

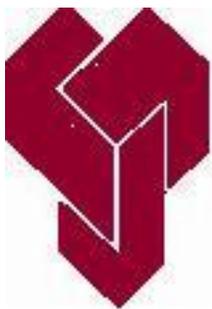
SUMMARY OF DATA COLLECTION

STUDENT LOAN BORROWER REPAYMENT COUNSELING PROGRAM

EVALUATION SUMMARY FOR THE YEARS 2013 & 2014

**AN INITIATIVE BY THE CENTER FOR EXCELLENCE IN FINANCIAL COUNSELING
SCHOOL OF PUBLIC POLICY AND ADMINISTRATION
UNIVERSITY OF MISSOURI – ST. LOUIS**

Conducted and Reported by:



**PUBLIC POLICY RESEARCH CENTER
University of Missouri-St. Louis**

RECAP OF CEFC INNOVATIONS AND ACCOMPLISHMENTS

2013- 2015 (25 Months)

The Center for Excellence in Financial Counseling (CEFC) at the University of Missouri-St. Louis (UMSL) has developed and piloted a unique student loan debt-repayment counseling program to help financially distressed borrowers. The self-funded program counseled more than 1,200 borrowers with a total of \$65 million in student loan debt during the 25-month pilot. **CEFC's self-funded program remains the first and only one of its type in the U.S. to help low- to moderate-income borrowers make informed choices about managing student loan debt.**

Among CEFC's accomplishments:

- Implemented a unique model of service to student loan borrowers that coupled counseling with legal services and focused on viable student loan repayment plans offered by the federal government.
- Implemented intensive training for program financial counselors; training covered the technical aspects and implications of distressed student loans as well as behavior-change counseling intervention techniques that would encourage borrowers to speak freely and motivate them to take action on their loan situation.
- Implemented and evaluated a diagnostic "checklist" approach to help borrowers identify optimal available repayment solutions and avoid default as recommended by the National Consumer Law Center.
- Provided services to over 1,200 client borrowers. These services offered guidance to student loan borrowers with federal loans totaling over \$50 million and \$14.5 million in private loans.
- Put into place and monitored data collection systems, including data elements recommended by the National Consumer Law Center for borrower intake at counseling, borrower reaction to and assessment of the counseling sessions and borrower rating of the counseling experience. The data compiled included:
 - Data obtained from intake during initial counseling sessions yielded information on a total of 1,051 borrowers.
 - 846 Borrower Survey Questionnaires were distributed; 186 borrowers returned completed surveys.
- Provided limited legal consultation to 131 borrowers.

Program evaluation highlights derived from survey responses from borrowers counseled between September 2013 and February 2015 demonstrated that CEFC's program has been effective in helping financially distressed borrowers learn about their available federal loan repayment options and the eligibility requirements to enroll in a repayment program tied to the borrower's current income.

As a result of the counseling:

- 73.5% agreed with the statement: "I wish I had found a counseling program like this sooner."
- Nearly 60% agreed with the statement. "Because I qualified for a lower monthly repayment amount, I changed my federal student loan repayment plan."

In the last evaluation segment (August 2014-February 2015), results of the counseling were especially noteworthy:

- 71% reported that they were making their monthly student loan payments on time, compared to only 53% prior to counseling.
- 87% reported that they felt better informed about their student loan repayment options.
- 83.6% responded that, as a result of counseling, they now trust themselves to make good financial decisions in relation to their student loan debt.

Executive Summary

STUDENT LOAN BORROWER REPAYMENT COUNSELING PROGRAM EVALUATION SUMMARY REPORT

Completed April 2015

The Center for Excellence in Financial Counseling (CEFC) has developed and piloted a unique, self-funded student loan debt repayment counseling program to help financially distressed borrowers. More than 1,200 borrowers with a total of \$65 million in student loan debt were counseled during the 25-month pilot.

CEFC first launched the pilot in January 2013 through three small community counseling organizations targeting financially distressed student loan borrowers. Originally intended as a year-long pilot program, services were extended through March 2015. The Public Policy Research Center, based at the University of Missouri-St. Louis, conducted the evaluation concurrently.

OVERVIEW OF EVALUATION RESULTS

CEFC can point to some significant achievements:

- CEFC's participating agencies served a total of 1,239 borrowers.
- Total debt held by these borrowers constituted nearly \$65 million dollars, \$50 million of that federal money.
- CEFC developed a data collection system based on student loan repayment data elements recommended by the National Consumer Law Center. This "checklist" system helps determine a borrower's available repayment options based on a series of questions regarding the borrower's current repayment status. The demographic and socio-economic data collected on student loan borrowers participat-

Statistics for the initial 24 months of service for data collected from the information system and online surveys show the degree to which student loan borrowers responded to the services CEFC offered:

- ❖ The student loan borrowers who were counseled held a total of over \$50 million in federal loan funds and over \$14.5 million in private loans.
- ❖ Survey results for client borrowers who submitted data from August 2014 to February 2015 indicated that after counseling:
 - 87% reported being better informed about their student loan repayment options.
 - 67% had increased confidence that they could make their student loan debt payments on time.
 - 66% felt less stress about their student loan situation.
- ❖ Results from all surveys by client borrowers showed positive responses to the statement, "I wish I had found a counseling program like this sooner." Percentages jumped from 65% in the first period to 83% in the final period.
- ❖ Roughly 80% of client borrowers attended a single counseling session, while 20% participated in multiple counseling sessions. Some clients were in contact with the counselor as many as 6 times, either in person, by phone or by email.

ing in the program may give the Departments of Education and Treasury, loan servicers, and quality-minded non-profit community service providers, such as CEFC, insight into how student loan borrowers can best be helped.

- Online questionnaires that client borrowers were asked to complete subsequent to receiving services included topics related to the borrowers' perception of the results of counseling; their situation pre- and post-counseling; and change in their level of confidence, as well as to what degree services met their expectations. Survey data showed positive responses across service periods, but particularly among those who submitted data during the third period (August 2014 to February 2015). [See sidebar.]

CEFC continued to be productive throughout its tenure, despite some daunting challenges, many of which are typical for new initiatives. Despite breaking new ground in integrating a behavior-change counseling model with a checklist approach to identifying a borrower's repayment solutions, CEFC chose to implement the program in multiple venues. For this purpose, it selected existing small credit counseling or neighborhood-based housing organizations -- each in a different geographic location. The difficulties of managing service delivery in these contexts had an effect on data collection and fidelity of implementation. Nonetheless, the results are impressive, and it's clear that CEFC has responded to a deep-seated need that has not been addressed.

OVERVIEW OF DEMOGRAPHICS

Although two of the counseling organizations through which services were delivered utilized a long-standing management information system, CEFC chose not to incorporate the program protocol into the existing platform in an effort to clearly differentiate and distinguish student loan repayment counseling from credit card debt repayment counseling. CEFC undertook operations without use of a full-blown data collection system, but to its credit, identified crucial data points and put in place a data collection instrument that was gradually automated.

Highlights of demographic and socio-economic statistics on student loan borrowers receiving CEFC counseling services include:

- ❖ Statistics on federal indebtedness for client borrowers served in 2014 indicates that the amount in deferment accounted for approximately 45% of the total loan balances.
- ❖ The percentage of loans in deferment for 2014 client borrowers is more than double that for the 2013 client borrowers. One source of this increase appears to be deferments related to client borrowers in the 51 to 60 age group.
- ❖ In both 2013 and 2014, slightly more than 20% of client borrowers had loans that were in default.
- ❖ Among client borrowers, the bulk of private loan funds were associated with borrowers age 30 and younger, with 50% of the total loan balance being current.
- ❖ Of total private loan balances for client borrowers served in 2013 and 2014, nearly 40% involved a co-signer. With respect to approximately 10% of the loan balances, the co-signer was the client receiving services. An examination of federal loans by gender indicated that in 2014, over 45% of loan balances held by women were deferred, as opposed to slightly more than 20% for men.
- ❖ Across all age groups, in a proportion that exceeded 2 to 1, the majority of CEFC client borrowers tended to be women.

The data collected revealed some important characteristics of the borrowers being served:

- **LOAN STATUS:** Many of the student loan borrowers who participated in counseling services were current with their education debt. This is particularly evident in comparing the status of federal and private loans. In 2014, 60 percent of private loans were current, as compared to roughly 25 percent in delinquency. Among federal loans, the greatest percentage were current, but in 2014 there appeared to be a sizable increase in the amount of loans that client borrowers reported as in deferment (from an estimated 15 percent to 45 percent). While deferment is an important option for holders of federal debt, it can represent a more expensive option in that while the loan is deferred, interest may continue to accrue.
- **LOAN STATUS AND CLIENTS:** Private loans tended to be held by client borrowers age 30 and younger. In terms of the status of these loans, roughly 50 percent were current.
- **CO-SIGNERS:** For loans where a co-signer was involved, these loans tended to be most prevalent among the 21 to 30 age group, although there was variability between client borrowers served in the two years. A full analysis was not completed on the relationships between co-signers and borrowers, but where these data were provided, sisters, brothers and spouses are mentioned, as well as parents.
- **RELATIONSHIP BETWEEN GENDER & LOANS:** Some variability was evident in the comparison of the status of federal loan balances and gender. Most notable was the 2014 deferment category, where the percentage of total deferred loan balances for women was twice that of men.
- **GENDER & CEFC BORROWERS SERVED:** Demographic statistics for CEFC indicate that women and men did not seek CEFC counseling services in equal numbers. This phenomenon had been noted in previous evaluation reports. The full report includes some survey data that were referenced as a means of gaining some insight into why this might be the case. One possible factor may be the level of confidence that men have in the counseling process.

Data from surveys submitted from August 2014 to February 2015 were compared by gender. The results point to a greater receptivity on the part of the women served by the CEFC program to be positively influenced by counseling. With regard to some of the subjects addressed during a counseling session, women were much more likely to report having significantly increased their level of confidence than were men responding to the same question. For example, in response to a question regarding their post-counseling level of confidence about getting their student loan situation under control, nearly 70 percent of female borrowers served reported that their confidence had significantly increased. For men, this figure was 23 percent.

These are interesting results, but it should be emphasized that they are based on data from 62 respondents, of which only 13 were men.

- **EMPLOYMENT:** Data on client borrowers illustrate the difficulty that many student loan borrowers have in finding work in their major field of study. While over 80 percent of client borrowers were employed, less than 60 percent had jobs in a career for which they were educated.
- **INCOME:** The majority of client borrowers served had monthly gross income in the range of \$2,000 to \$4,000, with the highest percentage falling below \$3,000.
- **UNSECURED DEBT BURDENS:** Two of the pilot organizations were also providers of debt management programs. A client borrower's unsecured debt burden was noted in developing his monthly budget, and client borrowers were scheduled for a separate counseling session to address credit card debt or referred to appropriate services. If client borrowers were current or delinquent with student loan payments, but could not afford their current monthly student loan repayment plan, available repayment options were explored; if in default, their ability to afford to get out of default was explored. Data were collected through self-report regarding client borrowers' unsecured debt repayment status.

TABLE A.1: HANDLING OF UNSECURED DEBT

	IN DEFAULT		NOT IN DEFAULT	
TOTAL NUMBER OF RECORDS	956		1,046	
TOTAL NON-BLANK ENTRIES	220		678	
RESPONSE TO QUESTION: CURRENT ON UNSECURED DEBT?		PCT OF ENTRIES		PCT OF ENTRIES
NO	134	60.9%	158	23.3%
YES	52	23.6%	435	64.2%
UNKNOWN	34	15.4%	85	12.5%

As Table A.1 shows, among client borrowers not in default on their student loans, 64 percent reported they were current with their credit card payments. By contrast, only 24 percent of in default client borrowers reported being current, while 61 percent indicated they were not current. This highlights the relationship between the status of student loan and credit card debt, whether the result of personal financial management or inadequate resources to maintain obligations. Although a debt management program may greatly benefit a client borrower, fees may add additional financial burdens.

Highlights of demographic and socio-economic statistics, along with related data:

- ❖ Approximately 860 of CEFC's client borrowers reported on whether or not they were employed in their education major field. While 80% were employed full-time in some type of job, less than 50% had found a job that allowed them to fully use their education.
- ❖ Repayment of student loans is a challenge even for the affluent. Data for CEFC client borrowers indicates they are far from enjoying that status. Less than 30% had monthly gross income in the \$2,000 to \$3,000 range. In 2013, the percentage with income in the next bracket (\$3,000 to \$4,000) was only at 20%, although this improved by several percentage points in 2014.
- ❖ Data for 898 client borrowers indicated that approximately one-third were not current on other unsecured debt. For those in default on student loans, the percentage was over 60%.
- ❖ The predominance of women among CEFC clients may be related to the receptivity of female borrowers to the sort of advice a counselor could offer. Statistics from the August 2014 to February 2015 survey (total respondents: 62) indicates that there were disparities regarding level of confidence in the aftermath of counseling. For example, respondents estimated confidence related to:
 - getting their student loan situation under control: women reporting significant increase: 70%; men: 23%
 - making student loan payments on time: women reporting significant increase: 45%; men: 23%.

SECTION ONE: INTRODUCTION

In December 2014, the Center for Excellence in Financial Counseling (CEFC) completed its second year of programming. In the course of its work, CEFC has expressed a commitment to evaluation, and made this a component of its work by engaging the Public Policy Research Center to play the role of evaluator. The evaluation has involved both data collection and assessment of CEFC's data collection system, as well as analysis of data. In preparing this report, the evaluation team has drawn on the following sources:

- 1) **BORROWER SURVEY QUESTIONNAIRE**: Primary data collection involved administration of an online survey (the Borrower Survey Questionnaire) from the summer of 2013 to early 2015. 186 client borrowers submitted completed surveys. Of those, 65 used a revised, significantly shortened version of the questionnaire introduced in August 2014. An email request for completion of the survey was sent out to client borrowers typically a month or more after they first saw the counselor. The survey included questions that allow respondents to assess the counseling experience and the extent to which they have noted specific benefits. There are also questions that asked respondents to think retrospectively about their student loan situation prior to counseling. Although less reliable than a pre-/post-test data collection process, the survey attempts to capture some "before" and "after" perspectives of the client borrowers.
- 2) **BORROWER INTAKE FORM**: The evaluation team has also conducted analysis of data that counselors collected from client borrowers during counseling sessions. These data were compiled in the Borrower Intake Form and were subsequently processed using both Microsoft Access and Microsoft Excel. This system has assembled data on 1,051 client borrowers.
- 3) **COUNSELING SESSIONS PER BORROWER**: In a previous report, the evaluation team looked at counseling sessions per client borrower. To get a more complete view of the pilot organization's success in this area, the evaluation team delved into the individual data files submitted to CEFC to capture dates of follow-up counseling sessions.

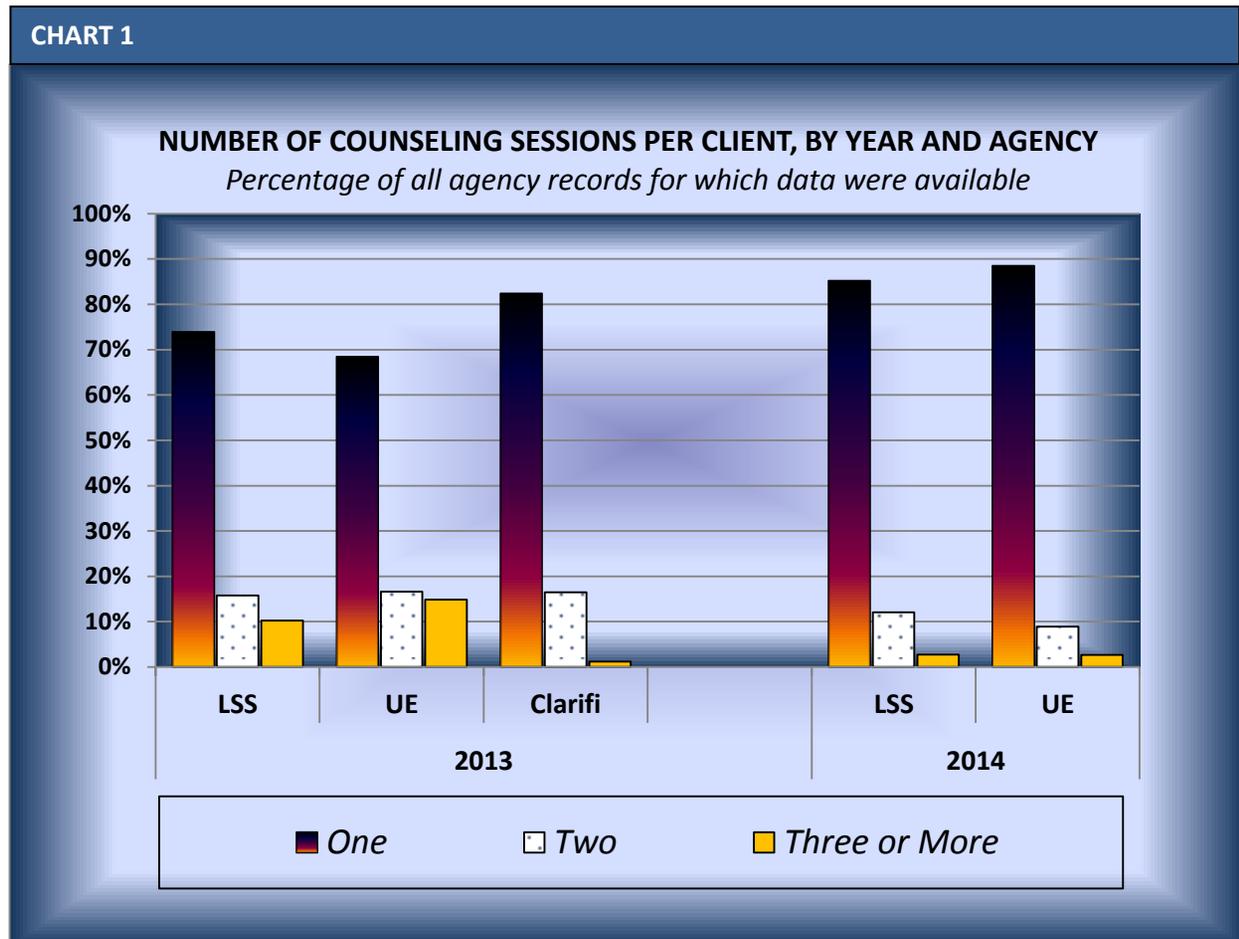
These points are discussed in detail in the following sections.

SECTION TWO: CONTEXT

In 2014, with a decision to curtail services in the Philadelphia area, CEFC reduced the number of its pilot counseling organizations. This resulted in a significant decrease in the number of counselors. In 2013, Philadelphia-based Clarifi had sufficient resources to allocate varying levels of staff time from seven counselors to work with student loan borrowers.

As will be seen throughout this report, despite this limitation in capacity, CEFC continued to be highly productive. This is evident in the number of new borrower files, but also in ongoing follow-up services to previously counseled borrowers.

Chart 1 illustrates the relative frequency with which client borrowers returned for additional follow-up sessions to monitor progress. While a high percentage of client borrowers participated in only one counseling session, counselors also worked with borrowers or co-signers who returned several times: some for as many as 6 sessions. Follow-up on the part of client borrowers was not always immediate. Several months could elapse between contacts. The statistics shown in Chart 1 are conservative. Based on information from organization records submitted to CEFC, specifically those containing dates, the count was less than pilot organization tallies. The documents that most reliably provided dates of counseling sessions are from a rating instrument administered immediately after each counseling session, but these were not obtained for all client borrowers and, not all of the questionnaires that were forwarded to CEFC included dates.



SECTION THREE: BORROWER SURVEY QUESTIONNAIRE DATA

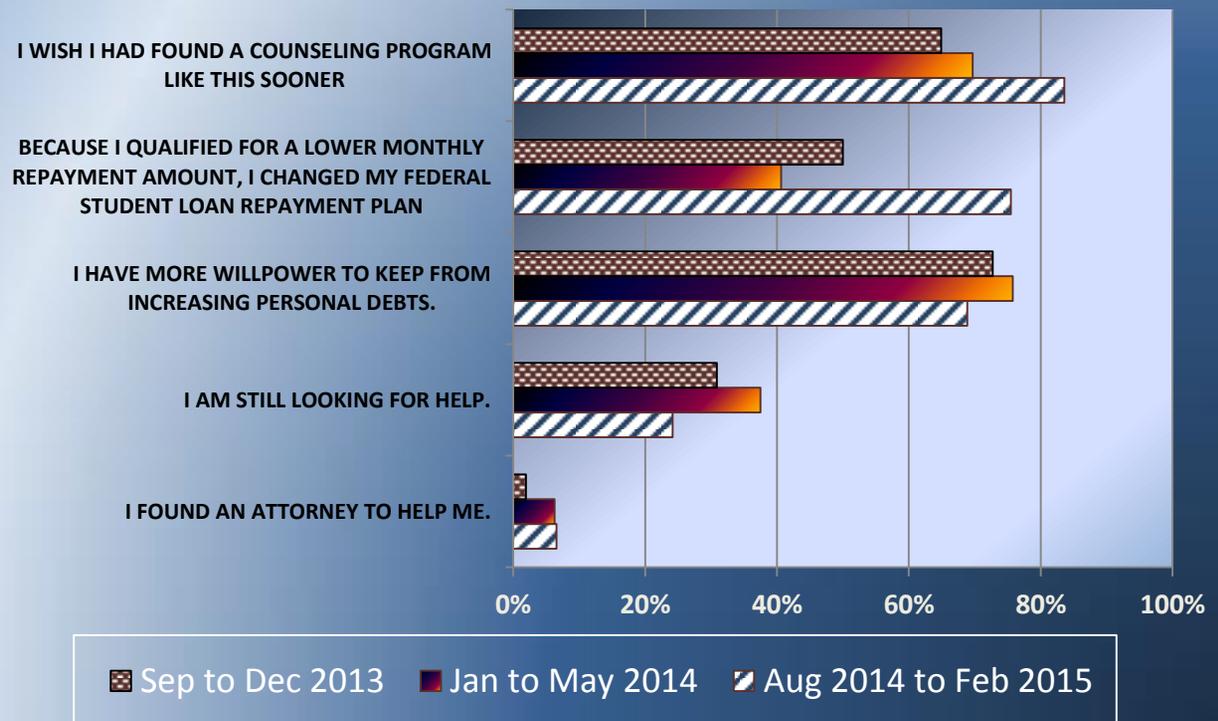
Administered via Survey Monkey, the Borrower Survey Questionnaire (BSQ) has provided useful results despite limitations imposed to protect client borrowers' confidentiality. An email request for completion of the survey was sent to client borrowers a month or more after they first saw the counselor. The survey included questions that allowed respondents to assess the counseling experience and the benefits. There were also questions that asked respondents to think retrospectively about their student loan situation prior to counseling. Although a pre-/post-test data collection process is preferable, the BSQ was structured to capture some "before" and "after" perspectives of client borrowers.

The chart to the right illustrates responses to statements regarding client borrowers' perceptions of some counseling benefits. The data are presented in three groupings, based on survey submission date. Data from the Aug 2014 to Feb 2015 period were obtained with a different survey version.

CHART 2

RESPONSES TO QUESTIONS ON THE RESULTS OF COUNSELING Borrower Survey Data from 3 Data Collection Periods

Chart shows statistics for combined "Very True" and "Somewhat True" responses



NOTE: Data collection periods correspond to times when surveys were submitted, not when services were provided.

The consistently positive responses to the statement "I wish I had found a counseling program like this sooner" are particularly noteworthy.

The initial Borrower Survey Instrument focused on process issues that were of particular concern to CEFC. Questions covered the action plan; documents the borrower was asked to bring to the counseling session; interactions with the counselor; and connection with legal services attorneys.

While these are important considerations, respondents tended not to finish all questions, with the percentage of unanswered items increasing after the initial 10. Revision of the survey instrument was an opportunity to replace questions geared to operations with items that would provide additional perspective on attitudes and behaviors.

Responses to some of these items are shown in Chart 3. Client borrowers completing the survey were asked to assess the consequences of their counseling experience, and indicate to what extent the statements included in the chart were true of their situation. The most positive result is evident in the high percentage of borrowers (over 80 percent) indicating that it was “very” or “somewhat true” that as a result of the counseling session, they trusted themselves to make good financial decisions regarding their student loan debt. Another is the relatively high percentage of positive responses to the item dealing with the establishment of an emergency savings fund. This is a recommendation that some of the counselors repeatedly offered to the client borrowers they counseled.

It’s noteworthy that client borrowers completed the surveys months after they first received counseling, due to a delay in distributing notifications to subjects, along with the URL where the survey could be accessed.¹ Although much more in-depth data collection would be necessary to substantiate this conclusion, it suggests that the counseling may have some long-term outcomes.

¹ The delays are strategic, to give client borrowers an opportunity to complete further work with their counselors. Through tracking of submissions, it also became apparent that subjects were less likely to respond to requests sent out within a month of the point when they received counseling.

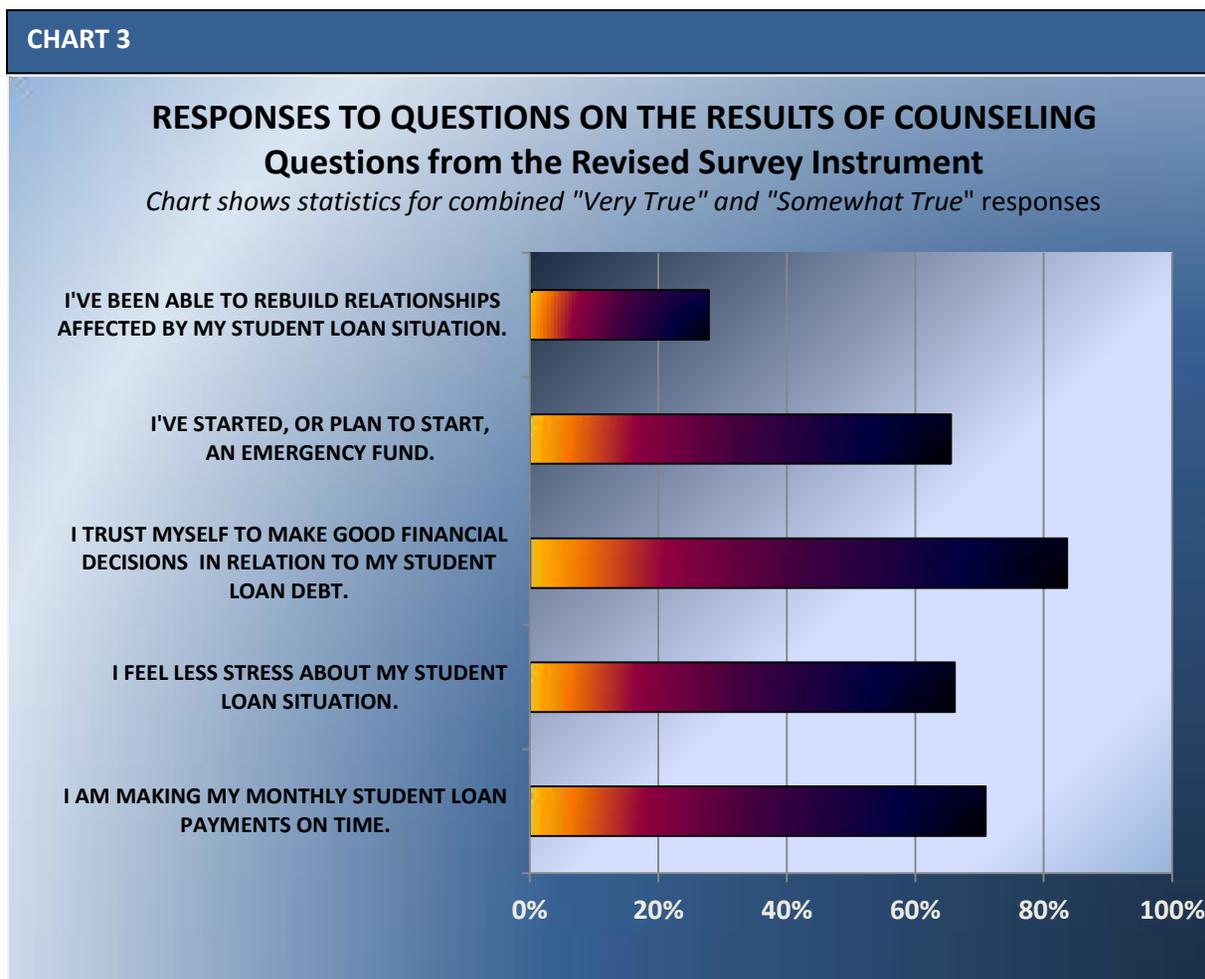


Table 1 also includes statements that ask about a borrower’s situation prior to becoming a CEFC program participant in comparison to Charts 2 and 3.

TABLE 1*						
<i>PRIOR TO MEETING WITH THE COUNSELOR, HOW TRUE WERE THE FOLLOWING STATEMENTS OF YOUR STUDENT LOAN SITUATION?</i>	Sep to Dec 2013		Jan to May 2014		Aug 2014 to Feb 2015	
	True for me	Not true for me	True for me	Not true for me	True for me	Not true for me
a) Was suffering from anxiety or depression about student loan debt	65.3%	25.3%	67.4%	20.9%		
b) On time with student loan payments	49.3%	37.0%	57.1%	28.6%	56.3%	35.9%
c) Knew about repayment options for federal loan borrowers	32.0%	58.7%	32.6%	58.1%	50.0%	40.6%
d) Being contacted by collection agencies	34.7%	56.0%	30.2%	53.5%	47.6%	42.9%
e) Thought filing bankruptcy would clear student loan debt	14.9%	68.9%	7.1%	73.8%	6.3%	79.7%

*NOTE: The blank, grayed out cells in the table result from the elimination of Item a) from the August 2014 to February 2015 survey. This item was replaced with multiple statements dealing with the degree to which student loan debt affected a borrower’s state of mind. (See the first point below.)

- 1) Prior to counseling, close to 70 percent reported suffering from anxiety or depression about student loan debt. The revised survey version asked more in-depth questions about the impact of counseling on mental health issues.
- 2) Although less pronounced, there is also a contrast between the extent to which client borrowers were making timely payments on their student loan debt. Prior to counseling, between 50 and 60 percent indicated they were making payments on time. After counseling, this figure was near 70 percent.

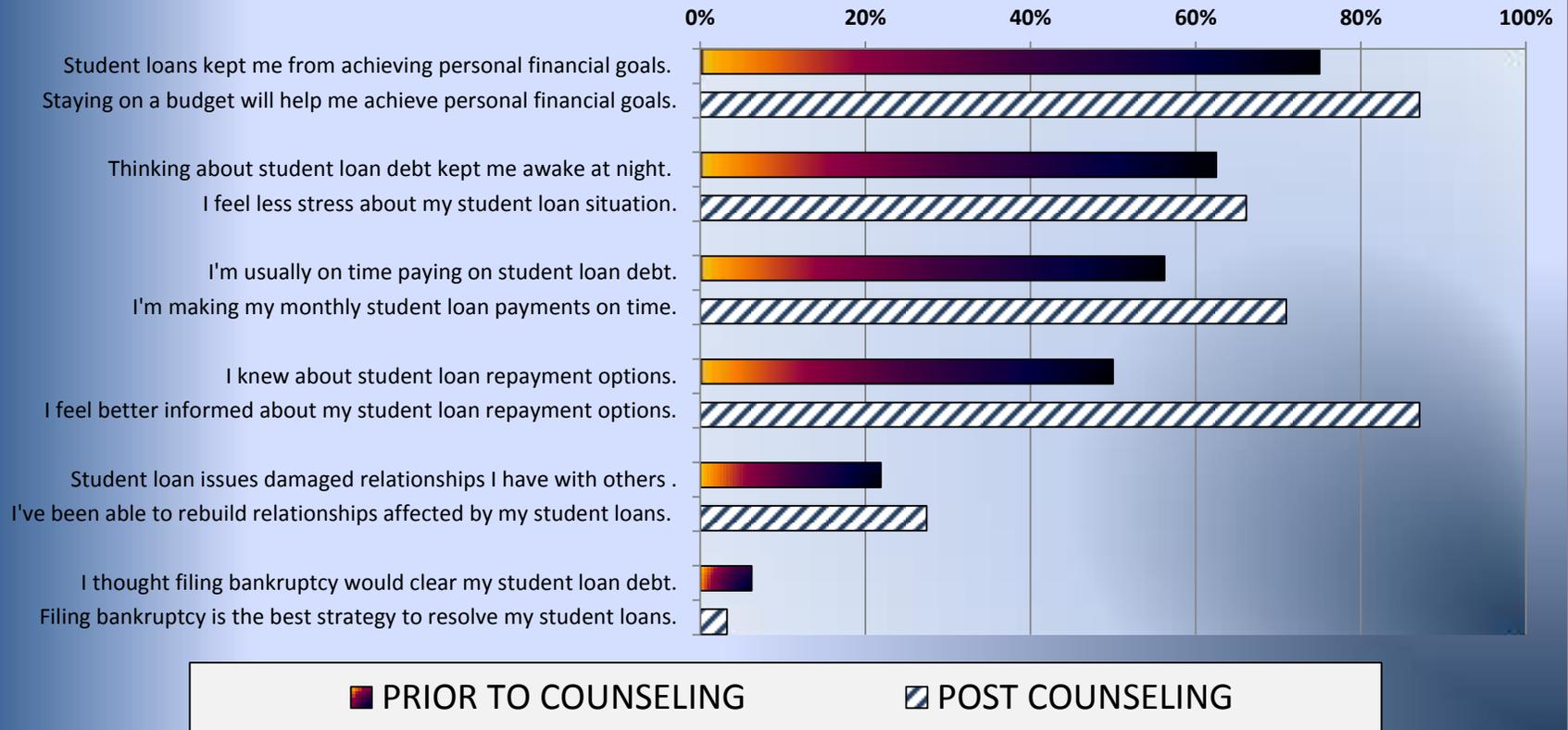
In contrast to the previous two periods, in surveys returned from August 2014 to February 2015, there was a 10 percent increase in the number of respondents reporting that they were being contacted by collection agencies.

Chart 4 on the next page contrasts the responses to related questions within the Revised Borrower Survey Questionnaire. The paired items deal with knowledge, attitudes and behaviors that impact either student loan indebtedness or the quality of life of the borrower. Again, the data were not obtained from a pre-/post-test process, but the questions are framed to ask for responses relevant to the client borrower’s current situation and to the past situation that may have brought him/her to counseling.

CHART 4

RELATED SURVEY ITEMS PERTAINING TO PERCEPTIONS PRE- & POST-COUNSELING

Percent of Borrowers Responding with a "Very True" or "Somewhat True" Selection
 Based on Data Obtained from Revised Surveys Submitted August 2014 to February 2015

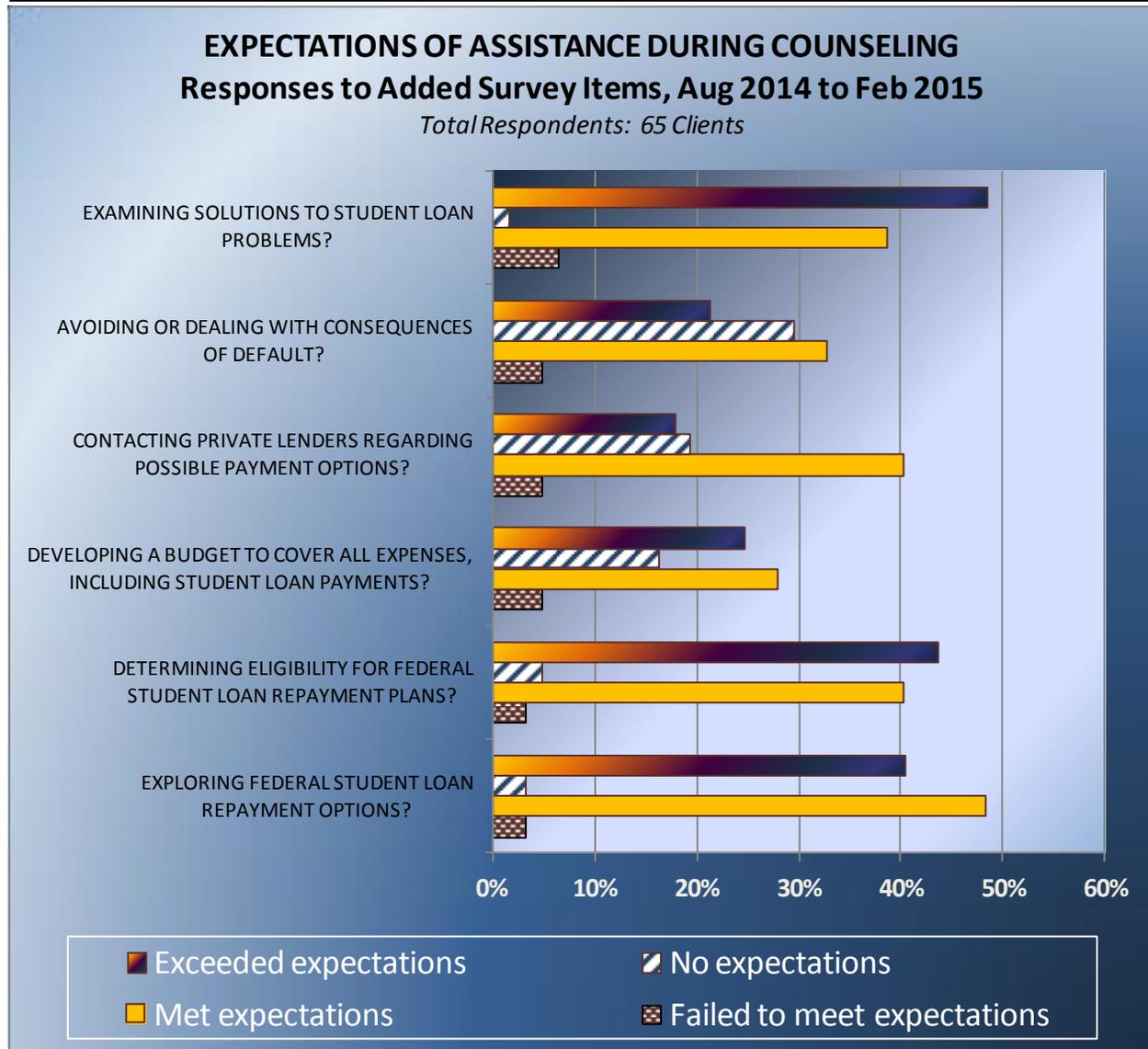


The chart illustrates favorable results for some crucial elements related to financial well-being, as well as client borrowers' future handling of their student loan debt. Although results of this type can't replace more quantitative data, such as dollar amounts measuring the extent to which loan balances or monthly payments were reduced, they do give insight into client borrowers' reactions to what they learned through the counseling experience.

CHART 5

Another question added to the revised survey instrument asked for information about client borrowers' expectations of counseling services and whether those expectations were met or exceeded. In general, where client borrowers had expectations in a specific area, the assistance they received either went beyond expectations (for example, in examining solutions to student loan problems) or their expectations were met.

In any areas where the counseling services failed to meet expectations, the percentage of respondents was small, in the range of 5 percent.



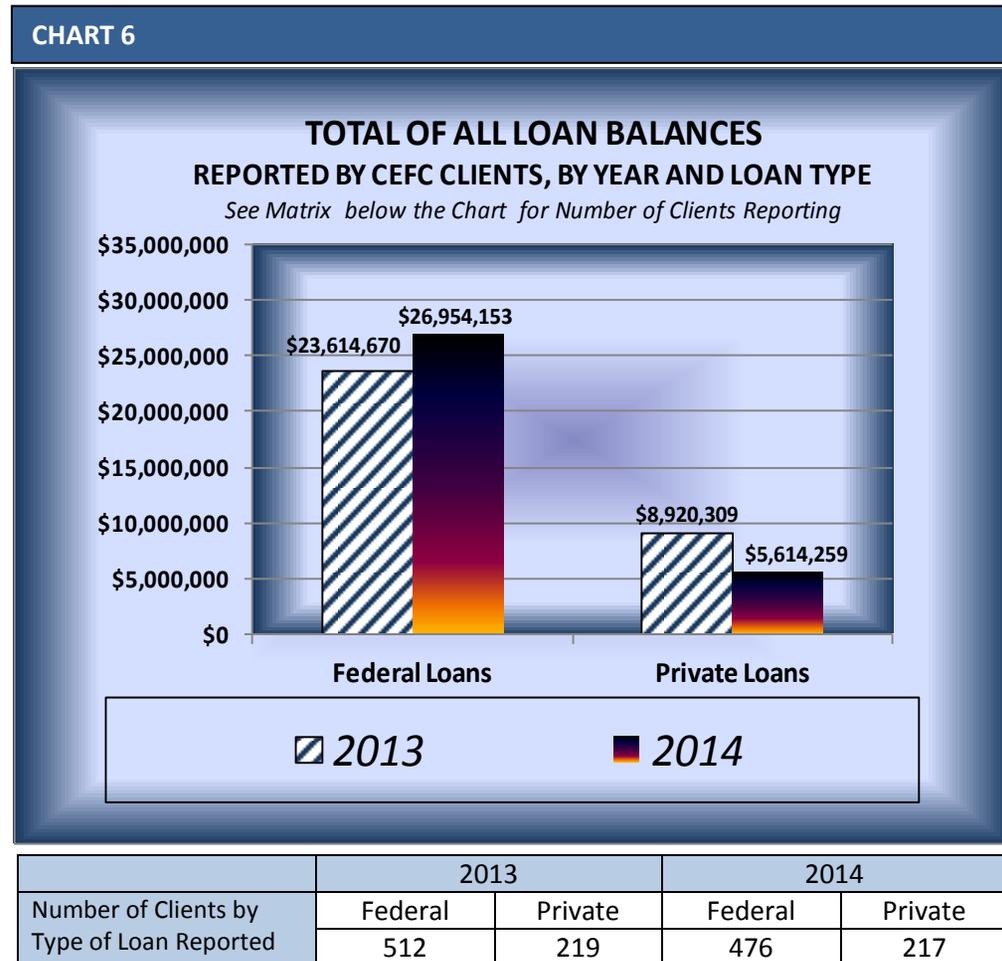
SECTION FOUR: DATA FROM THE BORROWER INTAKE FORM

I. SIZE OF INDEBTEDNESS

The efforts of the two organizations that continued their affiliation with CEFC after December 2013 enabled the Student Loan Borrower Repayment Counseling program to continue its productivity. Lutheran Social Services (LSS), based in Duluth, Minnesota and Urban Edge in Boston counseled more than 520 additional--borrowers or cosigners--in 2014. The data compiled on these program participants exceeds 1,050 records.

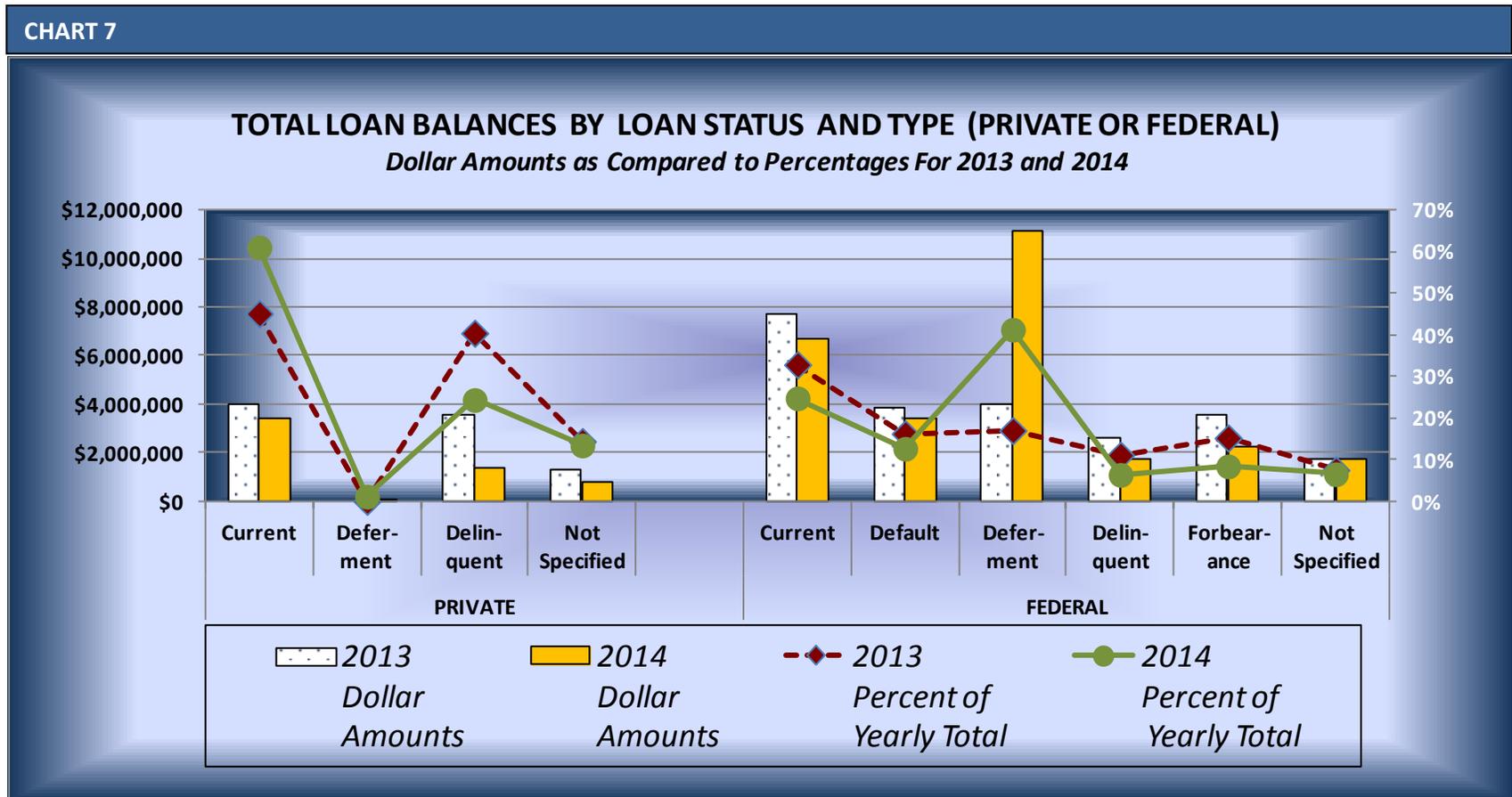
Chart 6 shows the results for one of CEFC's most important output measures. Loan balances are an indicator of the extent of indebtedness that borrowers face and that counselors in turn assist them in addressing. As the chart illustrates, in 2014 counselors provided guidance with repayment options, budgeting and personal finances for individuals with federal indebtedness totaling nearly \$27 million. This exceeds the 2013 amount by roughly \$3.5 million and brings the total for both years to roughly \$50 million.

The chart also illustrates the extent to which borrowers tend to rely on federal loans in preference to private. By contrast, private loans reported to counselors were closer to \$14.5 million.



II. CONDITION OF LOANS

Chart 7 contrasts private and federal loan balances by the status of the loans reported.² As in Chart 6, dollar amounts show the extent to which federal loans are favored over private loans. In 2014, the largest amount of federal student loan debt for client borrowers was in deferment. In both years, a relatively high percentage of federal as well as private debt was current. Based on action plan comments and other documentation recorded in the Borrower Intake Form, counselors worked with some borrowers who sought counseling in order to address problems that could potentially impede regular, on-time payments. This would include, for example, borrowers who recently became unemployed.



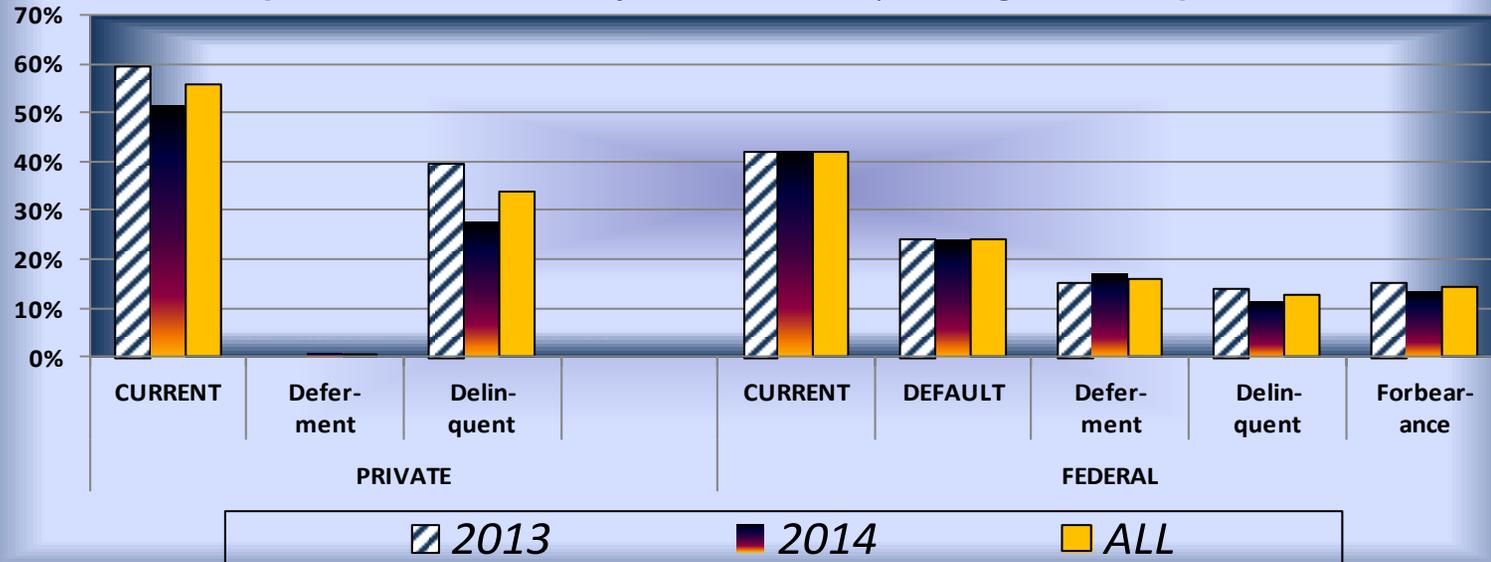
² These data originate either with the National Student Loan Data System (NSLDS) or with borrower documentation. The text of action plans, as well as Borrower Intake Form records, mention the NSLDS and data obtained from this source. If borrowers didn't have the NSLDS printout with them and did not yet have a PIN that would allow them to access the system online during the counseling session, the counselor would ask that they obtain their NSLDS list of loans and bring it to their next appointment.

CHART 8

SHARE OF CLIENTS BY LOANS OF SPECIFIED STATUS AND TYPE (FEDERAL/PRIVATE)

For 2013 and 2014

[See table below the chart for totals on which percentages are based]



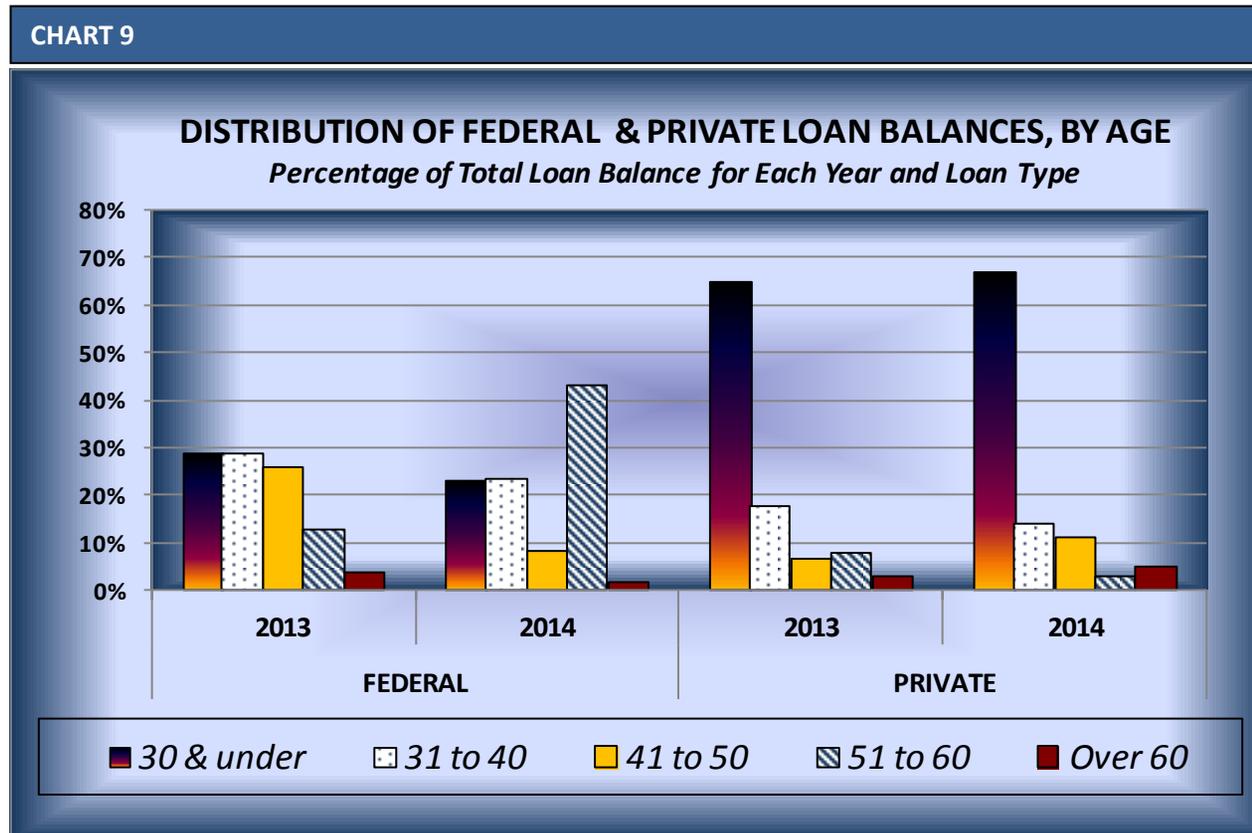
YEAR	PRIVATE							FEDERAL										
	Current		Deferment		Delinquent		Grand Total	Current		Default		Deferment		Delinquent		Forbearance		Grand Total
2013	131	59.8%	0	0.0%	87	39.7%	219	215	42.0%	124	24.2%	79	15.4%	73	14.2%	79	15.4%	512
2014	112	51.6%	2	0.9%	60	27.6%	217	200	42.0%	113	23.7%	80	16.8%	54	11.3%	64	13.4%	476
All	243	55.7%	2	0.4%	147	33.7%	436	415	42.0%	237	24.0%	159	16.1%	127	12.8%	143	14.5%	988

Chart 8 compares the proportion of client borrowers in each service period that had loans at a particular status.³ Among client borrowers with private loans, more kept their payments current than was the case with those having federal obligations. That said, it is also true that federal borrowers have more alternatives in handling their indebtedness, with the option of putting loans in deferment or in forbearance, if making regular payments isn't feasible.

³ Percentages represent total numbers of client borrowers in each year with private or federal loans, respectively. Data exclude records where the loan status was not specified.

III. AGE OF BORROWERS⁴

An additional element of context is the age of the client borrower seeking counseling. Chart 9 shows the distribution of federal and private loan balances across age groups and status of the loan. It compares the percentage of total loan balances for client borrowers counseled in each service period by the age group to which they belonged. (The percentages are based on a loan balance total that excludes client borrowers whose age or date of birth is missing from the record in the Borrower Intake Form.)



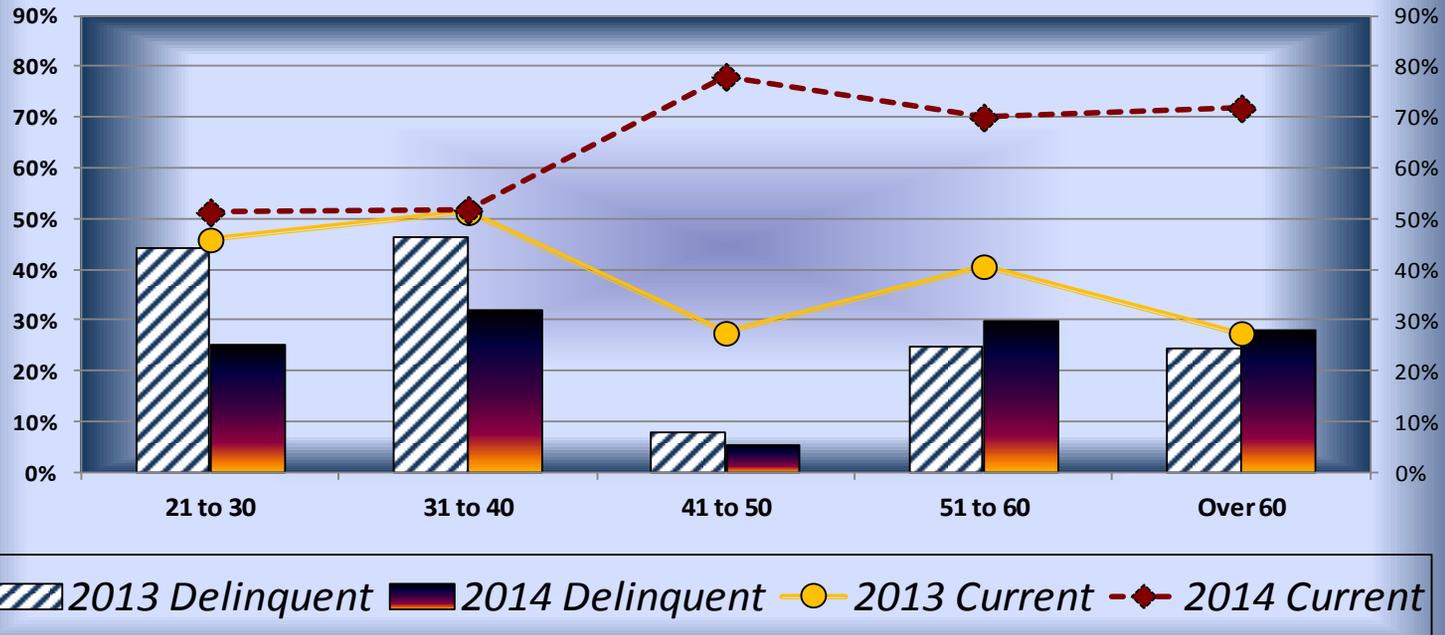
The most dramatic change in these statistics overall is the 2014 increase in loan balances for the 51 to 60 age group. Equally dramatic, however, is the significant proportion of private loan debt borne by client borrowers under age 30.

Virtually all private loans among client borrowers are either current or delinquent. (A small number of loans in 2014 were reported as being in deferment. These may be the result of special negotiations that borrowers initiate with lenders.)

Chart 10 on the following page compares these categories by service period, illustrating that client borrowers overall were slightly more likely to have maintained their loans in good standing. This was particularly true in 2014, as represented by the dashed line in the chart, with a much higher percentage of client borrowers in the age groups 40 and over reporting loans that were current.

⁴ “Age” records are obtained from the Borrower Intake Form. A client borrower record may include only a date of birth or only the borrower’s age at the time of the counseling session. More rarely, both fields are complete. If only a date of birth is present, age can be calculated. For approximately 147 of the 809 client borrowers with private loans, neither was entered. This is roughly 18 percent. For federal loans, the percentage is slightly lower: 414 client borrowers (or 16.5 percent) had no data related to age. This might be explained as counselor oversight, but there is also increasing caution about releasing any sort of personal information. It’s possible that a number of these individuals simply refused to provide it.

COMPARISON OF CURRENT VERSUS DELINQUENT PRIVATE LOANS
Distribution of Loan Balances by Age Groups, Loan Status and Service Period
Percentages for 2013 and 2014 Data with No Recorded Status Not Shown



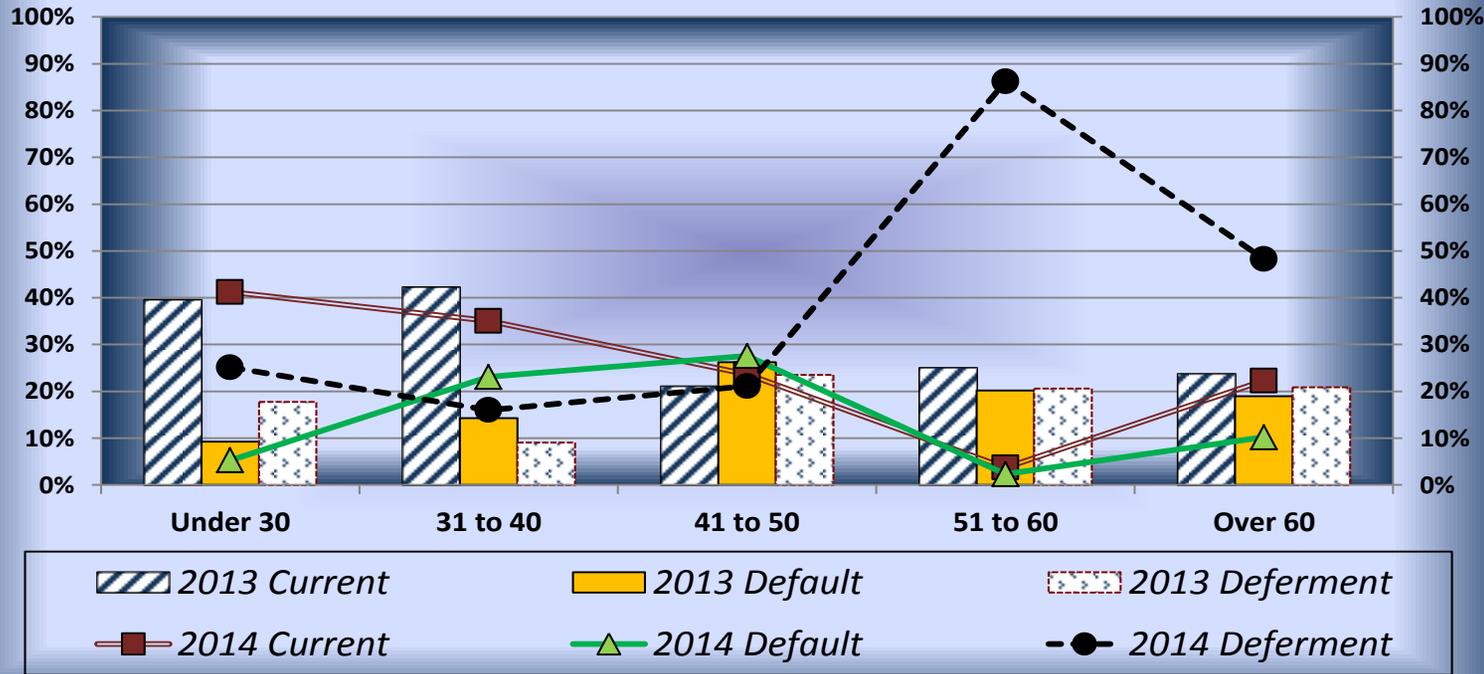
In 2013, the largest share of the delinquencies in private loan indebtedness was accounted for by client borrowers age 40 and under. An equal distribution across age groups prevailed in 2014. As Chart 10 shows, the most consistent pattern is evident in the 41 to 50 age category, which had the lowest volume in both years.

Chart 11 on the next page provides equivalent results for federal loans that client borrowers reported to be either current, in default or in deferment. The data table below the chart provides statistics for two additional loan status categories: those that are delinquent and those in forbearance.

CHART 11

COMPARISON OF SELECTED FEDERAL LOAN STATUS CATEGORIES, BY AGE CATEGORIES
Share of all Loans, Per Year, in Each Status and Age Category

[Loans without Recorded Status are not included]



AGE	2013					2014				
	Current	Default	Deferment	Delinquent	Forbearance	Current	Default	Deferment	Delinquent	Forbearance
Under 30	39.6%	9.3%	17.8%	10.2%	15.4%	41.2%	5.3%	25.1%	10.5%	9.0%
31 to 40	42.3%	14.3%	9.1%	10.9%	15.0%	35.0%	23.1%	16.0%	9.0%	9.3%
41 to 50	21.1%	26.2%	23.6%	10.3%	12.7%	23.6%	27.6%	21.1%	9.1%	9.6%
51 to 60	25.1%	20.2%	20.6%	7.3%	20.0%	3.7%	2.3%	86.2%	2.9%	4.1%
Over 60	23.8%	18.9%	20.9%	19.0%	13.7%	22.3%	10.2%	48.3%	6.5%	7.9%

The “delinquent” and “forbearance” categories included in the table had lower volume in total loan balances than those shown in Chart 11, with the exception of age groups over 50 in 2013. During this service period, client borrowers 51 to 60 had 20 percent of the group’s loan volume in forbearance. A more troubling statistic relates to the oldest age group. In 2013, 19 percent of loan balances associated with this group were delinquent. This figure significantly declined in the next year, however.

IV. CO-SIGNER INVOLVEMENT

Among client borrowers, approximately 10 percent of private loan borrowers sought help, at least in part, because they were co-signers on someone else’s loan.

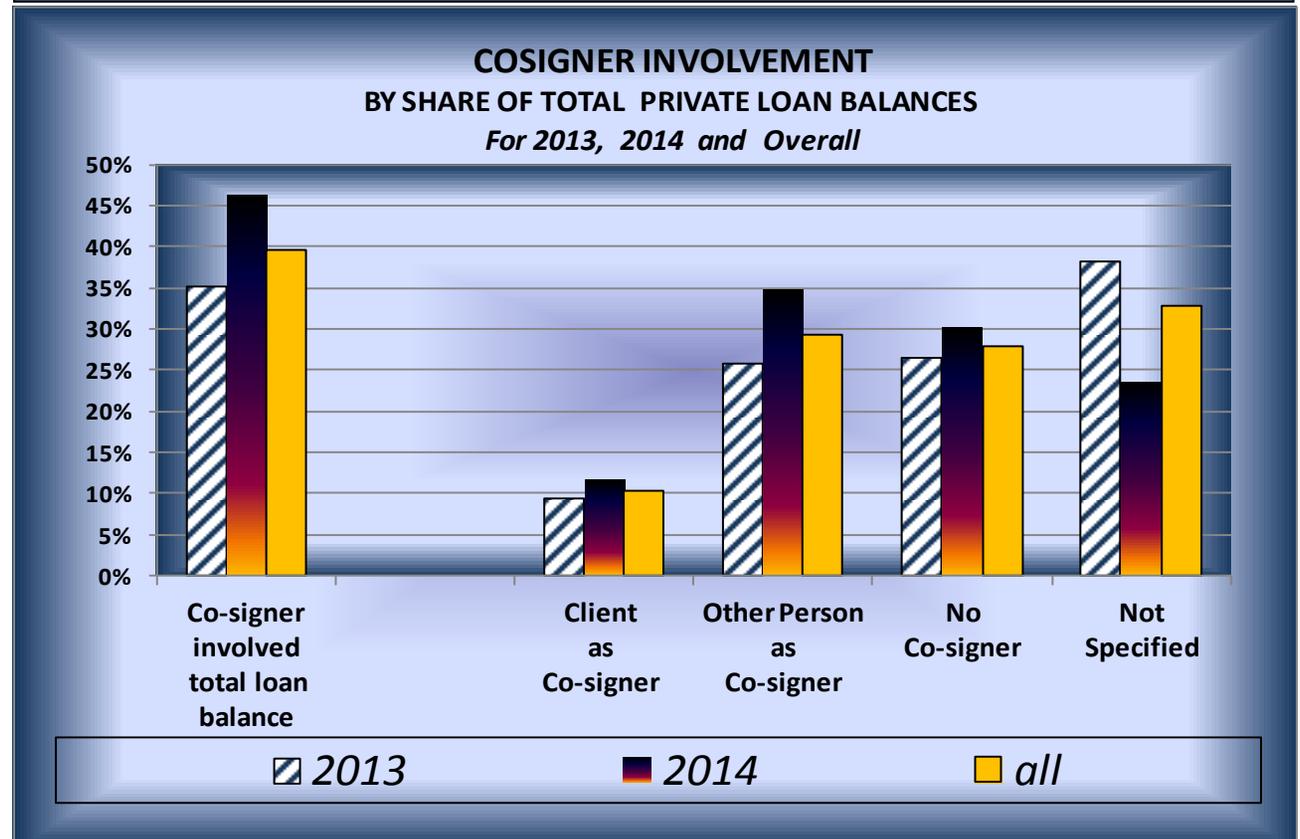
Chart 12 provides statistics on the distribution of loan balances, based on information reported by the client borrower about involvement of a co-signer on one or more of his/her loans. Based on anecdotal information from counseling organization documentation – both within the Borrower Intake Form and in separate action plans prepared for borrowers – the need for assistance with the highly delicate dealings between co-signors and co-signees may arise from a variety of causes and take a variety of forms. Both the co-signer and co-signee may meet jointly with the counselor to discuss the loan situation. In other cases, the co-signee may seek counseling to learn how they can reduce the burden on the co-signer: for example, by having them taken off the loan altogether. Co-signers may come in independently, in some instances to seek help when they’ve become estranged from the obligor.

The chart underscores the prevalence of loans with a co-signer as a share of private loan balances. Overall, nearly 40 percent involved a co-signer. A comparable percentage is evident when one looks at the count of private loans with co-signers: for both service periods program borrowers reported 317 private loans had co-signers, or roughly 39 percent of all loans (810).

The chart does not reflect the situation for the entire 810 loans, however. For each private loan, the Borrower Intake Form asked for a response to the question: “Is there a co-signer?” In 2013, for nearly 40 percent of the loan records, the “Yes”/“No” entry was left blank.⁵

Nonetheless, the available data are revealing, and raise interesting questions. For example, the chart indicates that a greater percentage of loan balances had co-signer involvement in 2014, with an increase of over 10 percent.

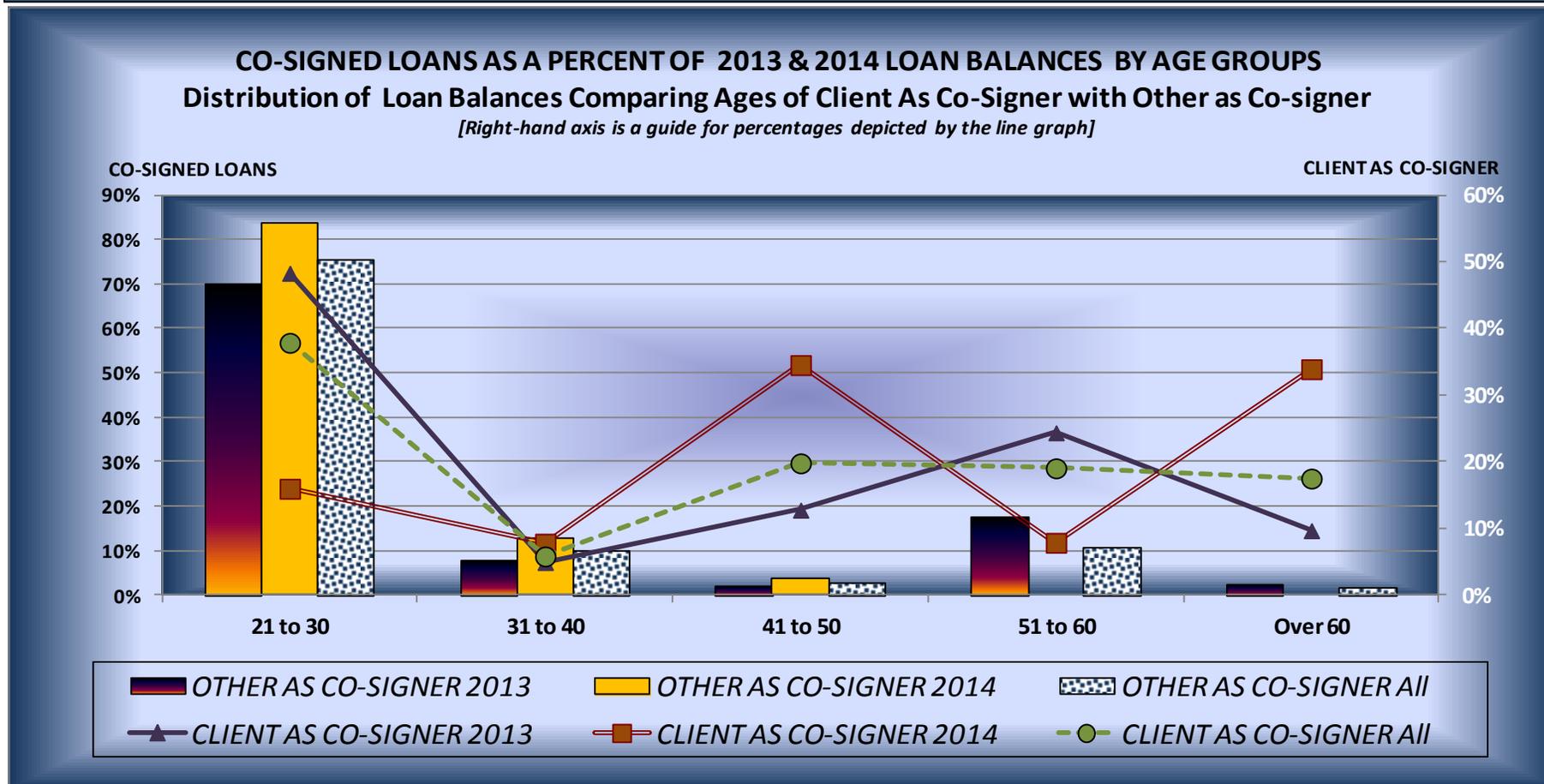
CHART 12



⁵ In some cases, a co-signer relationship was provided as a descriptor (for example, “parent” or “sister”), but without entering a response for the question “Is there a co-signer?” In these cases, the data were corrected to include those loans in the co-signer pool.

Since the “Not Specified” category declined by 15 percent in the same period, it’s likely that improved recordkeeping may have been a factor, but there may be other reasons that might explain this phenomenon: for this sample, credit problems may have been an issue for a growing number of individuals interested in returning to school. The limitations in the data – chiefly the constraints of having only two years of data to draw on – restrict what can be said definitively. Chart 13 provides details on the ages of co-signers involved in loans for client borrowers. It distinguishes between the ages of client borrowers who are co-signers and those of others (e.g., friends or family) that have this responsibility.

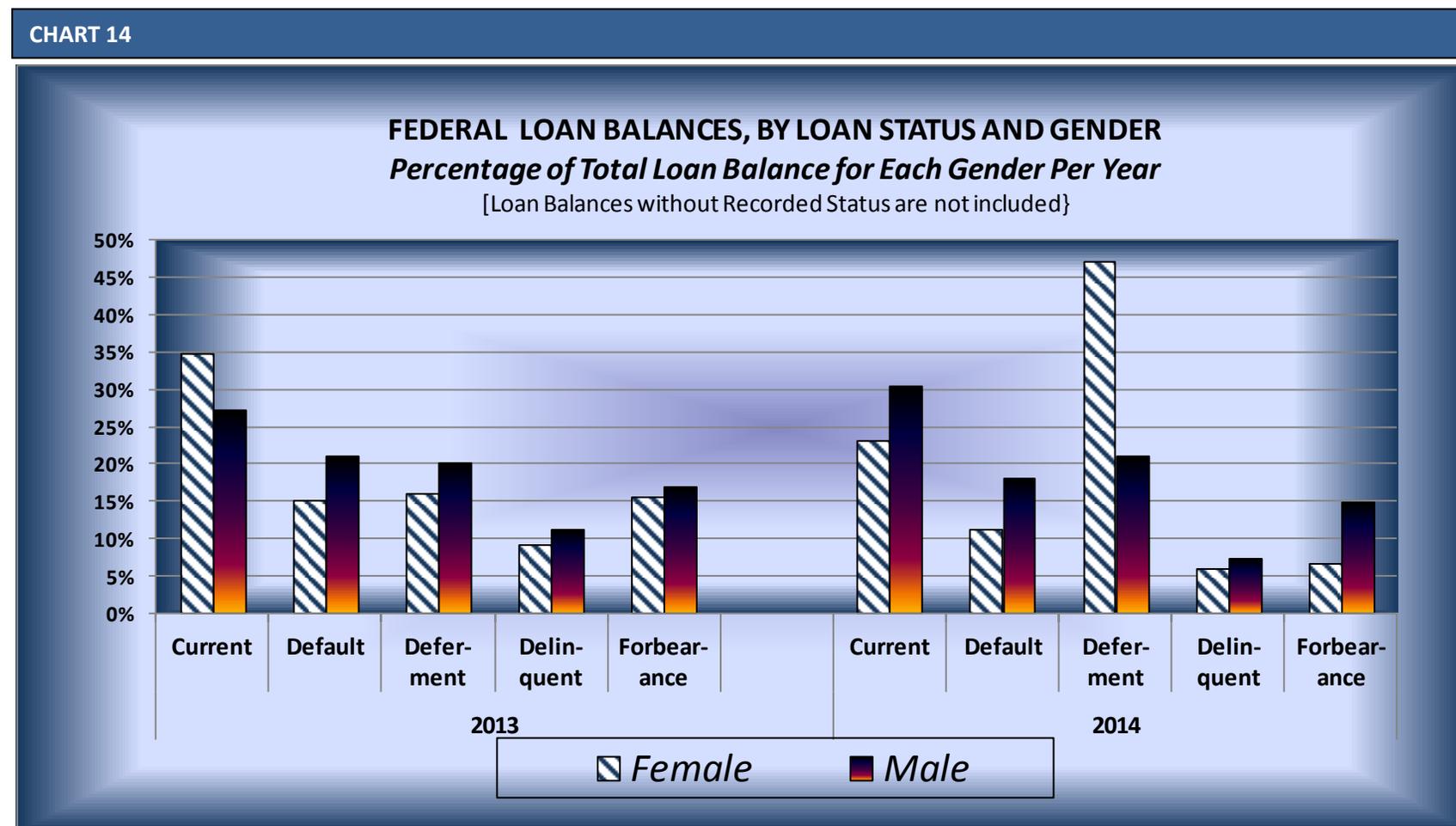
CHART 13



Among CEFC 2014 client borrowers, only “program participants as co-signers” occupied the “51 to 60” and “Over 60” age groups. There were no “other co-signers” in those categories. Participation of this age group in this capacity seems logical. One would not expect, however, to see such high percentages of co-signers in the 21 to 30 age bracket.

V. LOAN STATUS DISTRIBUTION BY GENDER

The chart below provides federal loan balance data for 2013 and 2014 according to the gender of client borrowers. There aren't pronounced patterns over the two service periods, with the possible exception that the program's male borrower participants appear to be slightly more likely to have loans in default or delinquency than women.



The significant jump in deferments for women in 2014 is noteworthy. A scan of the data indicates that this is not the result of deferment status for a single larger-than-typical loan. This means the increase is coming from additional borrowers putting loans in deferment, perhaps due to the encouragement of the loan servicer.

VI. PROGRAM PARTICIPATION OF WOMEN

As noted in the 2013 results cited in a previous report, women tend to avail themselves of the counseling service much more frequently than men. Chart 15(a) below illustrates the percentage of total client borrowers⁶ in each service period that were male or female. In several age categories in both service periods, CEFC client borrowers were two to three times more likely to be women.

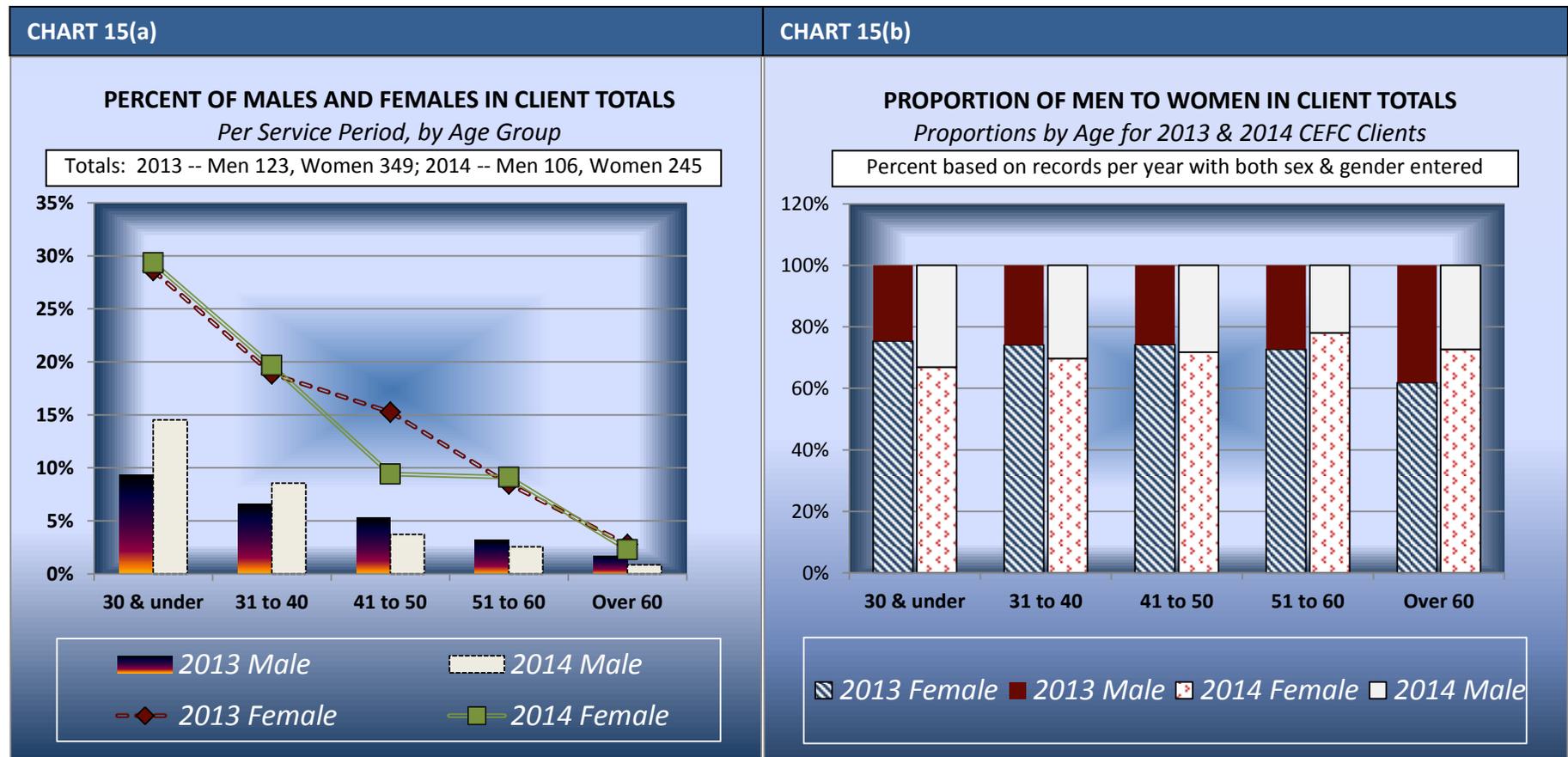


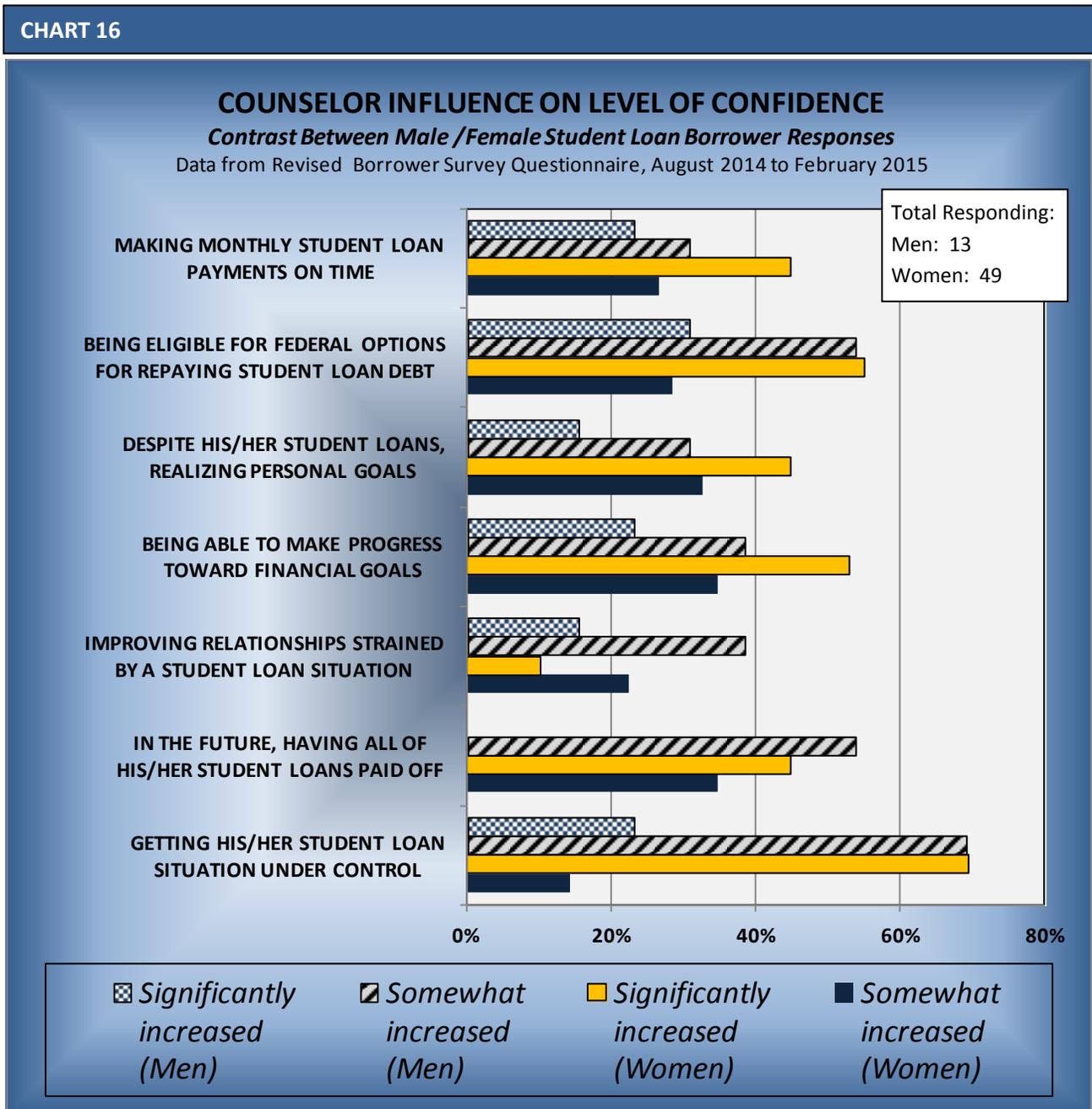
Chart 15(b) even more clearly lays out this discrepancy by depicting the proportion of men to women in each age group. Men were at their highest proportion in the over 60 age group. Chart 15(a) shows, however, that this age group has the lowest numbers overall.

With the caveat that there isn't a one-to-one correspondence between Borrower Intake Form data and data from the Borrower Survey Questionnaire, we examined the survey results for information that may be pertinent.

⁶ In this case, the number of "total program participants" includes those that had a valid entry for both age and gender.

VII. DIFFERING PERCEPTIONS OF MEN AND WOMEN TO COUNSELING

In completing the Borrower Intake Form, counselors ask client borrowers about their confidence in their ability to handle action plan tasks. This is an indicator of likely follow-up, but the increased confidence as the result of a session with a counselor can also be a measure of counseling effectiveness, with receptivity to the material covered being an important determinant. The data in Chart 16 show some pronounced differences between men and women in the extent to which counseling sessions increased their confidence.



Female respondents appear to enthusiastically embrace the advice offered, indicating their confidence level “significantly increased” in most of the topic areas. Men were more likely to respond that their confidence had “somewhat increased.” This contrast could be related to a number of factors, among them a tendency for men to:

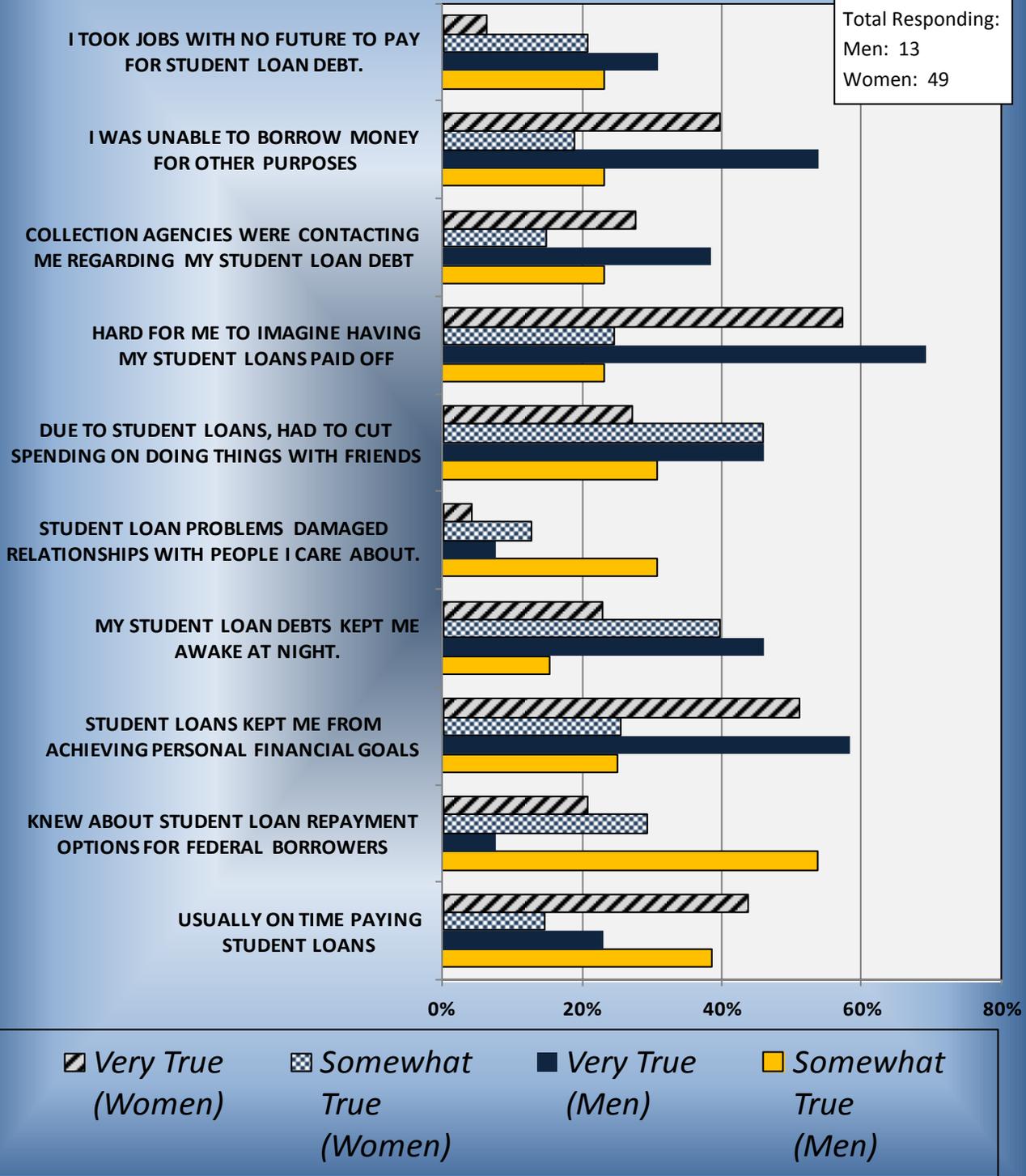
- Have greater confidence prior to the counseling session, so its impact was slighter.
- Remain more skeptical or in general less willing to accept advice at face value.

Since the sample is quite small – particularly with respect to men, a group that totaled only 13-- these results are primarily of value in raising questions, rather than providing definitive answers.

STUDENT LOAN SITUATION PRIOR TO COUNSELING

Contrast Between Male /Female Student Loan Borrower Responses

Data from Revised Borrower Survey Questionnaire, August 2014 to February 2015



A similar caution applies to Chart 17. The statistics are based on totals that are relatively small, with the number of male respondents at 13 and female at 49.

That said, there are interesting contrasts between the two groups, which are highlighted in Table 2. The items listed are ordered by greatest differences between men and women in choosing a “very true” or “somewhat true” response. Question 2 in the Borrower Survey Questionnaire (August 2014 version) includes a set of statements that describe various aspects of sustaining a debt burden. Respondents are asked to indicate how true these statements are with reference to their own student loan situation. In addition to determining how indebtedness may impact the borrower, the responses help to identify considerations that may have prompted student loan borrowers to seek counseling. The attitudes and behaviors these statements describe are closely connected to lifestyle choices, which may be influenced or even impeded by student loan situations. The question items also address some of the psychological aspects that may be an outgrowth of such situations.

Table 2: Comparison of Responses between Male and Female Student Loan Borrowers to Borrower Survey Question 2: “Prior to meeting with the student loan counselor, how true were the following statements about your student loan situation?”

ITEMS IN QUESTION 2	Men		Women	
	Total Respondents: 13*		Total Respondents: 49*	
BASED ON THEIR RESPONSES, BORROWERS REPORTED THAT:	Very True	Somewhat True	Very True	Somewhat True
<ul style="list-style-type: none"> they had taken jobs with no future in order to pay their student loan debt. 	31%	23%	6%	21%
<ul style="list-style-type: none"> their student loan debts kept them awake at night. 	46%	15%	23%	40%
<ul style="list-style-type: none"> due to their student loans, they had to cut back on what they spent in doing things with friends. 	46%	31%	27%	46%
<ul style="list-style-type: none"> they knew about student loan repayment options for federal borrowers. 	8%	54%	21%	29%
<ul style="list-style-type: none"> they were unable to borrow money for other purposes 	53%	23%	40%	19%
<ul style="list-style-type: none"> they found it hard to imagine having their student loans paid off 	69%	23%	57%	24%
<ul style="list-style-type: none"> collection agencies were contacting them regarding their student loan debt 	38%	23%	27%	15%
<ul style="list-style-type: none"> student loans kept them from achieving personal financial goals 	58%	25%	51%	26%
<ul style="list-style-type: none"> student loan problems damaged relationships with people they cared about 	7%	31%	4%	13%

The lower numbers of men seeking student loan borrower counseling, evident in Chart 15, would suggest that men may be more cavalier about their indebtedness, perhaps having a greater level of confidence that they can deal with it without assistance.

As the table shows, for the respondents who provided data, the results derived from Question 2 are not consistent with that interpretation. Nearly 70 percent of the male sample indicated that it was “very true” that they found it hard to imagine having their student loans paid off, while 46 percent gave the same response to the statement, “Thinking about my student loans kept me awake at night.” Over a third (38 percent) responded with “very true” to the statement pertaining to contacts from collection agencies.

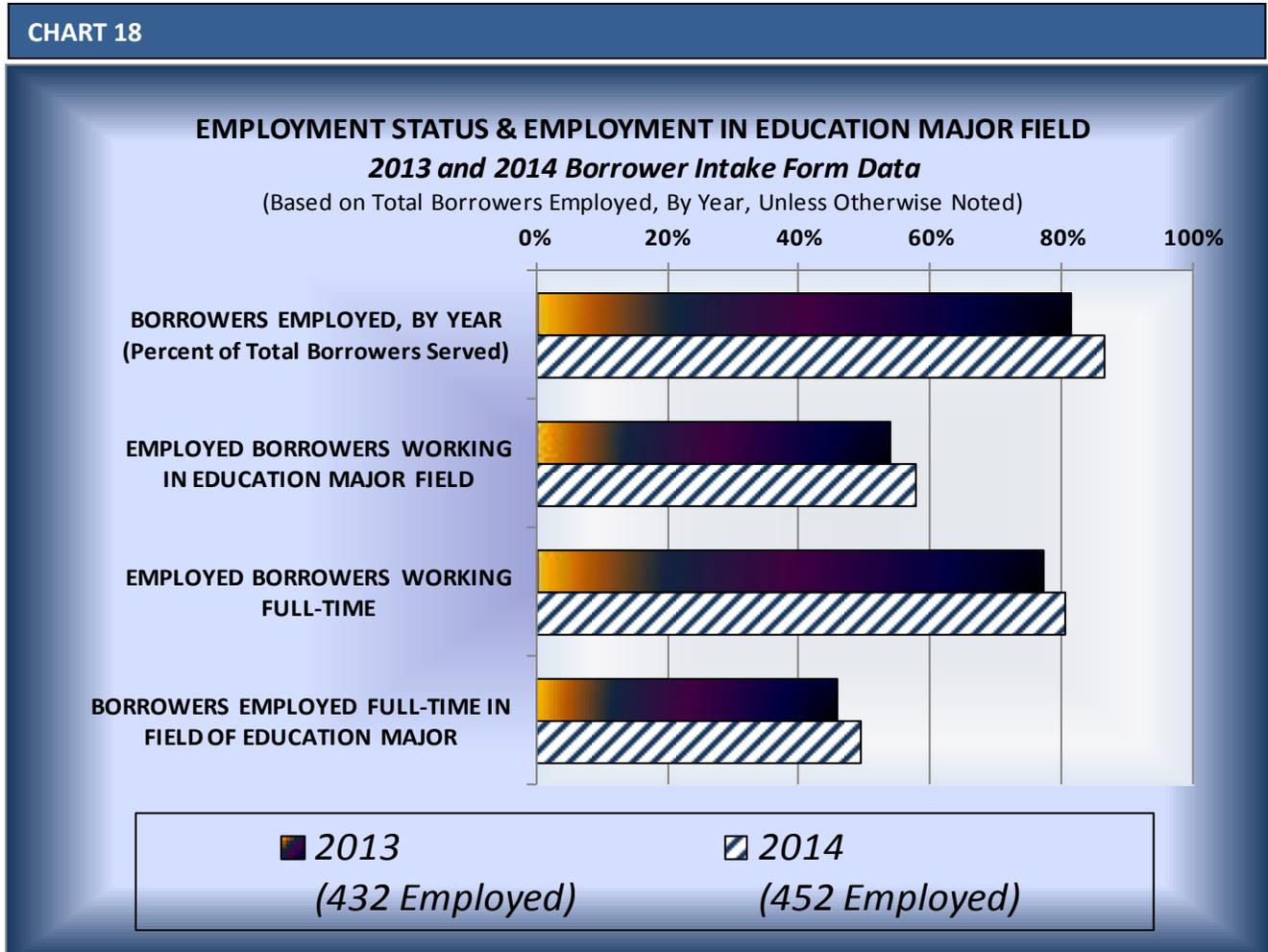
It’s also possible that men who decide to seek counseling share certain characteristics, such as a tendency to be more anxious. Making a determination as to whether such speculation has any foundation, however, would require much more in-depth research than has been possible within the scope of this evaluation.

With regard to responses from the women in the group, we can have a little more confidence in what the data seem to tell us. Again, additional research would be needed to point to this conclusively, but it’s possible that women tend to take a more proactive stance in dealing with their indebtedness. The relatively high percentage who reported they knew about repayment options for federal student loans prior to counseling supports this interpretation. By comparison, among the male respondents only 8 percent gave the same response. They were more likely to say this was “somewhat true.”

VIII. EMPLOYMENT VERSUS EMPLOYMENT IN THE FIELD OF EDUCATION MAJOR

Chart 18 shows the breakdown of some socioeconomic indicators for which CEFC collects data via the Borrower Intake Form. The data are provided in response to the following questions:

- 1) Are you employed?
- 2) What is your FTE status?
- 3) Are you employed in the field of your education major?



	Total Number of Borrowers Employed	Number Reporting on Involvement in Major Field	Number Reporting on FTE Status	Number Employed in Education Major Field	Number Employed Full-Time	Number Employed FT in Education Major Field
2013	432	434	422	232	333	198
2014	452	425	445	261	364	223

Of the total student loan borrowers who received services in 2013 and 2014, 884 reported on their employment. (This field was blank in only 6 cases.) A few points are relevant to the data presented in Chart 18:

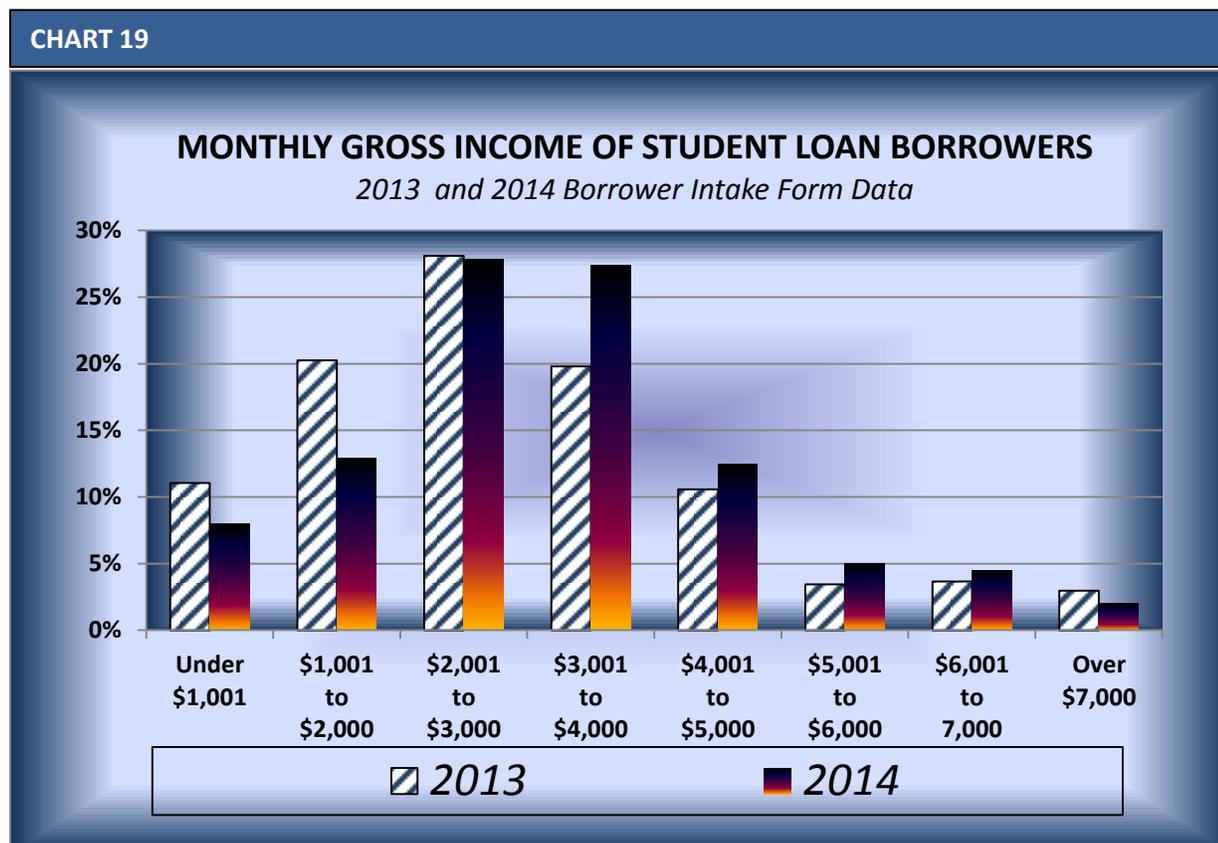
- 1) Between the two service periods, there appears to have been a slight improvement in the rate of employment among student loan borrowers. While this is true, the percentage of those without jobs is high, close to 15 percent or more. Anecdotal data from 2013 include references to student loan borrowers unable to find work. A factor that may inflate these percentages somewhat is the absence in the Borrower Intake Form of an indicator of disability status. Because of this, some of the borrowers grouped with the unemployed would include a subset for not actively in the workforce. There is also no means of identifying borrowers still reliant on parental support, although income levels give some indication.

- 2) Of those employed (434 in 2013 and 452 in 2014), the majority were working full-time. In the second period, the rate of full-time employment also improved slightly, but a sizeable percentage (in the range of 18 to 22 percent) had part-time positions.
- 3) Student loan borrowers working in the field of their major accounted for 55 to 60 percent of the employed, but this rate drops by around 10 percentage points when the FTE status is taken into account.

With regard to the extent to which client borrowers have found positions in the careers they envisioned - and paid for - the trends appear to be encouraging. Although the totals are lower than the number of those currently employed or employed full-time, the percentage of borrowers working in their major field went up between 2013 and 2014.

IX. PERSONAL FINANCES

Chart 19 summarizes data on monthly gross income that the client borrower reported to the counselor at the first counseling session. In general, these amounts represent the income of a single borrower although there are isolated instances of couples providing a combined income.



The average monthly gross income statistics show some slight improvement for 2014 over 2013.

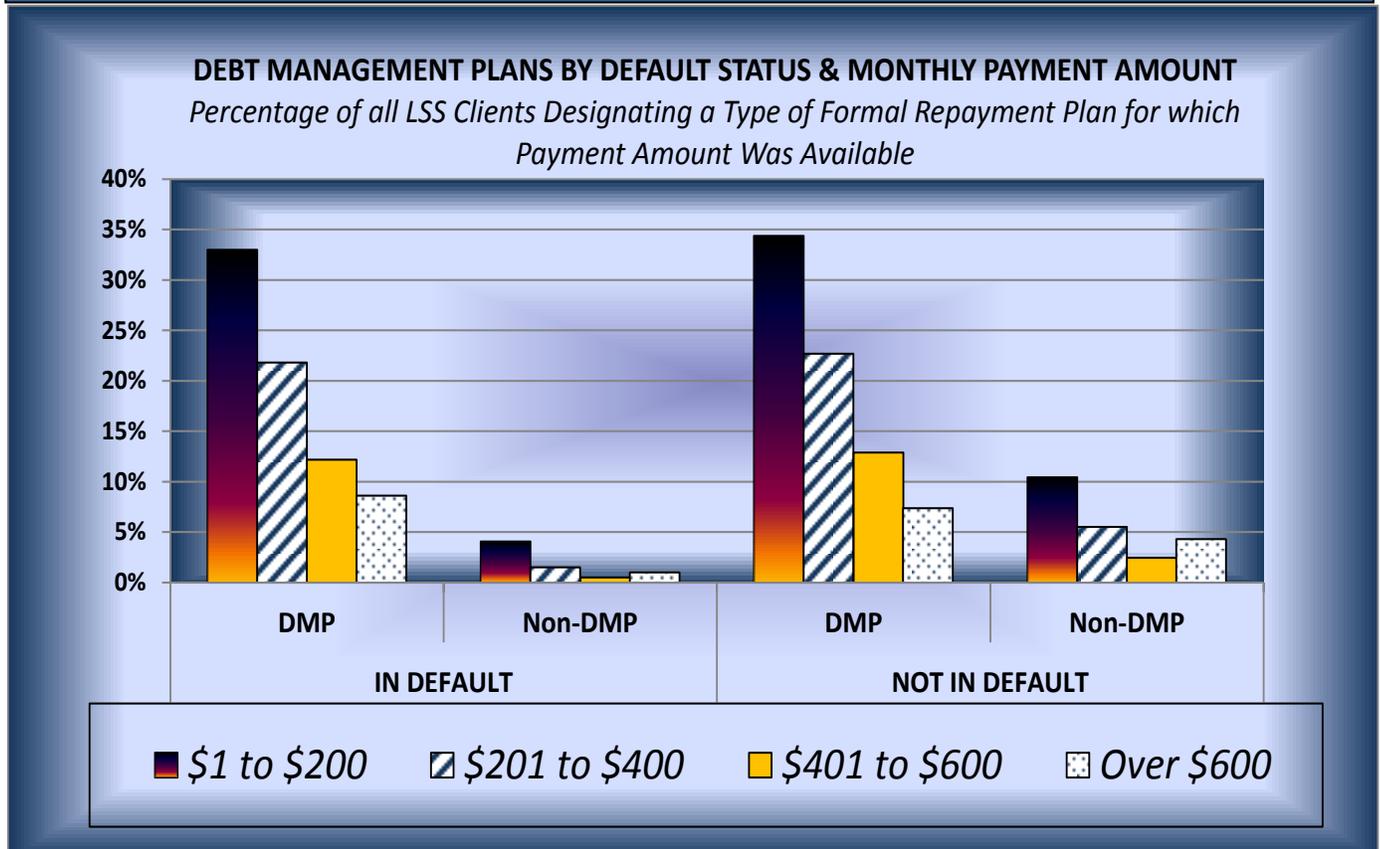
- Fewer client borrowers reported having no income
- There was a similar reduction in the “\$1 to \$1,000” category
- Income categories between \$2,001 and \$4,000 increased.

It’s possible that these changes are associated with improvements in the employment market. Given the large amount of debt that many client borrowers reported, even with slight increases in pay, individuals with income in this range could potentially struggle to make monthly payments, depending on payment plans and their personal expenses.

X. DEBT MANAGEMENT PLANS

As student loan borrowers or their co-signers focus on paying off education loans, many are also faced with high consumer debt. In one extreme case, over and above student loan debt that was in deferment, a client borrower had accumulated over \$80,000 in other unsecured debt. One solution that credit counseling organizations offer involves long-term agreements to manage unsecured debt payments, or “debt management plans” (DMPs). These agreements may offer the debtor lower interest rates and minimum monthly payments, as a result of participating in a creditor-sponsored debt management program. Credit counseling organizations charge the borrower for this service, however, and are compensated for dollars returned to the borrower’s credit card holder. It is unclear if other credit counseling organizations that offer student loan repayment counseling services in addition to DMPs, steer borrowers into DMPs (for credit card debt) as part of the borrower’s overall plan to repay student loan debt.

CHART 20



	IN DEFAULT					NOT IN DEFAULT				
	\$1-\$200	\$201-\$400	\$401-\$600	Over \$600	No Value	\$1-\$200	\$201-\$400	\$401-\$600	Over \$600	No Value
DMP	65	43	24	17	9	56	37	21	12	31
Non-DMP	8	3	1	2	140	17	9	4	7	495

Borrowers might have entered into formal repayment plans that were not structured as a DMP. Chart 20 shows a breakdown of DMP versus non-DMP agreements reported by client borrowers as grouped by the monthly repayment amounts. Based on these records, the DMP amounts are higher. It should be noted, however, that virtually all of these amounts pertain to LSS fees.

The distribution of debt payment plan amounts for DMPs and Non-DMPs is comparable whether the client borrower reported being in default or not-in-default. Since client borrowers can have loans that are in good standing, as well as loans that are in default, we can assume there’s some overlap between the two groups, although this is not immediately apparent from looking at client borrower data for the repayment variables.

CONCLUSION

CEFC has done creditable work over a short period of time. Although the program was delivered through three small financial counseling organizations over a two-year period, it is clear that financially distressed borrowers will seek assistance to address their student loan repayment issues. The data show positive responses from borrowers in changes to attitudes and behaviors regarding repayment of their student loan debt and overall money management. Implementation of an evidenced-based behavior-change counseling model delivered by counselors trained in counseling communication skills appears to be beneficial to the target audience. Program outcomes would likely be further supported by the ability to verify with the National Student Loan Data System whether participating borrowers did actually change their federal repayment plan as a result of the counseling. In order to more broadly examine the effectiveness of CEFC's motivational counseling, no-fee approach, however, further research is needed to explore in greater depth what the initial survey work has revealed.

RECOMMENDATIONS

Fidelity of implementation of the new counseling model and protocol was clearly an adjustment for counselors from traditional multi-service credit counseling organizations. To assure all borrowers counseled receive the full benefit of the "checklist" treatment approach for their available repayment options, and follow-up monitoring of action plan tasks, strong counselor performance oversight is recommended. Establishment of a campus-based community counseling center focused only on student loan repayment and money management may be even more effective in assisting financially distressed borrowers.

This self-funded student loan borrower repayment counseling pilot program was developed and implemented by the Center for Excellence in Financial Counseling, School of Public Policy and Administration, University of Missouri-St. Louis. For program information, contact Vicki Jacobson at jacobsonv@umsl.edu

