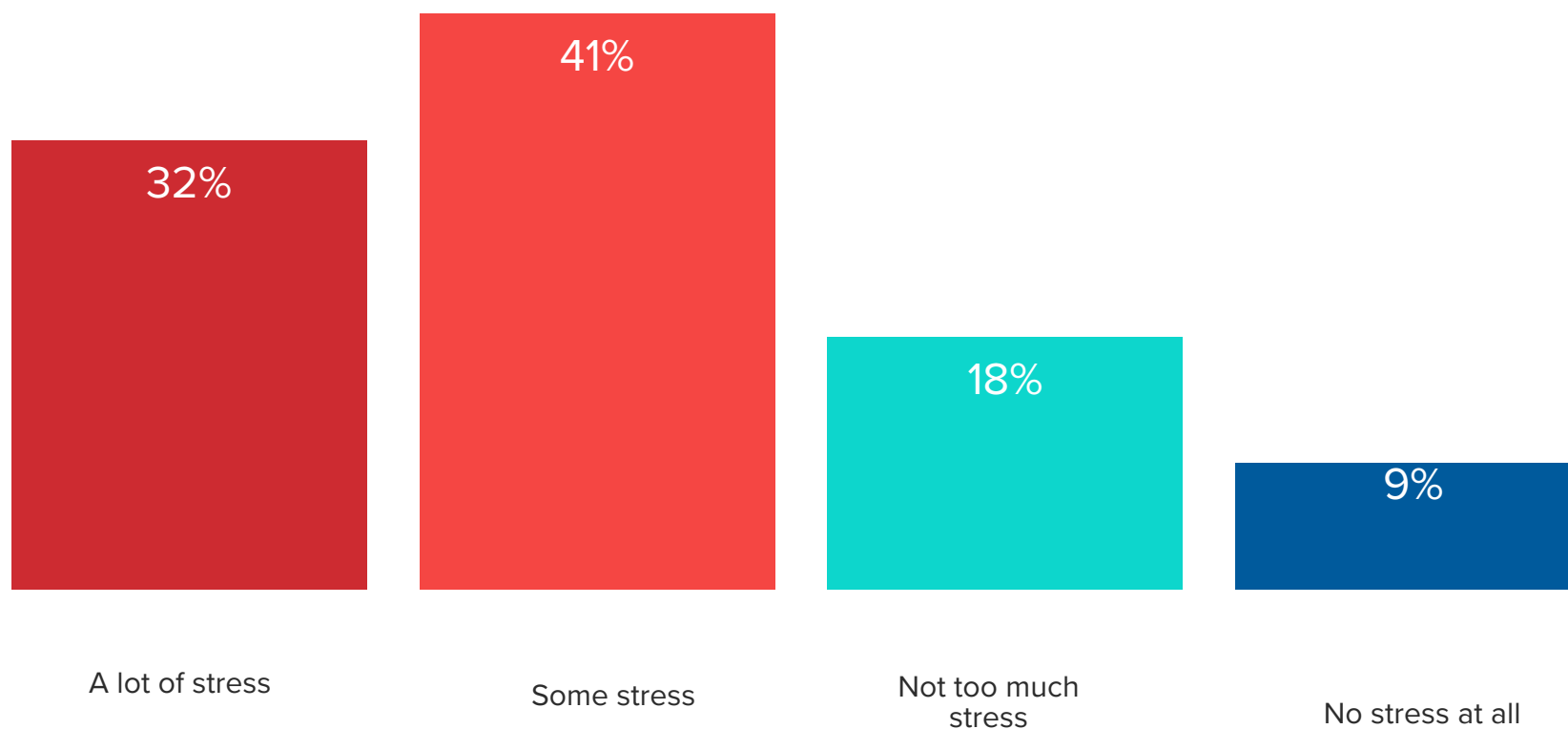
*Switching gears slightly, how much, if at all, has your work life changed since the onset of the coronavirus (COVID-19) pandemic?*



## BORROWERS ARE STRUGGLING TO KEEP UP

Three-quarters (73%) of borrowers report their student loans cause them stress.

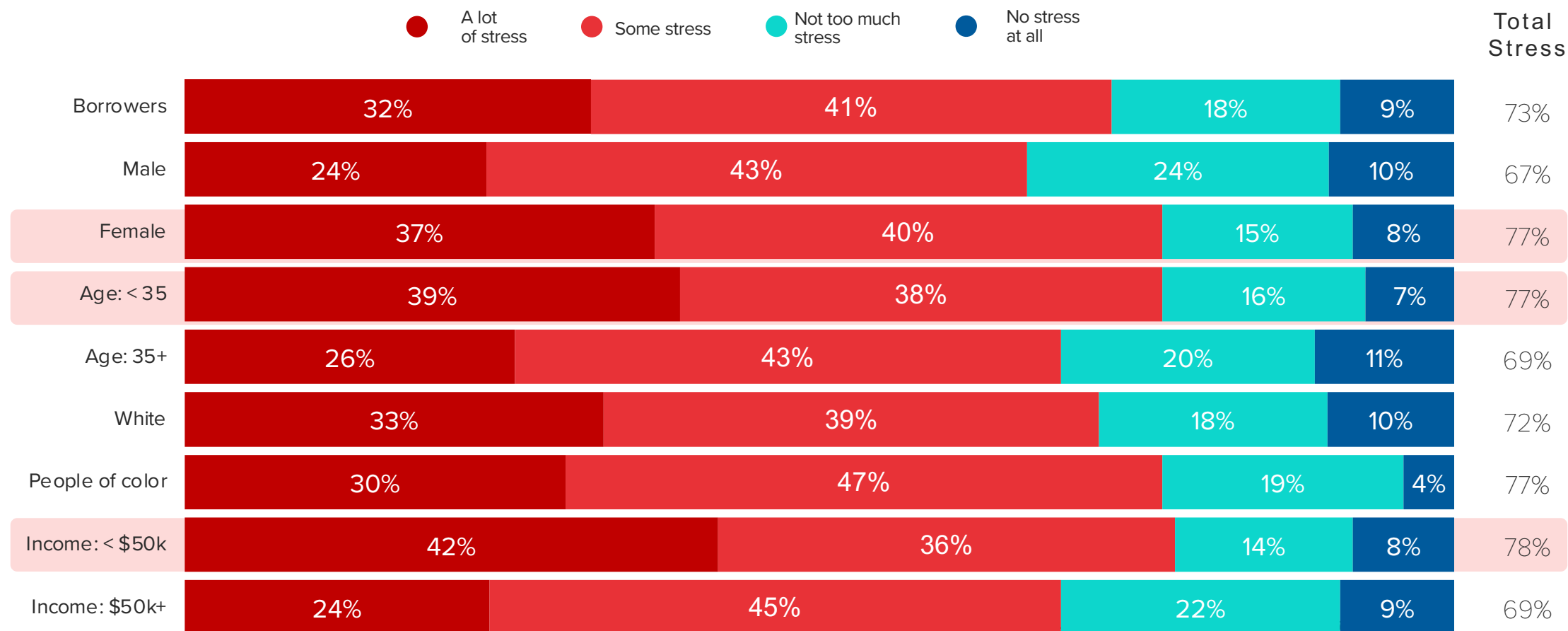
*How much stress does the student debt you have cause you?*



## COVID-19: IMPACT

Younger, lower-income, and female borrowers report the most intense level of stress.

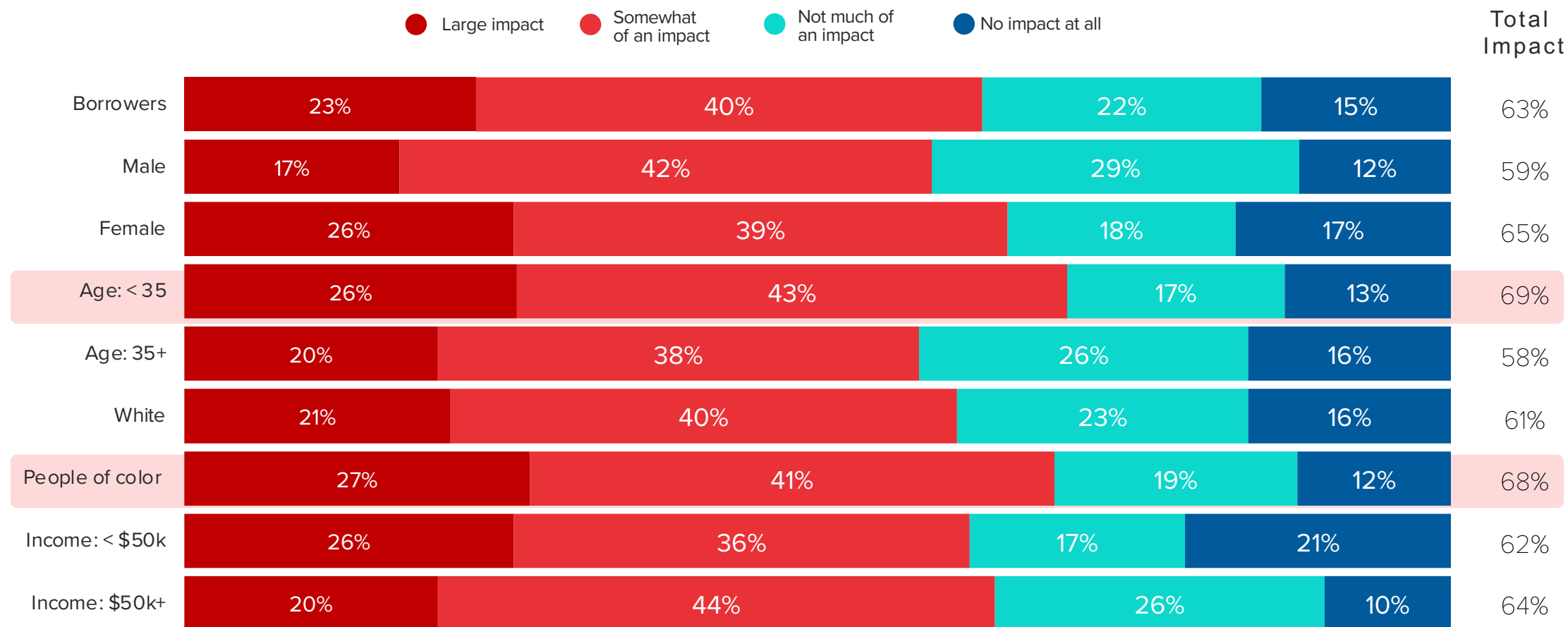
*How much stress does the student debt you have cause you?*



## COVID-19: IMPACT

Younger and borrowers of color report student loans have had the highest level of impact on their overall budgets.

*How much of an impact, if at all, does your monthly student loan payments have on your overall budget?*



Total Stress = A lot of stress + Some stress

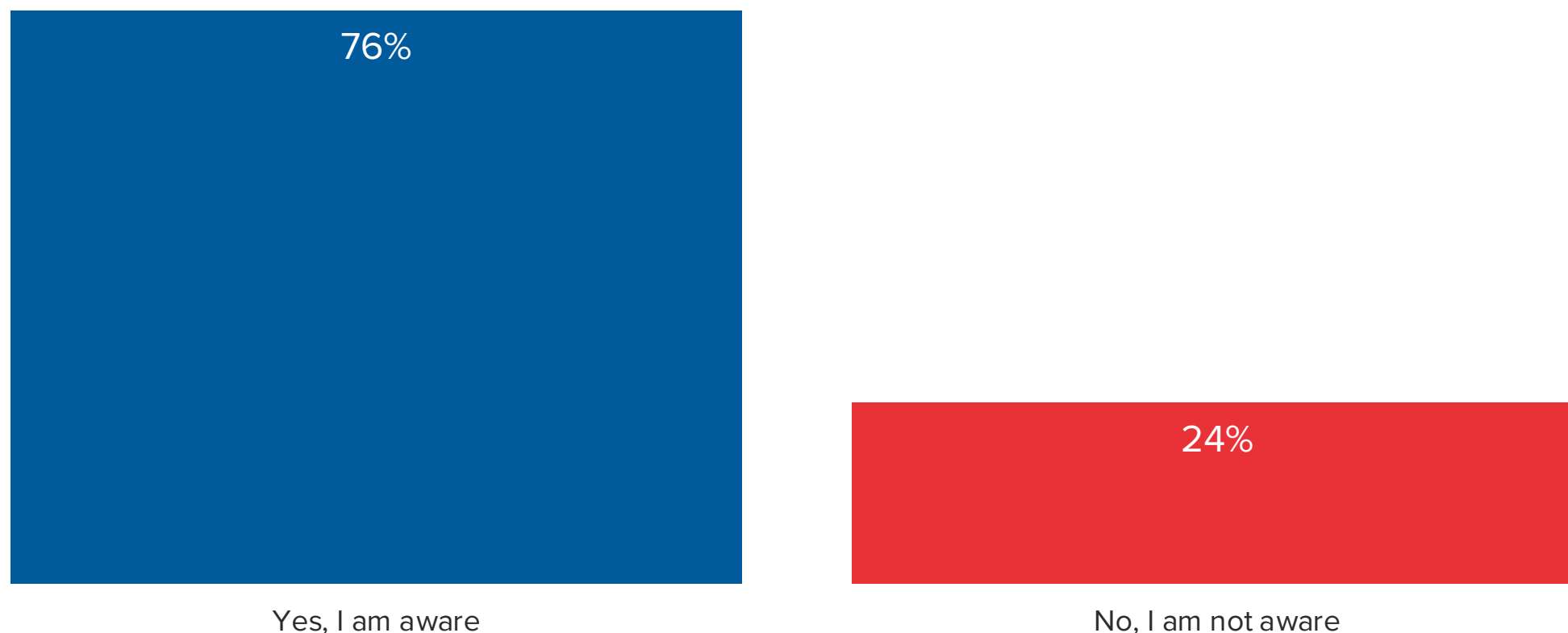
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## SERVICERS NOT PROVIDING CRUCIAL INFORMATION

A quarter of NC borrowers (24%) are not aware of the current automatic payment pause on federal student loans. However, three-quarters report (76%) they are aware.

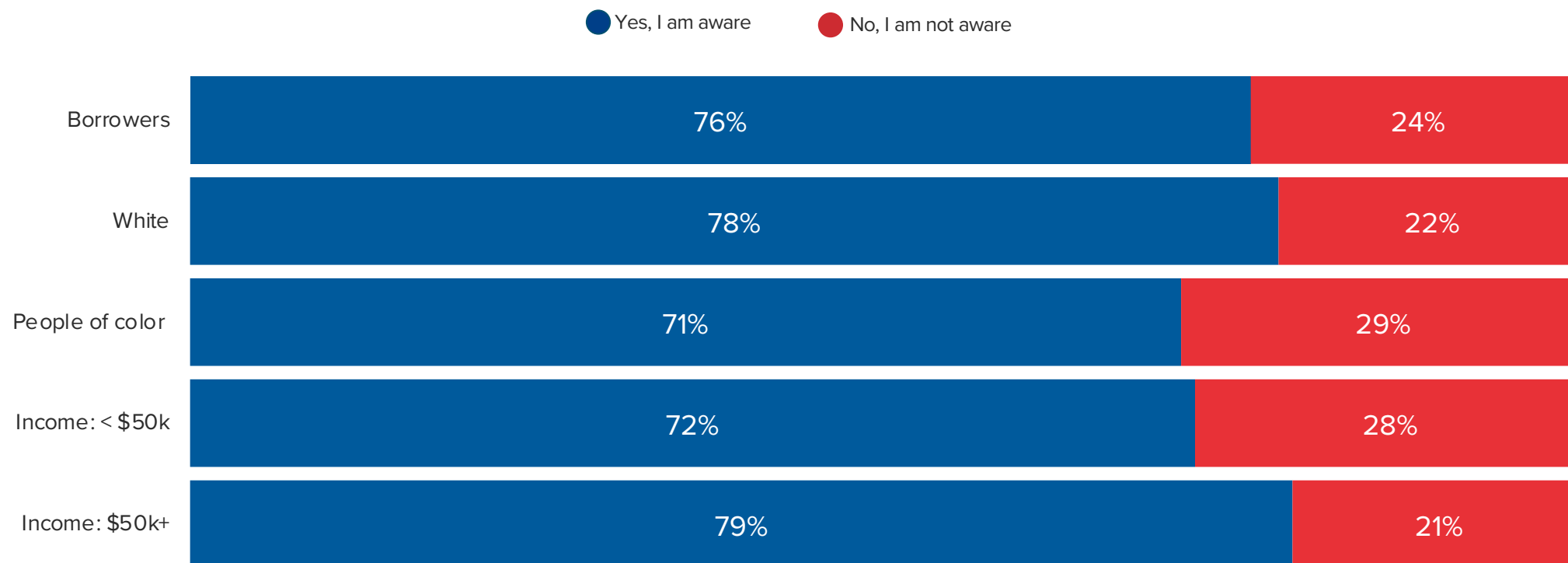
*Are you aware that all federally held student loans have been automatically deferred with 0% interest, meaning that many borrowers do not currently have to make payments on these loans?*



## SERVICERS NOT PROVIDING CRUCIAL INFORMATION

A majority of borrowers across key demographics are aware their student loans have been automatically deferred with 0% interest.

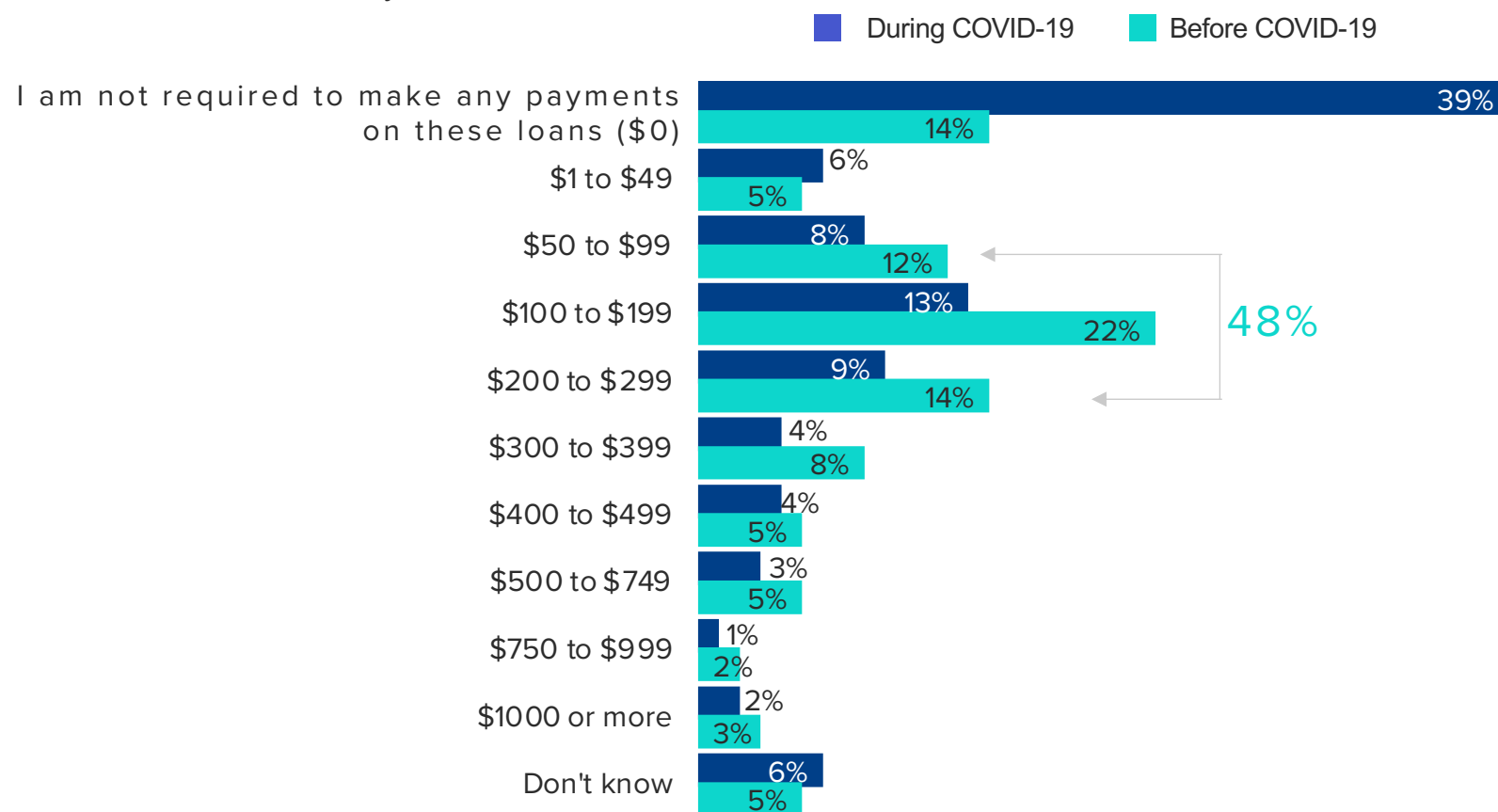
*Are you aware that all federally held student loans have been automatically deferred with 0% interest, meaning that many borrowers do not currently have to make payments on these loans?*



## BORROWERS ARE STRUGGLING TO KEEP UP

Thirty-nine 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 paying somewhere between \$50 and \$299.

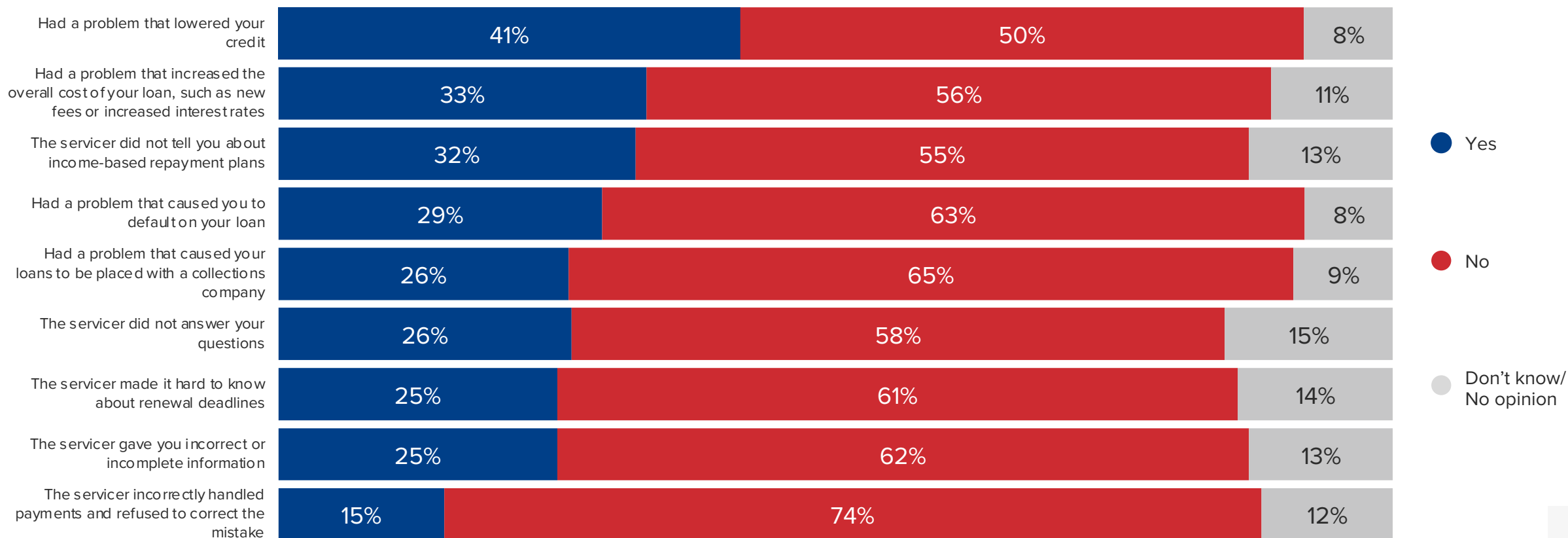
*[Since] [Before] the coronavirus (COVID-19) pandemic approximately how much was the total monthly payment that you were required to make on the loans from your education?*



## SERVICERS NOT PROVIDING CRUCIAL INFORMATION

Forty-one percent of borrowers report they've had a problem that lowered their credit. Additionally a third (33%) report they have had a problem that increases the overall cost of their loan and that a servicer did not tell them about income-based repayment (32%).

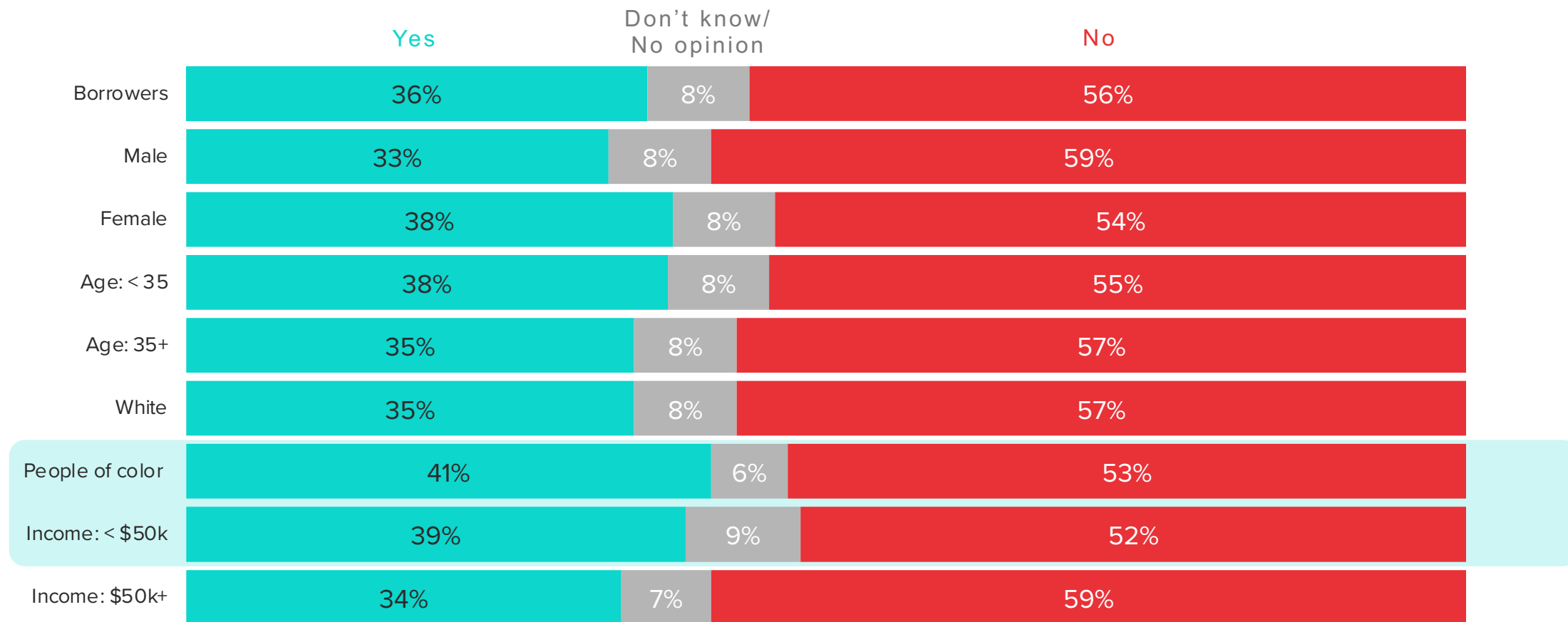
*Here is a list of situations some have had with their student loan payments. Has this problem ever happened in your experience with a student loan servicer?*



## COVID-19 IMPACT

Borrowers of color and lower-income borrowers are the most likely to report they are currently enrolled in an income-driven repayment plan.

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



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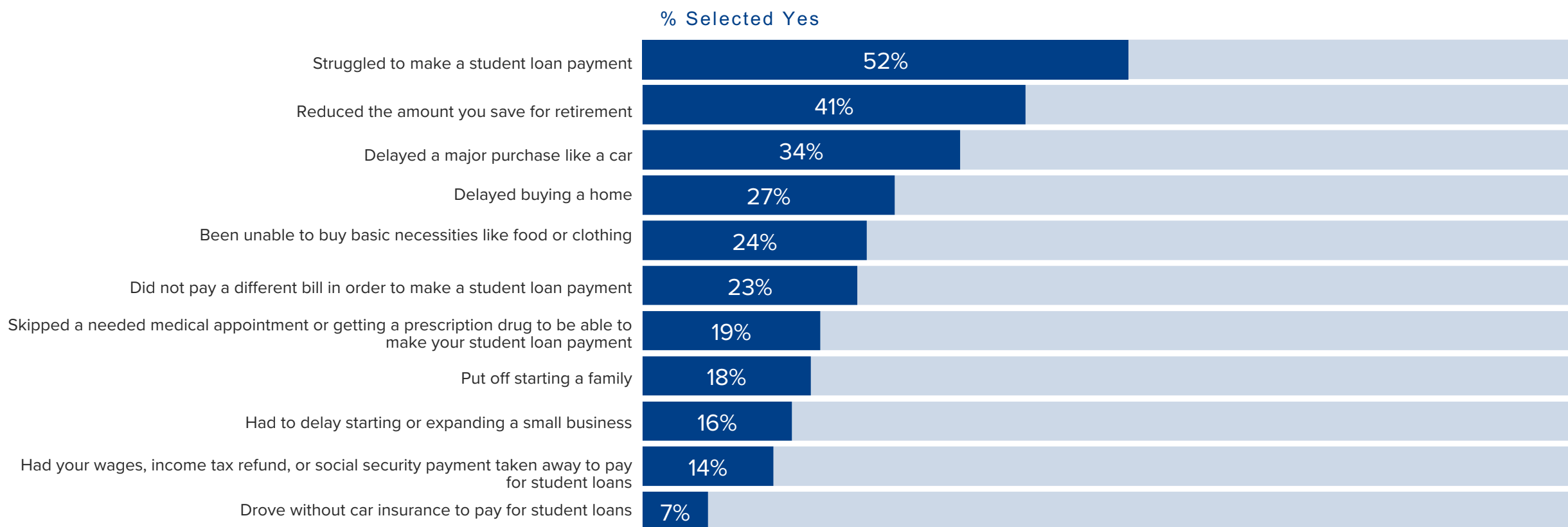
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Policy Solutions, ISAs, and  
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## MACROECONOMIC IMPACT

Among NC borrowers, 52% report struggling to make a student loan payment. And, 41% report they have had to reduce the amount they save for retirement.

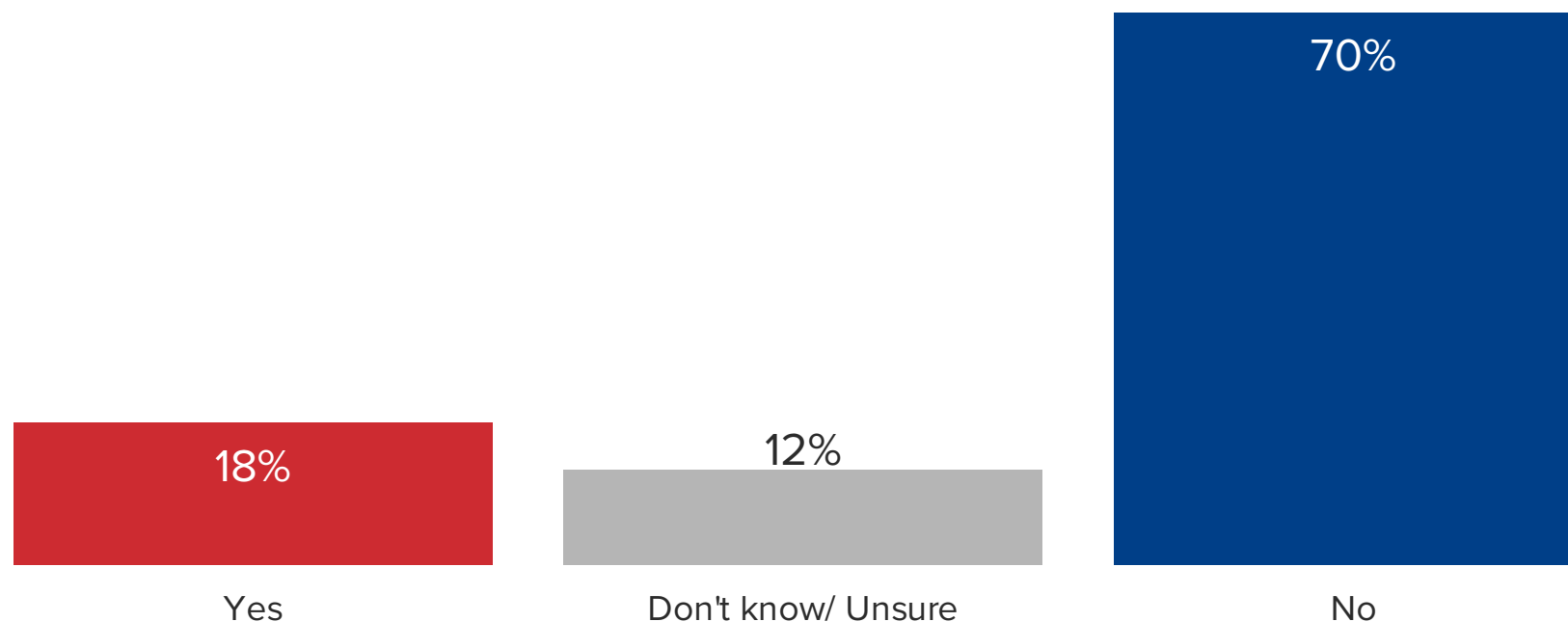
*The following questions are related to the impact of your student loans. Have any of the following situations described below happened to you in the last 1-2 years due to student loan payments?*



## MACROECONOMIC IMPACT

Nearly a fifth of borrowers (18%) report knowing someone who has moved to take a job that will help them afford their student loan payments.

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



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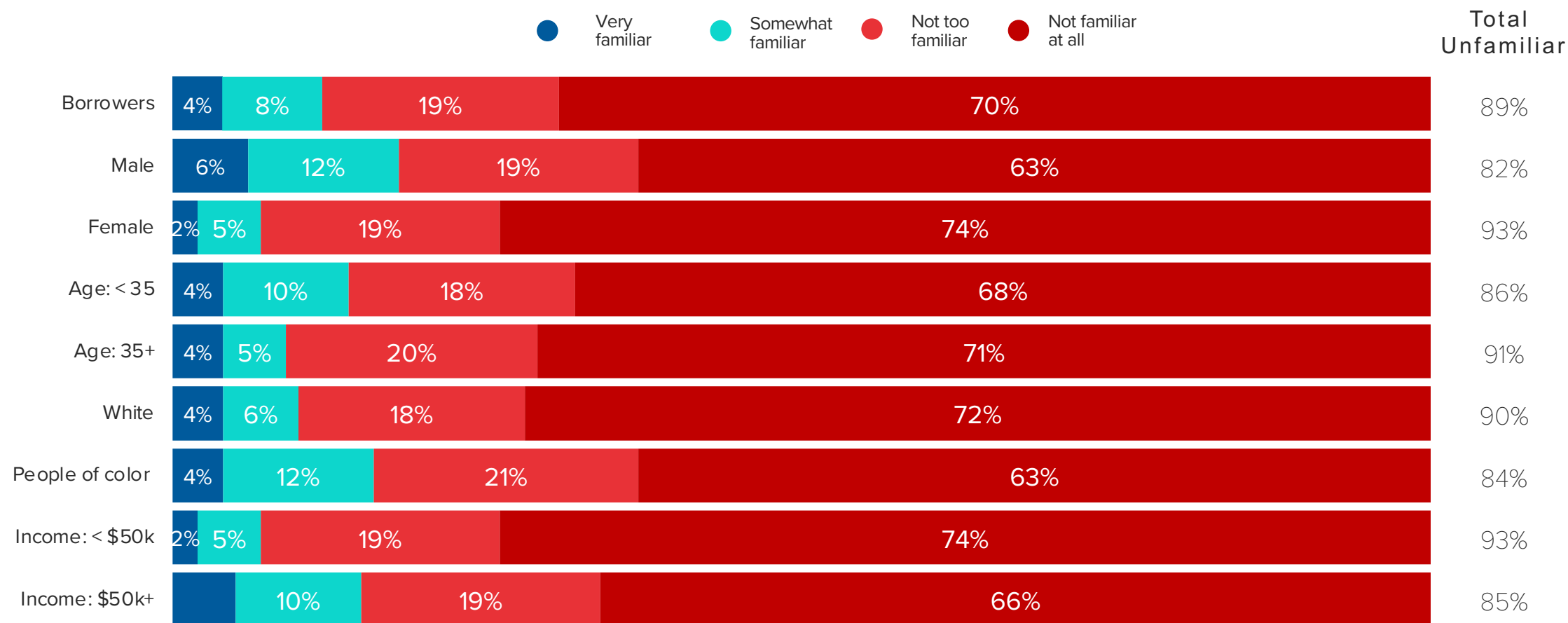
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## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

A strong majority of borrowers, across key demographics, are not familiar at all with ISAs.

*How familiar are you with Income Share Agreements (ISA)?*

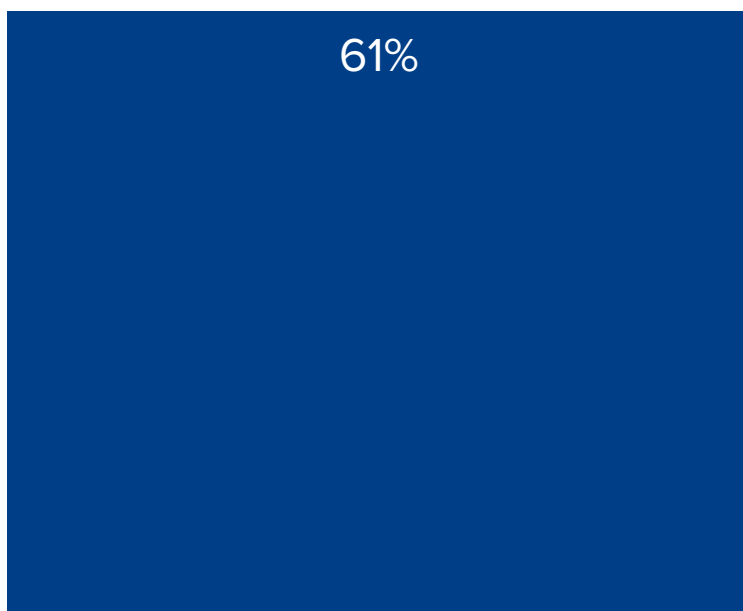


*Total Unfamiliar = Not too familiar + Not familiar at all*

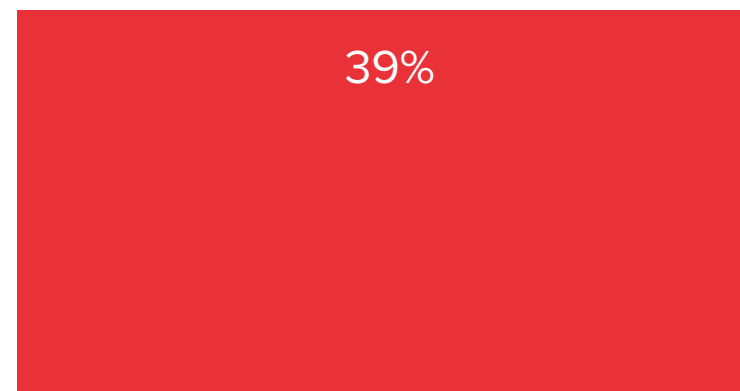
## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

Three in five borrowers (61%) find adding ISAs to existing student debt loans may only exacerbate the financial stress during repayment.

*As you may know, an Income Share Agreement or ISA is a type of credit product for financing higher education, whereby college expenses are paid by private sources in exchange for a fixed portion of future income. Which statement comes closer to your view?*



*Income-driven repayment plans are already available for federal loans and ISAs may deny borrowers the protections that other student loans have. Additionally, adding ISAs to existing student debt loans may only exacerbate the financial stress during repayment.*

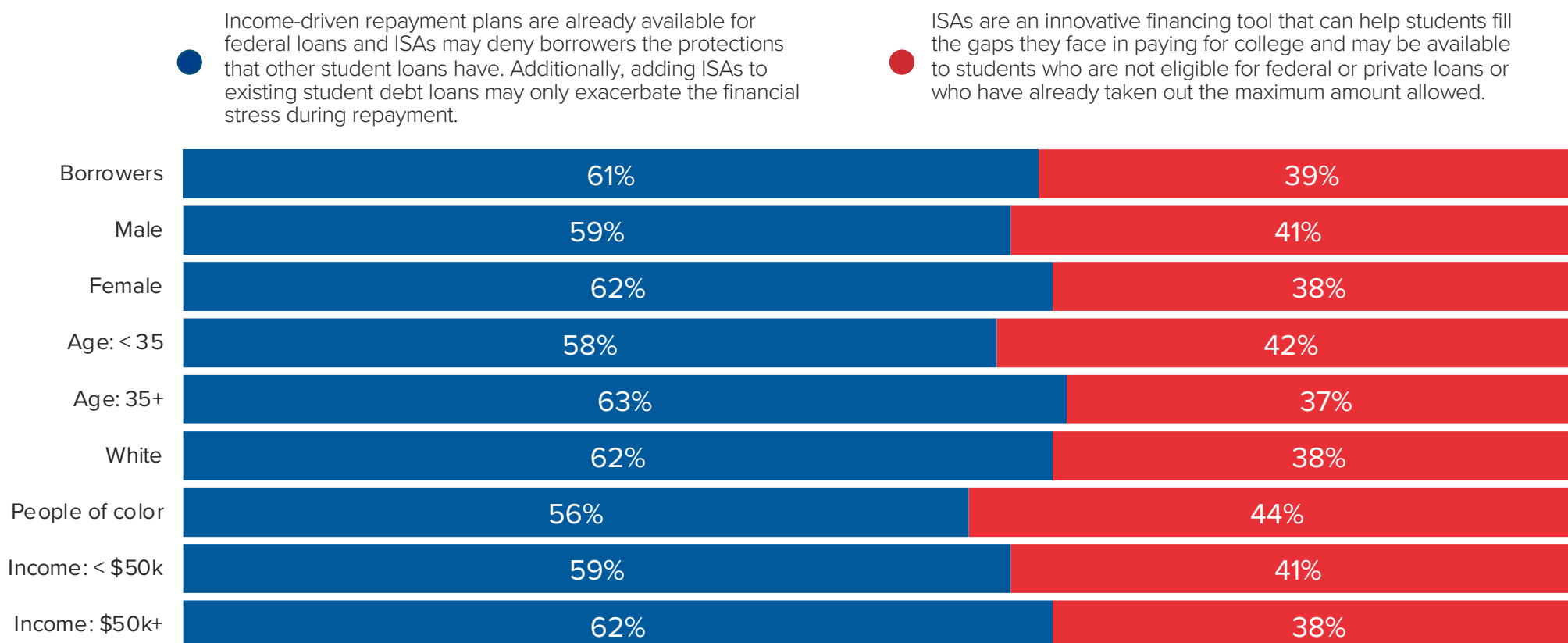


*ISAs are an innovative financing tool that can help students fill the gaps they face in paying for college and may be available to students who are not eligible for federal or private loans or who have already taken out the maximum amount allowed.*

## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

A majority of borrowers, across key demographics, find adding ISAs to existing student debt loans may only exacerbate the financial stress during repayment.

*As you may know, an Income Share Agreement or ISA is a type of credit product for financing higher education, whereby college expenses are paid by private sources in exchange for a fixed portion of future income. Which statement comes closer to your view?*



## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

Two-thirds of NC borrowers, across the political spectrum, strongly support eliminating student loan interest on all federal loans (67%), extending monthly repayment relief (67%), and reducing student loan debt by \$20,000 for all borrowers (64%).

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

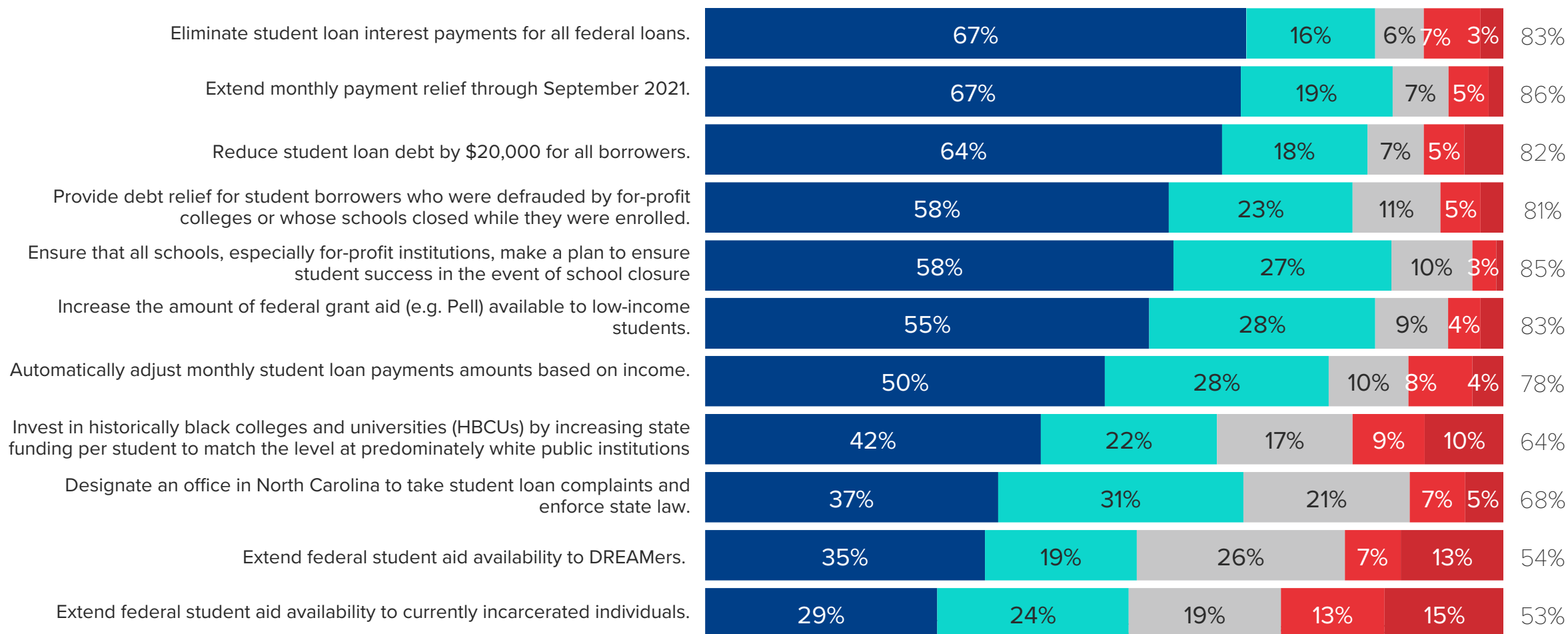
● Strongly support    ● Somewhat support

Don't know /  
No opinion

● Somewhat oppose

● Strongly oppose

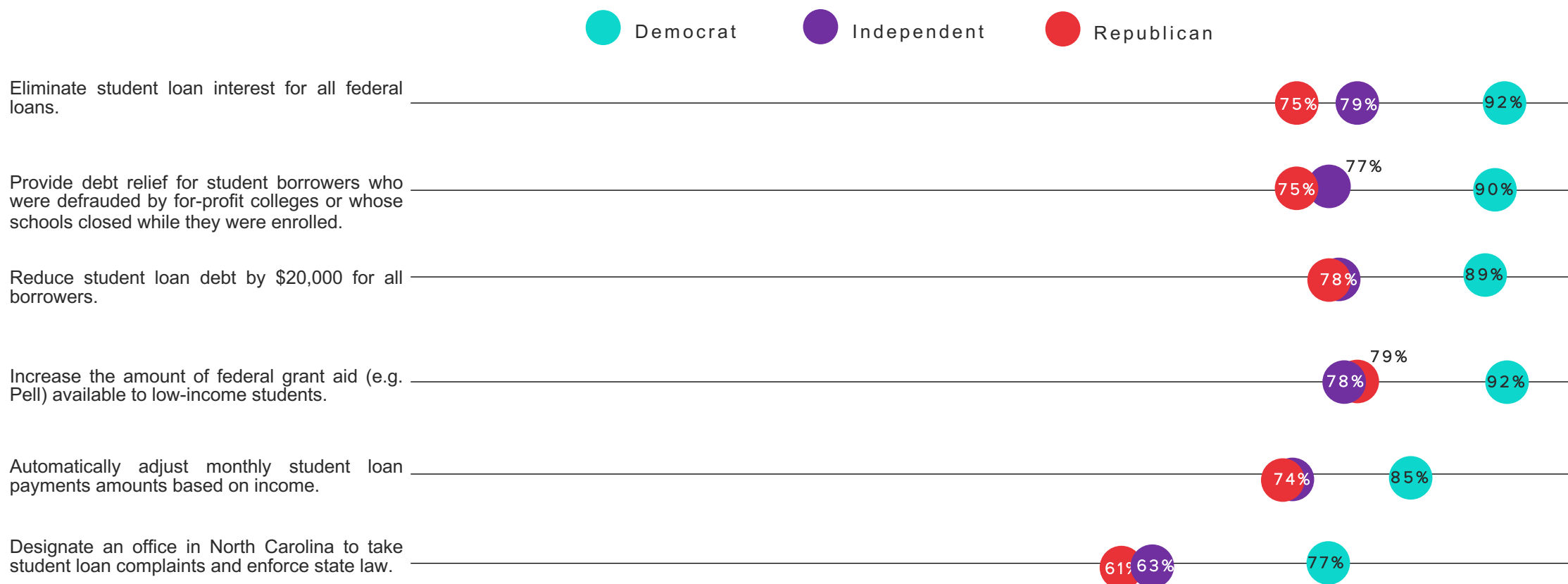
Total  
Support



## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

Support for the proposed policies varies in level by political party. There is bipartisan support for eliminating student loan interest for all federal loans, reducing student loan debt by \$20,000 for all borrowers, and other proposed policies.

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



## POLICY SOLUTIONS, ISAs, AND RE-OPENING SCHOOLS

There is bipartisan support for extending monthly payment relief through September 2021 and ensuring that all schools make a plan to ensure student success in the even of a school closure. Democrats are more likely than Republicans and independents to support extending federal student aid availability to DREAMers and incarcerated individuals.

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

