



# Student Borrower Struggles & How Schools Can Help

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Washington Student Achievement Council

# WSAC'S MISSION

We advance educational opportunities and attainment in Washington State.



- Policy and research
- Savings and financial aid programs
- Access and support programs
- Consumer protection



# WORKSHOP OUTCOMES

- Understand the student loan landscape nationally
- Which students are struggling & with what issues
- What does student debt look like in WA?
- Two institution examples
- Opportunities to help student borrowers
- Resources for further learning

# UNDERSTANDING THE STUDENT LOAN LANDSCAPE NATIONALLY

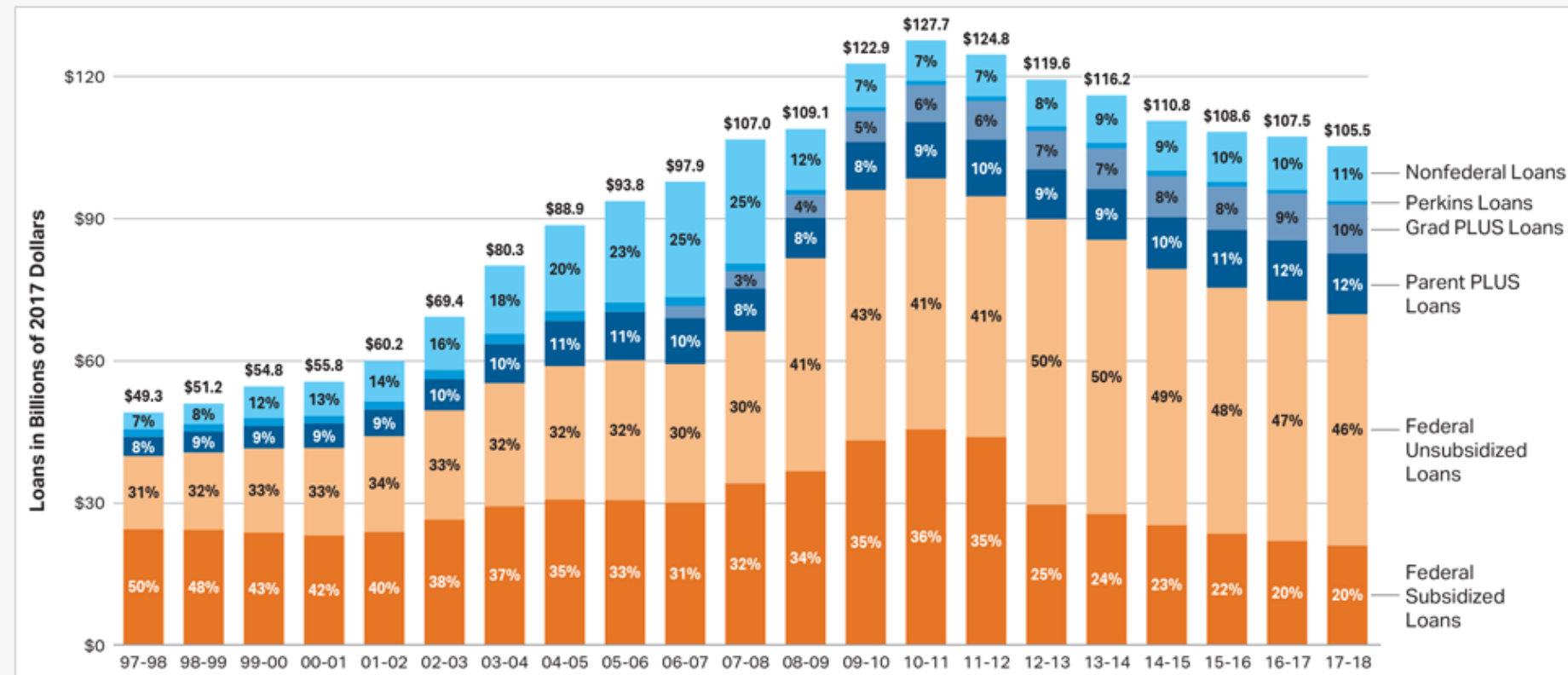
# TOTAL FEDERAL AND NONFEDERAL LOANS IN 2017 DOLLARS SINCE 97-98

TRENDS.COLLEGEBOARD.ORG

Figure 6: Total Federal and Nonfederal Loans in 2017 Dollars by Type, 1997-98 to 2017-18

[Download Data in Excel](#)

[See Key Points](#) | [See Also Important](#)



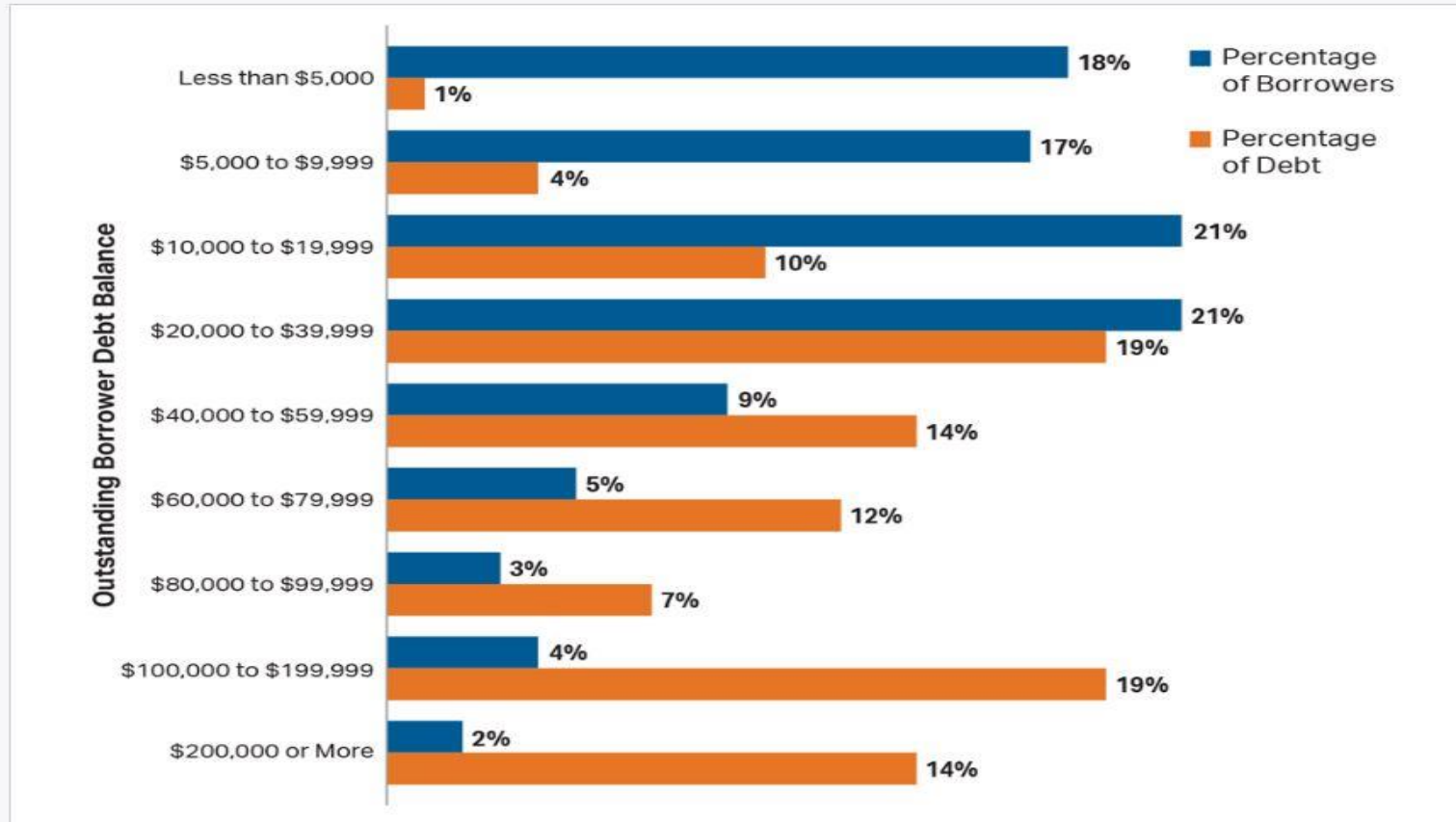
# DISTRIBUTION OF BORROWERS AND DEBT BY OUTSTANDING BALANCE

TRENDS.COLLEGEBOARD.ORG

Figure 11: Distribution of Borrowers and Debt by Outstanding Balance, 2018

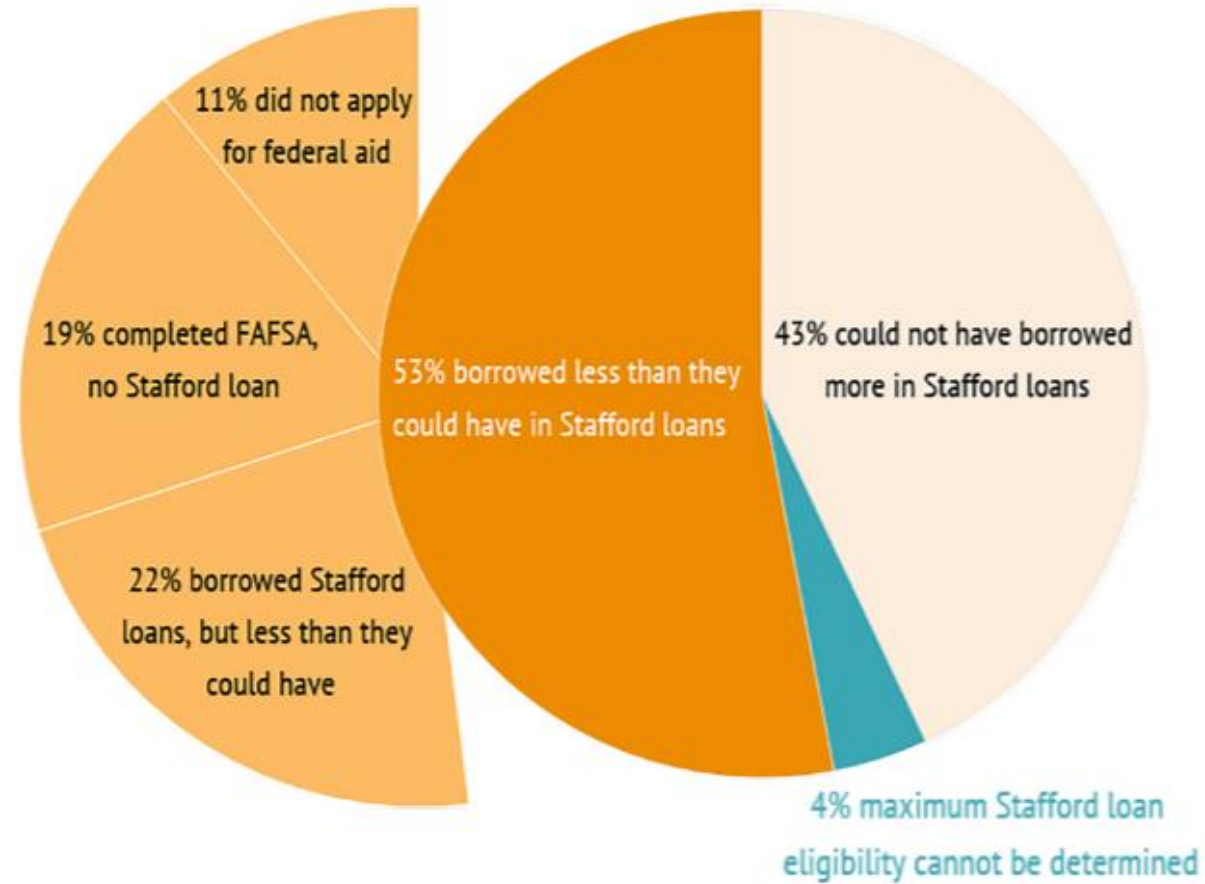
[Download Data in Excel](#)

[See Key Points](#)



# PRIVATE LOANS

## Private Loan Borrowers by Federal Loan Usage



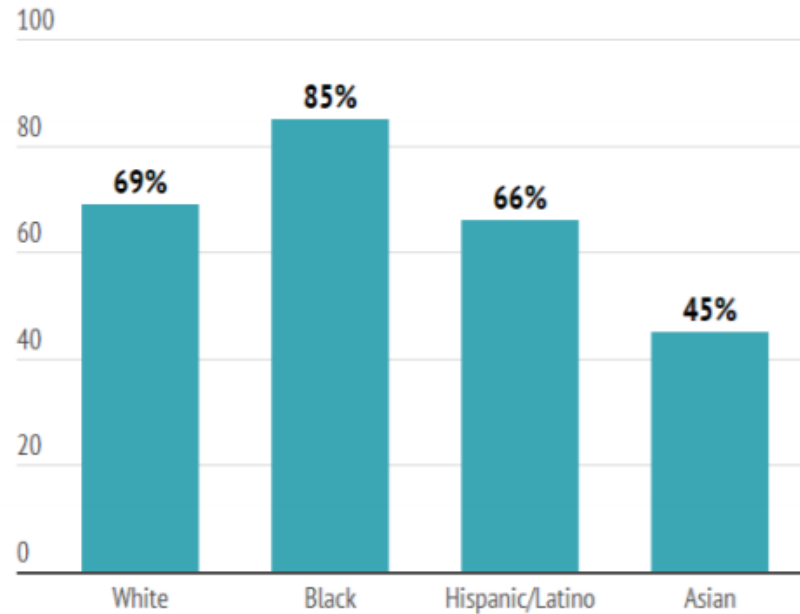
[Private Student Loans – TICAS, April 2019](#)

# WHICH STUDENTS ARE STRUGGLING & WITH WHAT ISSUES

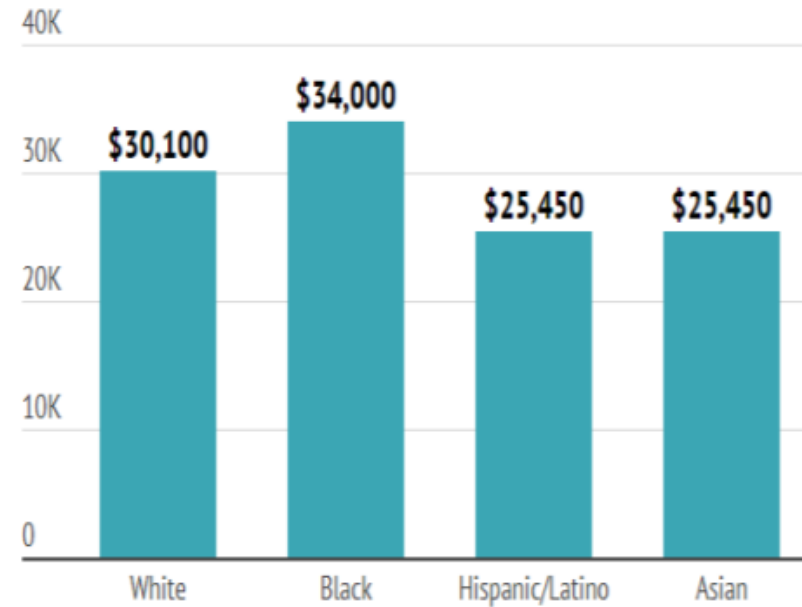


# BORROWING BY ETHNICITY

**Share of BA Recipients with Student Loan Debt in 2016, by Race/Ethnicity**

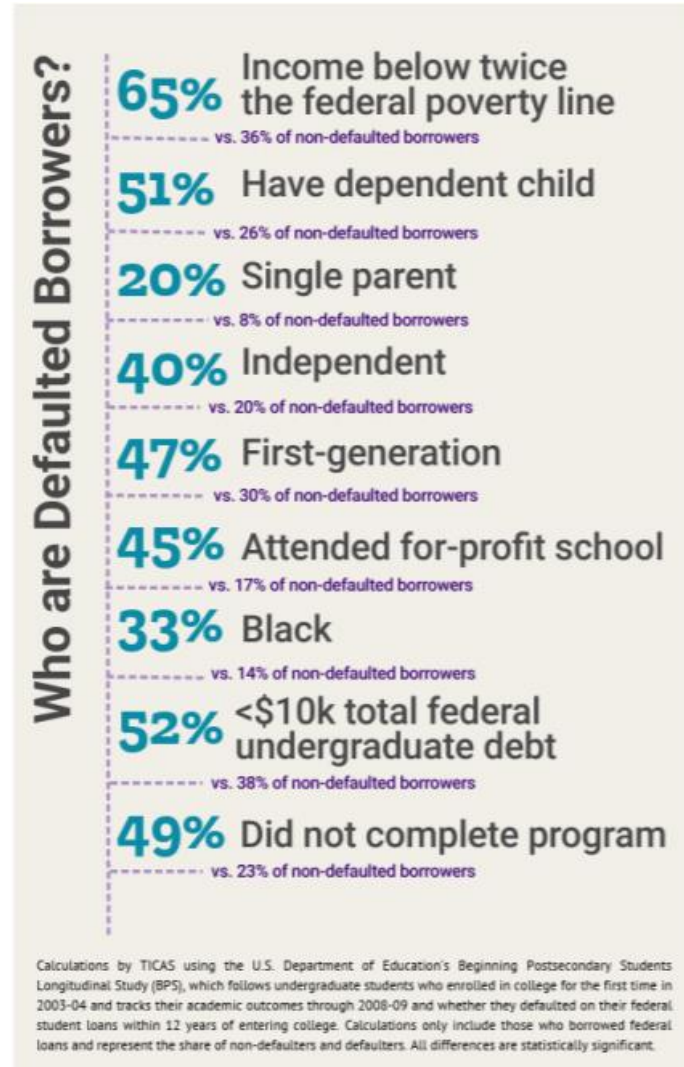


**Average Debt for BA Recipients with Loans in 2016, by Race/Ethnicity**



[Quick Facts about Student Debt – TICAS, April 2019](#)

# BORROWERS AT-RISK OF DEFAULT



[Causalities of college debt – TICAS, June 2019](#)

# DEBT DISPARITIES

		Median Ratio of Original Balance Still Owed on Federal Loans, 12 Years after Beginning College
<b>TOTAL</b>		<b>80%</b>
<b>Race/Ethnicity and Gender</b>		
American Indian or Alaska Native	Male	N/A
	Female	98%
Asian	Male	45%
	Female	47%
Black or African American	Male	111%
	Female	113%
Hispanic or Latino	Male	79%
	Female	86%
White	Male	56%
	Female	72%
More than one race	Male	76%
	Female	80%

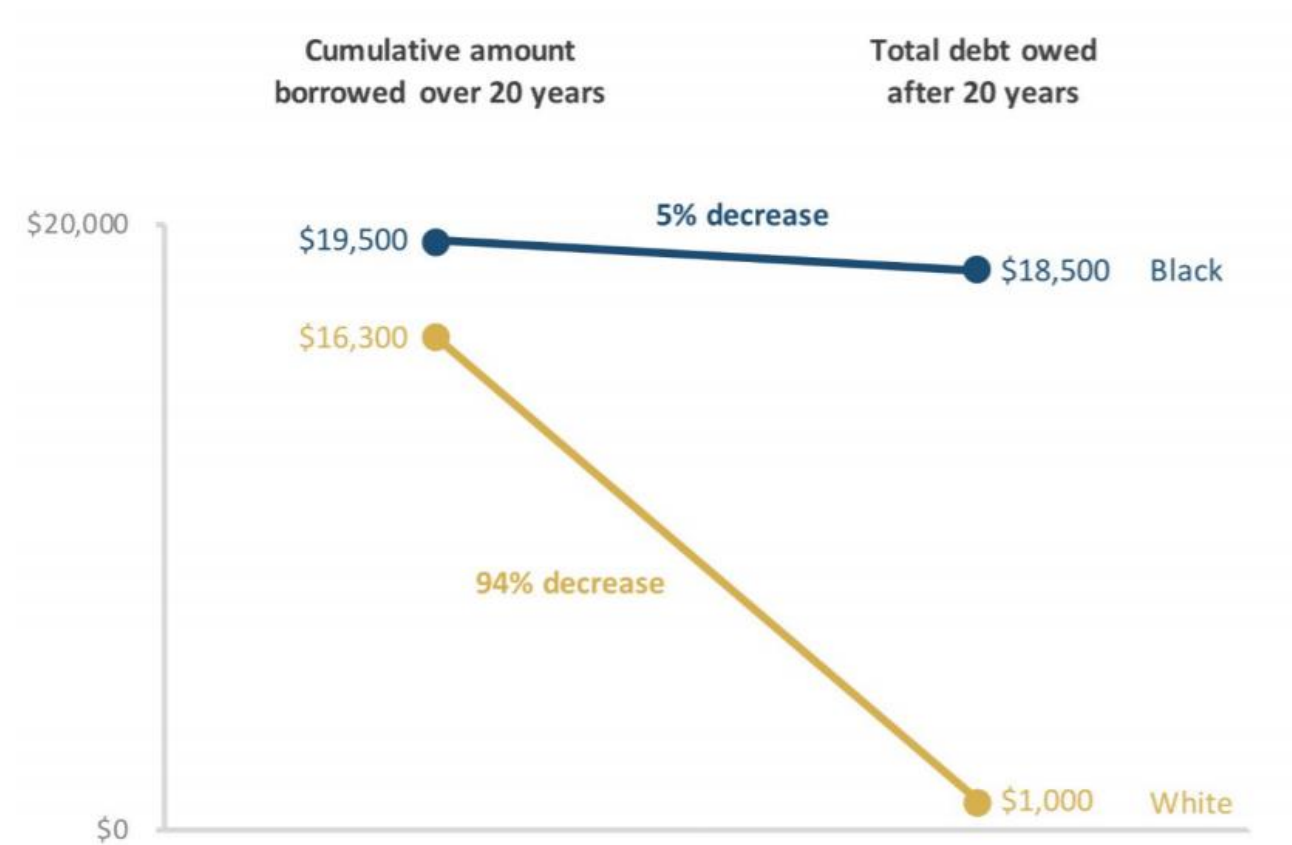
		Median Ratio of Original Balance Still Owed on Federal Loans, 12 Years after Beginning College
<b>Age When Entering College</b>		
18 or younger		74%
19		73%
20-23		95%
24-29		99%
30 or older		97%

Source: Calculations from Source: U.S. Department of Education, National Center for Education Statistics, 2003-04 Beginning Postsecondary Students Longitudinal Study, Second Follow-up (BPS:04/09). Data unavailable for Pacific Islander/Hawaiian borrowers or American Indian or Asian male borrowers due to sample size or unstable estimates. Ratios include those who have fully paid off federal loans.

Demos, June 2019

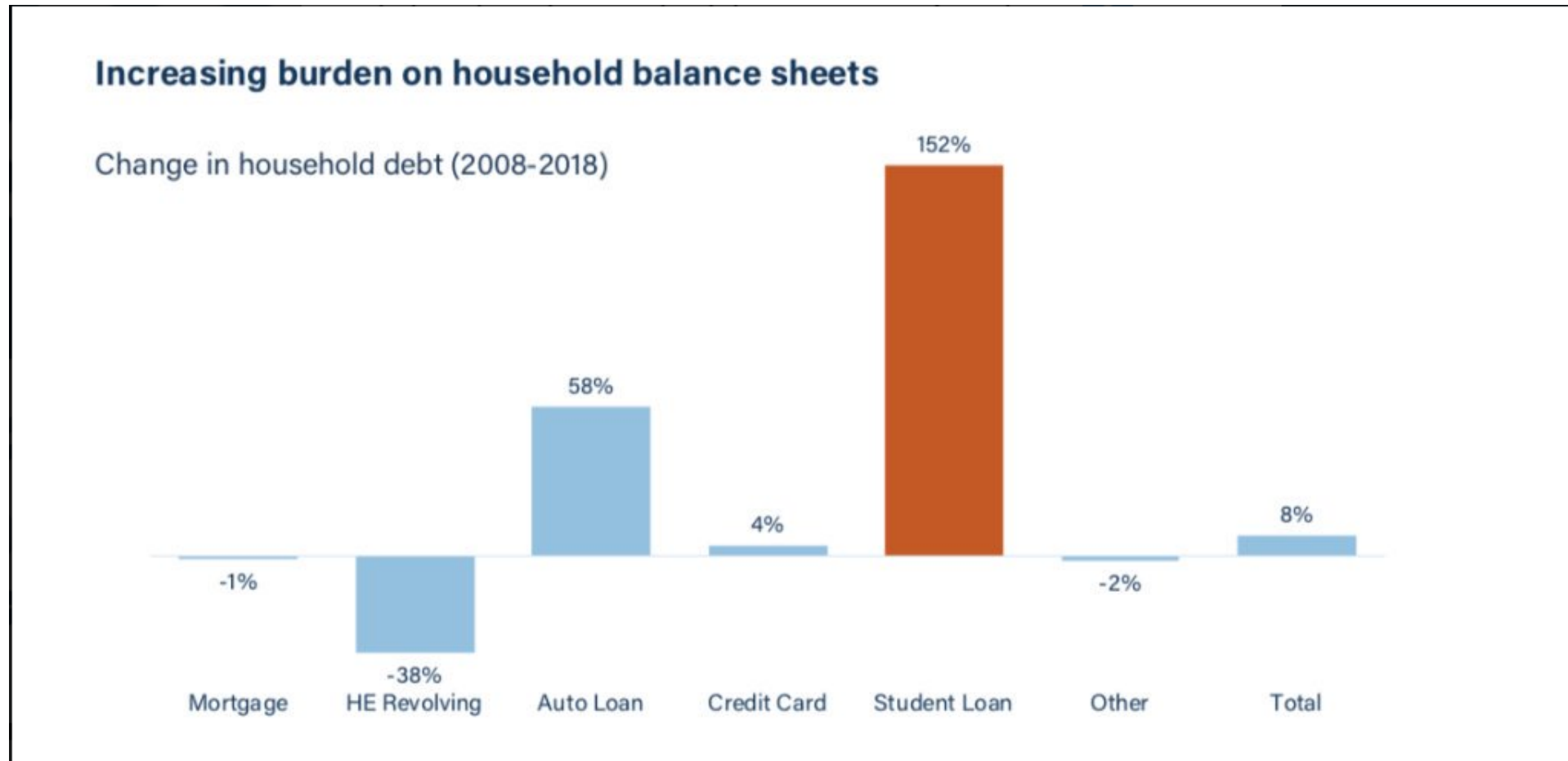
# STUDENT DEBT IS WIDENING THE RACIAL WEALTH GAP

Figure 1: 20 years after starting college typical Black borrower still owes 95% of debt, typical White student owes just 6%



Data Source: Authors' calculations of Beginning Postsecondary Students (BPS) survey, BPS: 96/2001 cohort.

# NY FEDERAL RESERVE BANK



# WHAT DOES STUDENT DEBT LOOK LIKE IN WA?

# STUDENT DEBT IN WASHINGTON

**750,000+**  
student loan  
borrowers

**\$25.5 billion**  
outstanding  
student debt

**\$33,842**  
average student  
debt

**96,589**  
borrowers  
in delinquency

**\$2.57 billion**  
in delinquency

**36% increase**  
in senior citizens  
w/debt

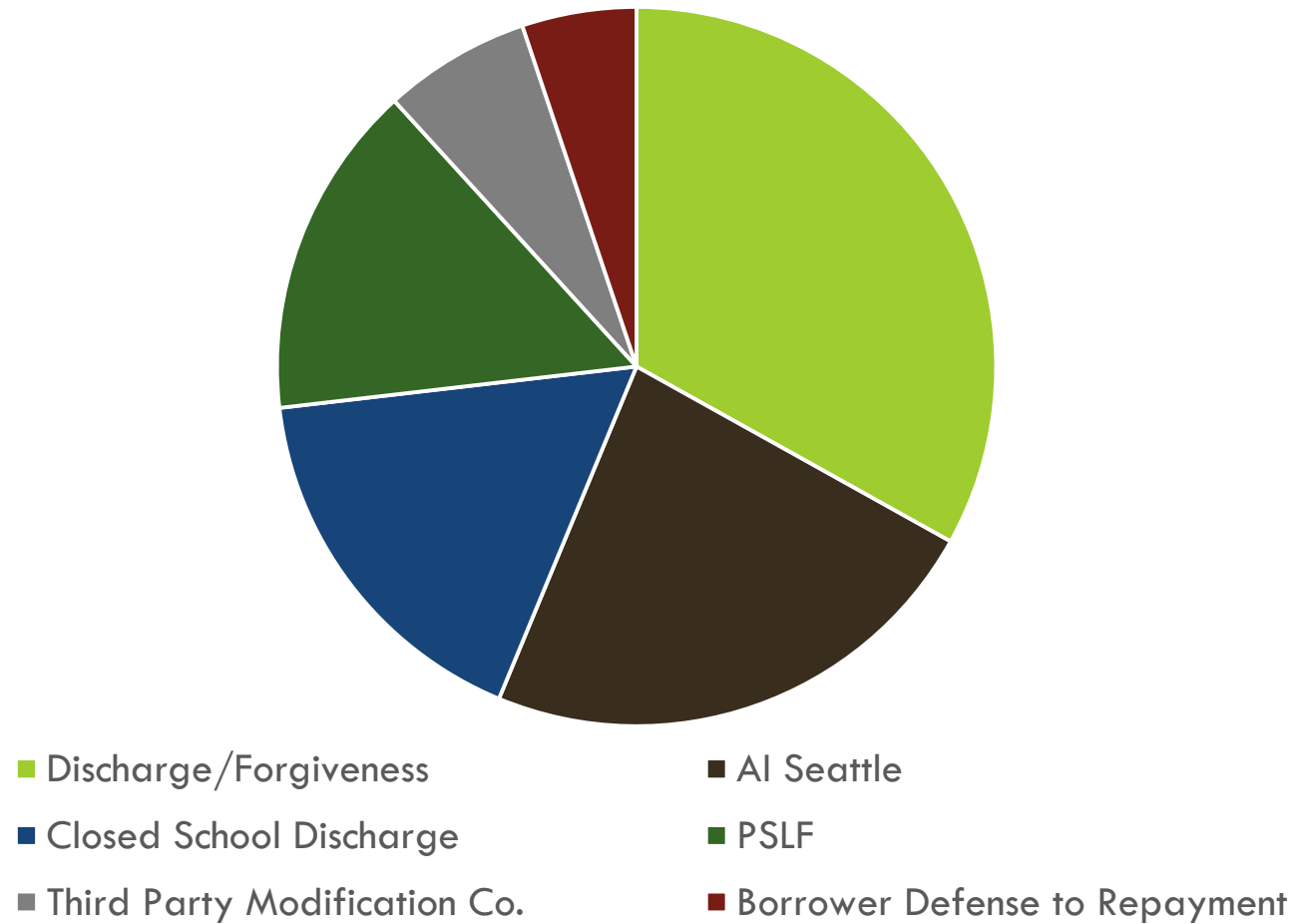
# BORROWING IN WA BY DOLLAR AMOUNT

<b>Borrower balance</b>	<b>Borrowers (in thousands)</b>
<\$5K	120.2
\$5K to \$10K	129.5
\$10K to \$20K	162.7
\$20K to \$40K	160.7
\$40K to \$60K	68.5
\$60K to \$80K	40.1
\$80K to \$100K	21.0
\$100K to \$200K	36.2
\$200K+	14.7



# BORROWER ISSUES IN WA

Top Borrower Complaint subjects



# INSTITUTIONAL EXAMPLES

# LANE COMMUNITY COLLEGE – EUGENE, OR

Partnered w/ TICAS to track repayment & default

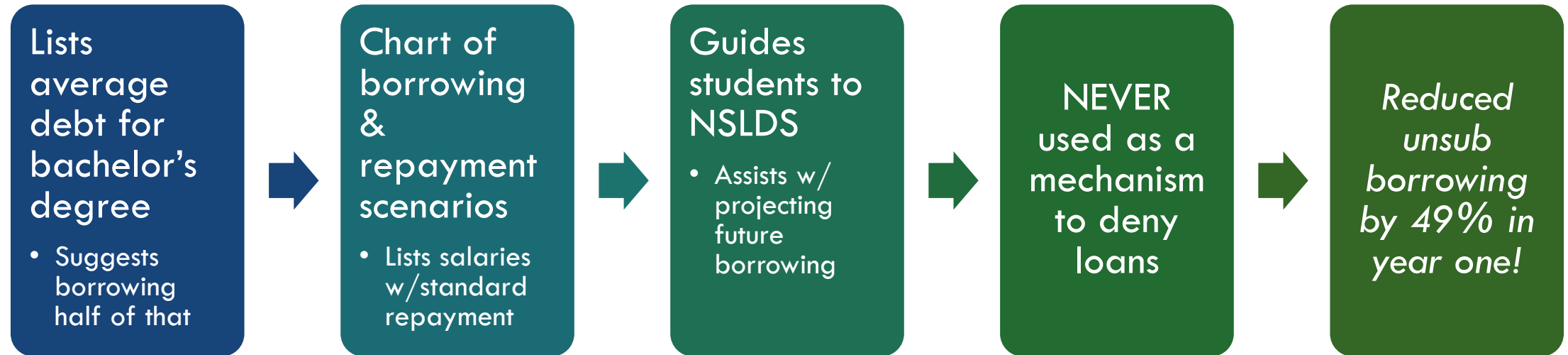
- They learned non-completers, independent students, & certain programs of study had higher default rates

Observation: Students accepted everything listed on their award letter

Solution: Offer what is reasonable for most students to borrow, and offer tools & information on borrowing more

- Offer all sub loans up front
- Provide notice of unsub availability
- Provide tools to inform borrowing decisions

# LCC UNSUBSIDIZED LOAN REQUEST FORM



# LANE COMMUNITY COLLEGE

## Understand struggling borrowers



- Demographics
- Program of study
- Part-time or full-time
- Completers vs. non-completers
- First-generation
- Language barriers

## Provide support accordingly



- Spread awareness on campus
- When do you need a high-touch approach?
- Automate where it's most effective
- Redesign processes from a decision architecture perspective
- Outsource as appropriate

# WAYNE STATE UNIVERSITY – DETROIT, MI

- Created the Warrior Way Back program in 2018
  - Debt forgiveness program for students who have stopped out & have an institutional debt
  - Offers students an opportunity to “learn” their way out of debt owed to WSU
  - Addresses the inability to use future financial aid for past due balances
  - Transcripts are no longer held
- Qualifications
  - Undergrads who stopped out for two or more years
  - Cumulative GPA of 2.0 or higher
  - Owe \$1,500 or less
  - Complete the FAFSA

# WARRIOR WAY BACK PROGRAM REQUIREMENTS

“C” or better  
in each class

2.5 semester  
GPA

Continuously enroll in three  
out of four semesters

Take coursework  
required for graduation

Meet all account balance and  
financial aid requirements

Must meet with an academic advisor to create  
graduation plan & meet with the advisor 2x per term

Must sign a program term  
and conditions document

# WARRIOR WAY BACK OUTCOMES

Total enrollment = 142 students

- Students can start with any semester
- 20 students have graduated & 10 more will graduate in December

ROI over \$300,000

- Used the [Institute for Higher Education Policy ROI calculator](#)

Majority of students have high financial need, are students of color & adults

Students pay down debt to become eligible

Students are referring friends and family to WWB

- Has generated organic, positive press in the community

Serves as a model to other schools



# OPPORTUNITIES TO HELP STUDENT BORROWERS

# CONSIDER RE-EXAMINING AWARD LETTERS

## Separate loans

- Make it clear that they are borrowing
- Ensure you're using the same language for loans
- Differentiate Parent PLUS loans from student aid

## Make it easy to borrow less

- Consider not awarding unsub loan up front – depending on your school

## Include info about current debt

- Help student make more informed decisions

## Give info at relevant time

- Not too early
- Repeat information
- Not after they've made a decision

## Target support & resources

- Determine which student populations are the most at-risk and provide more resources and supports to them

# STUDENT LOAN/DEBT AWARENESS

- Federal aid vs. private loans
  - Are students exhausting all aid options before private loans?
- Scams vs. federal servicers
  - Third party modification is a growing industry
  - Send notification to students who are scheduled to graduate/transfer
- Getting out of default
  - Can be a barrier for returning students
  - Provide a resource for students & a space for them to contact the collection company
- Work with the ROTC/veterans office on your campus
  - Veterans have specific benefits when it comes to student loans
  - Students who enter active service after borrowing have benefits

# TALK TO YOUR CAMPUS ABOUT STUDENTS & DEBT

- Student debt affects a student's education – collaborate with other departments on campus to education borrowers
  - Education – PSLF & TLF
    - Other departments where graduates may work in the public sector
  - Health Sciences – PSLF & Health Professional Loan Repayment Program
  - Math – Examples of calculating repayment of student loans, interest capitalization, deferment, IDR plans, forgiveness over time, etc.
  - Business/Personal Finance - Incorporate lessons about student debt repayment options
- When a school closes, see what your school can do to accommodate those students
  - Waiving residency requirements
  - Leveraging scholarship dollars
  - Tuition waivers opportunities

# RESOURCES FOR FURTHER LEARNING

# RESOURCES

[Repaying Student Loan Debt online presentation](#)

[AG Student Loan Survival Guide](#)

[CFPB](#) (English/Español)

- Choosing your loan
- Borrower's guide for public service employees
- PSLF guide for employers
- Your Money Your Goals
- For Servicemembers: tackling student loan debt

# COMPLAINTS

Make a complaint if servicer has done something unlawful

- WSAC: [loanadvocate@wsac.wa.gov](mailto:loanadvocate@wsac.wa.gov)
  - Attorney General's office
  - Department of Financial Institutions
- Consumer Financial Protection Bureau: [consumerfinance.gov](http://consumerfinance.gov)
- FSA Ombudsman: [feedback.studentaid.ed.gov](http://feedback.studentaid.ed.gov)
- FTC: [ftccomplaintassistant.gov/#crnt&panel1-1](http://ftccomplaintassistant.gov/#crnt&panel1-1)
- Servicer Ombudsman: Contact appropriate servicer

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