

# Student Loan Research Qualitative Study: Methods Statement

The student loan research project conducted in-depth interviews and focus groups of student loan borrowers from June 25-July 11, 2019, in Philadelphia, Dallas, Chicago, Los Angeles, and Orlando, Florida.

We collected qualitative data from two groups of borrowers:

- One-on-one in-depth interviews (IDIs) with borrowers with student loan default experience to learn about their experiences and choices around default and their broader financial context while in repayment.
- Focus groups with student borrowers who are struggling to repay their loans but have never had their student loans default to examine their repayment experiences and learn about the strategies they used to keep their loans in good standing.

Pew contracted with FDR Group to conduct four focus groups in all cities except Philadelphia. Pew staff conducted in-depth interviews in all five cities.

## Study Participants

To participate in an in-depth interview and qualify as a *borrower with default experience*, a participant had to fit the following criteria:

- Took out a federal student loan between 2000 and 2018<sup>1</sup> to pay for a certificate/trade program, community college, or four-year college (anything below a graduate degree) for their own education.
- Currently have, or previously had, loans in default (i.e., have not made a payment on their student loan in 270 days, which ultimately led to student loan default, or have experienced one of the consequences as a result of a defaulted federal student loan).
- Had an outstanding loan balance at the time of the interview (i.e., still in repayment).
- Provided their official student loan transcripts from the Department of Education's National Student Loan Data System to validate the self-reported history of default status.

To participate in a focus group and qualify as a *borrower without default experience*, a participant had to fit the following description:

- Took out a federal student loan between 2000 and 2018 to pay for a certificate/trade program, community college, or four-year college (anything below a graduate degree) for their own education.
- Had never missed more than two payments in a row and had never defaulted on a federal student loan.
- Had an outstanding loan balance at the time of the interview (i.e., still in repayment).
- Indicated that they either “probably” or “certainly” could not come up with \$2,000 when asked a validated question to assess their financial status: “*How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month? [IF NEEDED: for example, a major car or home repair or a large medical bill?]*”

See Attachment 1 for a detailed explanation of our population criteria.

A total of 68 federal student loan borrowers took part in the study. Twenty-nine participated in the IDIs and 39 were focus group participants. Most interviewees and all focus group participants were recruited by the Schlesinger Group, a market research group subcontracted by the FDR Group, and interviews were held in facilities located in each of the five cities mentioned. In general, the facilities' staff recruited participants using their own opt-in databases that include thousands of people who have signed up to participate in research. The facility databases grow by word of mouth, community outreach, and advertising.

The IDIs and focus groups comprised borrowers of various genders, annual incomes, original balances, current balances, institutional sectors, levels of education, and racial/ethnic groups. (See Table 1.) Although every effort was made to ensure diversity among the participants, the in-depth interviews and focus group participants are not nationally representative of student loan borrowers.

See Appendix A for additional details on recruiting criteria, including Appendix Table 1 for a detailed explanation of our population criteria, and Appendix B for the questionnaire used to screen participants into the study.

## **Research Method**

We chose in-depth interviews and focus groups because they are valuable tools for exploring people's spontaneous views on a given topic and for uncovering underlying values that help explain why people act or feel the way they do. From a policy or communications strategy standpoint, they provide information on how to frame information in such a way as to appeal to the values and mindsets that underlie beliefs. In-depth interviews were chosen as the data collection method for student loan borrowers who experienced default because of the sensitivity of the topic and the stigma associated with default. In-depth interviews not only provided privacy and confidentiality as we examined borrowers' experiences in default but also allowed us to probe and take a deeper dive into borrowers' challenges and behavior while in repayment. Focus group discussions were the mode of data collection for those who said they had never defaulted on their student loans but were struggling to repay because the topic of student loans is mainstream and therefore easier to discuss in a group format.

Three interviews were conducted by phone; all other interviews and focus groups were held in person. The duration of the in-depth interviews was approximately one hour, and the focus group discussions were approximately two hours.

Data collection instruments included a semi-structured interview guide for the IDIs (see Appendix C) and a discussion guide for the focus groups (see Appendix D).

### **Data Processing and Analysis**

All interviews and focus groups were audio recorded (focus groups were video recorded) and transcribed. Transcriptions were compiled and loaded individually into NVivo. The team developed unique codes based on our research questions, previous research (deductive approach), and initial themes we heard in the field (inductive approach). We developed an initial codebook but adapted the codes as new and unexpected patterns appeared across sites. Coding content was tested for intercoder reliability. Coders not only used the coding scheme but also captured context to support more accurate interpretations of the data. Once the data was coded, we identified categories across codes and then identified themes and patterns across the coded categories. Finally, we drew interpretations and implications from the data for the development of publications.

### **Limitations of Research**

This qualitative research reflects only the opinions of those who participated in the interviews and focus groups, and the findings should not be interpreted as a definitive view of all student loan borrowers with or without default experience. Although in-depth interviews and focus groups are tremendously helpful for listening to people talk about issues, for uncovering the sources of their opinions and motivations for action, and for generating hypotheses for further research, they cannot determine how many people hold a particular view, and their findings cannot be generalized to the population as a whole.

**Table 1: Self-Reported Borrower Demographics (IDIs and Focus Groups)\***

	Borrowers with default experience (n)	Borrowers without default experience (n)	Total (n)
<b>Income**</b>			
- Less than \$25,000	2	5	7
- \$25,000 to less than \$50,000	13	17	30
- \$50,000 to less than \$75,000	5	13	18
- \$75,000 to less than \$100,000	3	3	6
- \$100,000 or more	3	0	3
<b>Race/Ethnicity</b>			
- Black/African American	8	19	27
- White/Caucasian	12	14	26
- Asian	2	0	2
- Hispanic/Latino	4	6	10
<b>Type of Degree and Completion</b>			
- Completed certificate program	4	4	8
- Completed 2-year/associate degree	4	11	15
- Did not complete 2-year/associate degree	6	3	9
- Completed 4-year/bachelor's degree	7	16	23
- Did not complete 4-year bachelor's degree	5	5	10
<b>Amount Borrowed</b>			
- Less than \$5,000	1	3	4
- \$5,000-\$9,999	3	5	8
- \$10,000-\$19,999	10	7	17
- \$20,000-\$29,999	6	9	15
- \$30,000-\$59,999	5	10	15
- \$60,000 or more	1	4	5
<b>Gender</b>			
- Female	17	28	45
- Male	9	11	20
<b>Age**</b>			
- 20-29	3	4	7
- 30-39	13	15	38
- 40-49	4	12	16
- 50+	6	7	13
<b>School Type**</b>			
- For-profit	9	10	19
- Public 2-year	4	5	9
- Public 4-year	8	14	22
- Private	5	9	14

\*Three borrowers who defaulted on their loans were interviewed by phone and were not asked to give demographic data.

\*\*One borrower without default experience did not report income, age, or school type.

# Appendix A: Site Selection and Recruitment Criteria

## Site Selection

### Locations

Although regional variation, independent of other factors, is not cited as a primary reason for student loan default patterns in existing research, it is possible that region affects repayment outcomes. If we conducted research in only one location, we would risk anomalous findings if regional differences explain default patterns.

Because there is limited evidence in the research by which to determine which geographical areas to study, our main criterion for picking IDI and focus group locations was the diversity of regional coverage: Given that we planned for five locations, each location should be in a different census division. Further considerations include:

- Practical: Areas with focus group facilities, a large enough population to contain a density of borrowers with student loan default for recruitment, and locations that overlap with a separate Pew research project focused on military veterans' student loan borrowers. Diversity of economic and financial conditions (e.g., varying levels of unemployment and poverty rates among people with varying levels of educational attainment).

From the criteria above, we identified and chose five locations based on vendor availability, pricing, and suggested locations for the student loan veteran qualitative study that would take place concurrently: Philadelphia, Orlando, Dallas, Chicago, and Los Angeles.

## Criteria for Participant Recruitment

We recruited borrowers who entered college for the first time between 2000 and 2018 with a preference toward more recent students and those who experienced default more recently to mitigate memory recall errors about their decisions and experiences throughout the default process, but we also wanted at least some of the population to have had enough time to exit default or cycle through the default process.

Using data from existing literature, the Department of Education, the Government Accountability Office, and the Consumer Financial Protection Bureau, we developed criteria that researchers hypothesize, or have shown, to correlate to an individual's likelihood to default and used those criteria to recruit a diverse group of borrowers. Our goal was to try to mirror the population of borrowers who have default experience (to the extent practicable) and gain an understanding of the different narratives involving default, as opposed to achieving a representative sample.

See Appendix Table 1 below for the criteria we used to recruit a diverse set of individuals for our qualitative research and the justification for those criteria based on existing data and research.

Appendix Table 1: Recruitment Criteria for Borrowers

Criteria	Justification
<b>Diversity of Demographic Characteristics</b>	
Age when starting college	For example, borrowers who entered college at 25 or older experience default at almost twice the rate of borrowers who entered at age 24 or younger. <sup>2</sup>
Race/ethnicity	Borrowers of different races experience default at very different rates. For example, African Americans experience default at almost twice the rate of the overall borrower population (48.6% versus 27.6%), whereas White borrowers default at substantially lower rates than the overall borrower population (20.4% versus 27.6%). <sup>3</sup>
Household income	Borrowers with varying levels of household income experience default, although the lower one's income, the more likely they are to experience default. <sup>4</sup>
Financial distress	Little is known about how financially distressed borrowers with defaulted loans feel. We used a validated scale that measures financial distress for all subjects and attempted to talk to borrowers with different levels of reported distress. <sup>5</sup>
<b>Diversity of Default Characteristics</b>	
Repayment status (in default, exited default, defaulted on loan more than once)	We want to know why some borrowers stay in default, some exit default and stay out, while some exit and then redefault. For example, the Consumer Financial Protection Bureau estimates that 30% to 40% of borrowers who exit default experience default again within three years. <sup>6</sup>
Pathways of exiting default	Borrowers can exit default by paying off their loans (in a lump sum or over time), "rehabilitating" their loans through nine low on-time monthly payments, or "consolidating" their loans and exiting immediately into income-based repayment plans. Each option contains different fees and risks, and research shows that different pathways lead to different re-default rates. <sup>7</sup>
Consequences	Consequences of default include wage garnishment, tax offset, lowered credit score, denial of other types of credit, inability to borrow more student loans, and loss of professional license. Previous research suggests these consequences are a possible motivation for exiting default. <sup>8</sup> About 1 million borrowers were subject to tax refund garnishment in 2015. <sup>9</sup>
<b>Diversity of Education/Background Characteristics</b>	
Educational attainment	Borrowers at all levels of educational attainment experience default, but the lower one's level of educational attainment, the more likely one is to experience default. For example, those with some college but no degree could account for upward of 50% of borrowers who had their federal student loans default. <sup>10</sup>
Institution type attended	Borrowers who attend different types of institutions experience default at very different rates. For example, 47% of borrowers who attended for-profit colleges and entered repayment in 2009 had loans that defaulted within five years versus 20% of all borrowers. <sup>11</sup>
Family history with higher education	For example, a borrower whose parents have no degree is far more likely to default than if a borrower has a parent who complete some type of degree. <sup>12</sup>

## Appendix B.1: In-Depth (IDI) Screener



**FINAL 6/6/19**

### FDR GROUP SCREENER FOR STUDENT LOAN RESEARCH

**IDIs**

**CITY:**

**DAY/DATE/TIME:**

Name: Address: Phone: Email: Other:
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Hello. My name is \_\_\_\_\_ and I'm calling from the Schlesinger Group about a paid research study for people who have taken out student loans. If you are selected for the research, you will be asked to take part in an individual interview. The amount of compensation will vary depending on a few things. To see if you qualify for the study, I have a few questions to ask.

*[IF NEEDED: This research is being conducted on behalf of The Pew Charitable Trusts, a nonprofit, nonpartisan research center based in Philadelphia, and the FDR Group, a research firm specializing in qualitative research.]*

SCREENER	IN-DEPTH INTERVIEWS (DEFAULTERS) RECRUIT=6
<b>Q1. Have you ever taken out a student loan?</b> Yes, took out student loan <b>CONTINUE</b> No, did not <b>TERMINATE</b>  <i>[IF NEEDED: A student loan is to help pay for school-related fees like tuition and it usually doesn't have to be paid back until you have completed your program or degree. It is not the same as using your credit card to pay for your tuition.]</i>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Q2. What is the highest level of education that you have?</b> <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i> Less than high school <b>CONTINUE</b> High school or GED <b>CONTINUE</b> Some beyond HS, but no degree <b>CONTINUE</b> Certificate, credential program <b>CONTINUE</b> Associate degree (2-year college) <b>CONTINUE</b> Bachelor's degree (4-year college) <b>CONTINUE</b> Graduate degree or higher (M.A., Ph.D., MBA, MD) <b>CONTINUE</b>	<input type="checkbox"/> <b>MAX 1</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 2</b> <input type="checkbox"/> <b>MAX 1</b>
<b>Q3. To the best of your memory, what year did you first take out a student loan? (enter year) _____</b> In 2019 (this year) <b>TERMINATE</b> Between 2000-2018 <b>CONTINUE</b> Before 2000 <b>CONTINUE</b>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 2</b>

<p><b>Q4. Have you ever defaulted on your student loan, either now or in the past?</b>  <b>“Defaulted” means you missed about 12 payments in a row.</b>  Yes, have defaulted <b>CONTINUE</b>  No, have not <b>TERMINATE</b></p> <p><i>NOTE TO INTERVIEWER: If you sense hesitation, probe along these lines:  “Default” means you missed about 12 payments in a row and it comes with severe consequences. Another word that sounds like default is “defer” – which means you have worked out a temporary arrangement with your loan provider about repaying your student loan. Knowing this, would you say you have ever defaulted on your student loan, or is that not the right word to describe you?</i></p>	<input type="checkbox"/> <input type="checkbox"/>
<p><b>Q5. Please answer each of the following questions, yes or no: Have you ever:</b>  <i>[IF NEEDED: Either now or in the past.]</i></p> <p>a. Been contacted by a collections agency about your student loan  b. Had your wages garnished because you didn’t pay student loan  c. Had your income tax refund withheld because you didn’t pay student loan  d. NONE OF THESE/SOMETHING ELSE ← <b>ASK US.</b></p>	<p>at least 1 a-c, if d ask us</p> <p>a. <input type="checkbox"/>  b. <input type="checkbox"/>  c. <input type="checkbox"/>  d. <input type="checkbox"/>ask us</p>
<p><b>Q6. Have you completed the program or degree, or did you stop taking classes before you finished, or are you still taking classes?</b>  <i>[RECRUIT A MIX]</i></p> <p>Completed <b>CONTINUE</b>  Stopped taking classes before you finished <b>CONTINUE</b>  Still taking classes <b>TERMINATE</b></p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Q7. What type of degree did you take out your student loan for?</b>  <i>[ONLY READ LIST IF NEEDED]</i>  <i>[RECRUIT A MIX]</i></p> <p>Certificate program/technical or trade school <b>CONTINUE</b>  2-year college/associate degree <b>CONTINUE</b>  4-year college/bachelor’s degree <b>CONTINUE</b>→  Grad school (master’s, law, Ph.D., MBA) <b>TERMINATE</b></p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 3</b> <input type="checkbox"/>
<p><b>Q8. Approximately how much money did you borrow in student loans?</b>  <i>(enter estimated amount) \$ _____</i>  <i>[ONLY READ LIST IF NEEDED]</i>  <i>[RECRUIT A MIX]</i></p> <p>Less than \$5,000  \$5,000-\$9,999  \$10,000-\$19,999  \$20,000-\$29,999  \$30,000-\$59,999→  \$60,000 or more→</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 1</b> <input type="checkbox"/> <b>MAX 1</b>
<p><b>Q9. What is the name of the school(s) or program(s) you took out the student loan(s) for? (enter name) [RECRUIT A MIX OF SCHOOLS]</b></p>	
<p><b>Q10. How old are you? (enter age) _____</b>  <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i></p> <p>18-29  30-39  40-49  50-59  60 and over→</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 1</b>
<p><b>Q11. Are you... [READ LIST]?</b>  <i>[MULTIPLE RESPONSES OK] [RECRUIT A MIX]</i></p> <p>African American or Black  Asian  Hispanic or Latino (any race)  White  Something else</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>



<p><b>Q12. I just need an estimate—which of these was your family’s total household income last year?</b>  <i>[RECRUIT A MIX]</i>  Less than \$25,000  \$25,000 to less than \$50,000  \$50,000 to less than \$75,000  \$75,000 to less than \$100,000  \$100,000 or more</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 3</b>
<p><b>Q13. What is your gender?</b> <i>[RECRUIT A MIX]</i></p>	<p>Male <input type="checkbox"/>  Female <input type="checkbox"/>  Something else <input type="checkbox"/></p>

**INVITATION**

**If candidate qualifies for individual interview (defaulter):**

If you are interested and available, your involvement will have two parts:

(1) The first part is to download your official student loan transcript from the Department of Education website and forward it to the researchers. It is very easy to do, and instructions will be provided. The researchers will use your transcript to guide them in the questions they will ask during the interview. Your transcript will never be shared, it will be used only by the researchers, and it will be destroyed at the completion of the study. You will receive \$50 if your transcript is received by DATE. You will receive this \$50 even if you are not selected for an interview.

(2) After the researchers receive your transcript and if you are selected for an interview, the second part is to participate in a one-hour interview with a professional researcher. The interview will take place either in person at our facility on DAY/DATE at TIME or on a video conference call, depending on availability. You will receive an additional \$150 at the conclusion of the interview. (The total compensation is \$200.)

## Appendix B.2: Focus Group Screener



**FINAL 6/6/19**

### FDR GROUP SCREENER FOR STUDENT LOAN RESEARCH FOCUS GROUPS WITH FINANCIAL STRUGGLERS

**CITY:**

**DAY/DATE/TIME:**

Name: Address: Phone: Email: Other:
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Hello. My name is \_\_\_\_\_ and I'm calling from the Schlesinger Group about a paid research study for people who have taken out student loans. If you are selected for the research, you will be asked to take part in a two-hour focus group discussion at our facility. A light meal will be provided, and each participant will receive \$200 at the end of the discussion. To see if you qualify for the study, I have a few questions to ask.

*[IF NEEDED: This research is being conducted on behalf of The Pew Charitable Trusts, a nonprofit, nonpartisan research center based in Philadelphia, and the FDR Group, a research firm specializing in qualitative research.]*

SCREENER	FINANCIAL STRUGGLERS RECRUIT=12
<b>Q1. Have you ever taken out a student loan?</b> Yes, took out student loan <b>CONTINUE</b> No, did not <b>TERMINATE</b>  <i>[IF NEEDED: A student loan is to help pay for school-related fees like tuition and it usually doesn't have to be paid back until you have completed your program or degree. It is not the same as using your credit card to pay for your tuition.]</i>	<input type="checkbox"/> <input type="checkbox"/>
<b>Q2. What is the highest level of education that you have?</b> <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i> Less than high school <b>CONTINUE</b> High school or GED <b>CONTINUE</b> Some beyond HS, but no degree <b>CONTINUE</b> Certificate, credential program <b>CONTINUE</b> Associate degree (2-year college) <b>CONTINUE</b> Bachelor's degree (4-year college) <b>CONTINUE</b> Graduate degree or higher (M.A., Ph.D., MBA, MD) <b>CONTINUE</b>	<input type="checkbox"/> <b>MAX 1</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 4</b> <input type="checkbox"/> <b>MAX 1</b>
<b>Q3. To the best of your memory, what year did you first take out a student loan? (enter year) _____</b> In 2019 (this year) <b>TERMINATE</b> Between 2000-2018 <b>CONTINUE</b> Before 2000 <b>CONTINUE</b>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 2</b>

<p><b>Q4. Have you ever defaulted on your student loan, either now or in the past?</b>  <b>"Defaulted" means you missed about 12 payments in a row.</b>  Yes, have defaulted <b>TERMINATE</b>  No, have not <b>CONTINUE</b></p> <p><i>NOTE TO INTERVIEWER: If you sense hesitation, probe along these lines:  "Default" means you missed about 12 payments in a row and it comes with severe consequences. Another word that sounds like default is "defer"—which means you have worked out a temporary arrangement with your loan provider about repaying your student loan. Knowing this, would you say you have ever defaulted on your student loan, or is that not the right word to describe you?</i></p>	<input type="checkbox"/> <input type="checkbox"/>
<p><b>Q5. Have you ever missed more than two payments in a row on your student loan, either now or in the past, or has that never happened to you?</b>  Yes, have missed more than two payments in a row <b>TERMINATE</b>  No, has never happened <b>CONTINUE</b></p>	<input type="checkbox"/> <input type="checkbox"/>
<p><b>Q6. How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month? [IF NEEDED: for example, a major car or home repair or a large medical bill?]</b>  Are you certain you could come up with \$2,000 <b>TERMINATE</b>  Or  Would you say you could PROBABLY come up with it <b>TERMINATE</b>  Or  That you probably could NOT come up with it <b>CONTINUE</b>  Or  Are you CERTAIN you could NOT come up with \$2,000 <b>CONTINUE</b></p> <p><i>[IF "Don't Know" PROBE:]</i>  If you HAD to choose between these two...  Are you more certain you COULD come up with \$2,000 <b>TERMINATE</b>  Or that you COULD NOT come up with \$2,000 <b>CONTINUE</b></p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Q7. Have you completed the program or degree, or did you stop taking classes before you finished, or are you still taking classes?</b>  <i>[RECRUIT A MIX]</i>  Completed <b>CONTINUE</b>  Stopped taking classes before you finished <b>CONTINUE</b>  Still taking classes <b>TERMINATE</b></p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Q8. What type of degree did you take out your student loan for?</b>  <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i>  Certificate program or technical or trade school <b>CONTINUE</b>  2-year college or associate degree <b>CONTINUE</b>  4-year college or bachelor's degree <b>CONTINUE</b>  Grad school (master's, law, Ph.D., MBA) <b>TERMINATE</b></p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Q9. Approximately how much money did you borrow in student loans? An estimate is OK.</b>  <i>(enter estimated amount) \$ _____</i>  <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i>  Less than \$5,000  \$5,000-\$9,999  \$10,000-\$19,999  \$20,000-\$29,999  \$30,000-\$59,999→  \$60,000 or more→</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> MAX 2 <input type="checkbox"/> MAX 1
<p><b>Q10. What is the name of the school(s) or program(s) you took out the student loan(s) for? (enter name) [RECRUIT A MIX OF SCHOOLS]</b></p>	

<p><b>Q11. How old are you? (enter age) _____</b>  <i>[ONLY READ LIST IF NEEDED] [RECRUIT A MIX]</i>  18-29  30-39  40-49  50-59  60 and over→</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 1</b>
<p><b>Q12. Are you... [READ LIST]?</b>  <i>[MULTIPLE RESPONSES OK] [RECRUIT A MIX]</i>  African American or Black  Asian  Hispanic or Latino (any race)  White  Something else _____</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Q13. I just need an estimate—which of these was your family’s total household income last year?</b>  <i>[RECRUIT A MIX]</i>  Less than \$25,000  \$25,000 to less than \$50,000  \$50,000 to less than \$75,000  \$75,000 to less than \$100,000  \$100,000 or more</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>MAX 3</b>
<p><b>Q14. What is your gender? [RECRUIT A MIX]</b>  Male  Female  Something else _____</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

**INVITATION**

**If candidate qualifies for focus group:**

We’d like to invite you to participate in a two-hour focus group discussion to take place on DAY/DATE at TIME at our facility. A light meal will be provided, and you will receive \$200 at the completion of the focus group.

CONFIRM DETAILS

## Appendix C: In-Depth Interview (IDI) Guide

### Introduction

- I work for Pew Charitable Trusts. Pew, a nonprofit organization in Washington, D.C., that does high-quality, nonpartisan research so we don't take a political stand, and we let the data speak for themselves.
- Today we want to talk about your experiences with student loan default specifically and, more broadly, how student loans have fit into your decisions about your finances.
- We are doing interviews like this one all over the U.S. and will use them along with other research about student loan default.
- In the future we might use quotes from these interviews in our reports, but we will never use names or other identifying information that would associate you with this interview. The information will remain completely anonymous.
- We will be recording the interview to complement my notes.
- If I ask a question that is unclear, let me know and I will clarify.
- The interview will take no more than 60 minutes. But you can leave/stop the call whenever you like.

Do you have any questions before we start?

Thanks again for submitting your financial aid history. I have that information here in case we need to refer to it. But to get started, I want to hear your story. Like I said before, we're researching default, so I want to start out with you telling me about your student loans and how the default happened.

### Default

- When you think back, what [feeling or event or part of the process] sticks out most for you about when you first realized you were in default, when you first realized that you were in trouble with your student loan? [Probe: how you felt, how you found out, intensity of calls or letters, shock]
- If you could change one thing that you think might have kept you out of default—what would it be?
  - What else was going on at that time when you defaulted?
  - Where did your loan payment fall in terms of your other financial priorities? (Ask to prioritize expenses.)
  - What were the obstacles that prevented you from making payments?

### Consequences of Default

- Have you noticed anything happen because of the default?
  - What were they?
  - When did you start noticing? [Probe on actual consequences—first spontaneously and then you could ask about each consequence]
- Do you remember what your first reactions were?

- How did you address the consequences at first? Which ones were worst?
- Have you defaulted on other types of debt in the past?
  - [IF YES] How does that compare to the student loan default?

### Repayment

- When you left school, were you thinking about how to pay the loan? What else was going on at the time? Did you make any payments before you defaulted?
- Did you know anyone else who had defaulted?

### IF STILL IN DEFAULT:

- Thinking about your finances what would you say are your priorities right now?
- How are you thinking about the defaulted loan right now?
- Who/what do you rely on for advice?
- What advice have you gotten?
- [IF SPOKEN TO COLLECTIONS AGENCY or ED] When you spoke to them, what was that call like? What happened on that/those calls?
- Would you say you have a plan for dealing with the defaulted loan?

### IF EXITED DEFAULT

- Walk me through the process of getting out of default.
- What were the options offered to you?
  - Why did you pick the one you did?
  - Why did you rule out the other options?
  - What is the upside/downside [of each option]?

### IF CURRENTLY REPAYING:

- What helped you get on track?
- Were you able to get helpful information? Not so good information?
- What were the options offered to you?
  - Why did you pick the one you did?
  - Why did you rule out the other options?
  - What is the upside/downside [of each option]?

### ALL

- Thinking about your financial situation right now, if you got an extra \$500 in cash—what would you do with it?

### Attitudes toward debt

- Tell me a little bit about how your family talked about money when you were growing up. [Probe: debt—falling into it, getting out of it, never using it; reliance on credit cards or only when necessary; borrowing money from banks, from family members or other people—was this common or uncommon; always a secret or easily talked about; connected to shame or normal behavior]
  - Did your parents have student loans?
- And how about you now: Is your attitude toward money—in your opinion—similar or different to that of your family growing up? [Probe: following in footsteps, forging a different path]
- What other debt do you have now? What are your priorities when paying your bills?
- Where do you go for financial advice? Who do you rely on? Who/what has steered you well? Not so well?

### Taking Out the Loan

- You took out a student loan—did you expect to be able to pay it back or did you just figure I'll deal with that later, not really thinking about repayment at that time?
- Thinking back to that time you took out the loan, did you have a sense of what would happen if you didn't pay the loan, or was it something you weren't really thinking about at that time?

### Closing questions

- How worried or concerned were you—if at all—about doing this interview?
  - What held you back? We are finding it hard to find people to participate—maybe you can help us understand why?
  - What could we say to assuage concerns?
- Is there anything we didn't ask you about that we should have? Remember, we are going to interview about 30 people like you who have defaulted. What should we be asking them about?
- Do you know anyone else who has defaulted and who might want to take part in this research?
- OPTIONAL NUDGE AS NEEDED DURING INTERVIEW: Now that you are looking back, is there something that you think could have made a difference—along the lines of, "If only X had happened, I would never have gotten into this mess"? Fill in the blank: "If I had only done \_\_\_\_\_" or "If they had only \_\_\_\_\_."

## Appendix D: Focus Group Guide



### Moderator's Guide

#### Student Loan Borrowers Who Struggle Financially

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*[Key research question: What is different about these borrowers—why are they able to figure out how to keep up with payments despite financial difficulties when similarly struggling other borrowers find themselves in student loan default?]*

#### **Introduction**

Who we are, what we are doing here tonight, one of four focus groups across the country, recorded but confidential conversations, might use quotes in a report but you are anonymous, no need for consensus, bouncing off each other's comments and remembering your own first reaction to questions, being skipped by moderator, getting picked on by moderator, devil's advocate role.

You're the experts, no right or wrong answers, it's your experiences that we want to learn from, doing this research for a nonprofit, nonpartisan research organization—Pew Charitable Trusts—encourage you to check out website after the focus group so you can see the kind of important work they do.

We're going to talk about money. Not trying to sell you anything here; trying to understand in order to make things better.

Just to make sure—has anyone *not* taken out a student loan? *[NOTE: We do this as precaution; all have been screened. It lets folks know they share something, not the only one, etc.]*

#### **Financial concerns**

Thinking about your financial situation right now, if you got an extra \$500 in cash, what would you do with it? Write it down and we are going to talk about your answer a little bit.

Are you where you want to be financially, or at least on track to get there? What is worrying you MOST these days? What's getting in the way?

When it's the end of the month and it looks like you might be short and unable to pay all the bills, where do you have a little give? Who or what can you rely on for help? *[PROBE: rely on credit card, ask friend/family, go to a loan shark, call to ask for extension, pay bills late, use overdraft, second job to make ends meet]*



When you end up falling short, what's the likely reason? Is there something that typically trips you up or could it vary from month to month? How often do you have an unexpected expense? [PROBE: regular thing, one-time kind of thing, an occasional health-related unexpected bill, car broke down, expensive event]

### **Priorities**

What's your payment hierarchy—which bills are the most important to pay, which are easier to let skip? If you had a particularly tough month, why would this one be the first to be paid and not that one?

PROBE:

- Cable/wifi
- Car loan, insurance
- Child care, child support
- Credit card [Probe: How often do you use it? Do you have a balance or pay it off right away? How much? How many?]
- Food
- Health insurance
- Housing [Probe: Do you own or rent? Is owning a goal?]
- Phone
- Saving for a rainy day [Probe: How important is it for you to have savings? Do you put money into it regularly or only when you have extra? How comfortable are you with the amount you have saved?]
- Saving for retirement
- Student loan
- Utilities

When you think back, what feeling or event sticks out most for you about when you first realized you were in trouble with debt or that your bills were getting out of control? [PROBE: how you felt, how you found out, the intensity of calls or letters, shock, stress level]

### **Attitudes toward debt**

Tell me a little bit about how your family talked about money when you were growing up. Was talking about money a secret or easily talked about, shameful or normal? What kind of debt did your parents/family have? Student loans? A mortgage? Credit card debt? Car loans? [PROBE: debt—falling into it, getting out of it, never using it; reliance on credit cards or only when necessary; borrowing money from banks, from family members, or from other people—common or not]

And how about you now? Is your attitude toward money—in your opinion—similar or different to that of your family growing up? [Probe: following in footsteps, forging a different path]

Where do you go for financial advice? Who do you rely on? Who/what has steered you well? Not so well? Who do you try to emulate, who do you try not to be like?

### **Student Loans in Particular**

In your mind, how does paying back your student loan compare with paying back other kinds of loans? Say a car loan, or a mortgage or having credit card balances that you pay interest on? Do you think of student loans differently, if at all?

Some of us here may have had a period of time when you were not paying your student loan, but somehow got back on track with making payments. How long did you go without making payments? What changed in your situation to make you get back on track? Have you had to give up anything—“do without”—in order to maintain good standing with your student loan payments or just in general to pay your bills? What are you doing without?

If you were late or missed a student loan payment, what were the consequences, if any?

Has anyone paid it off completely? How? (Forgiven? Inheritance, gift, etc.?)

Anybody not paying at all—what is happening? In deferment? In forbearance? In default? [*Deferment—interest does not accrue; forbearance—interest accrues*]

250,000 people default on their student loans each quarter. People just like us sitting around this table. What do you think it is about you that you are able to keep on track with repayment but somebody else isn't? What's different about you, or about them?

### **Impact of higher education, taking out a student loan**

In what ways has taking out a student loan to get education beyond high school affected your financial situation?

From what you know now, what are your feelings or thoughts toward your field or major or program, the school you went to? “Now that you know,” would you do it all again or what would you do differently?

[For those who did not finish degree or program:] In what ways do you think your financial situation would be the same or different if you had finished? What's stopping you from going back to finish?

Generally speaking, how do you feel about taking out student loans and going into debt for school—would you do it again—or how would you advise a young person today? Some people see it as an investment, as a benefit, as a way of preparing for the future. Others see it as something to avoid, as a weight that will make it harder for them to get ahead. Where do you fall?

### **Closing questions**

Is there anything we didn't ask you about that we should have?

Do you know anyone else who is paying their student loan but having difficulty staying afloat financially and who might want to take part in this research?

## Endnotes

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<sup>1</sup> At each location, we allowed the recruitment of a maximum of two participants who borrowed their first loan before 2000 to meet our quotas for both IDIs and focus groups, within our study's timeline.

<sup>2</sup> Powerstats calculation by author using data from the National Center for Education Statistics (NCES).

<sup>3</sup> Powerstats calculation by author using data from the National Center for Education Statistics (NCES).

<sup>4</sup> A. Looney and C. Yannelis, "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults" (Brookings Institution, 2015), Table 9, <https://www.brookings.edu/bpea-articles/a-crisis-in-student-loans-how-changes-in-the-characteristics-of-borrowers-and-in-the-institutions-they-attended-contributed-to-rising-loan-defaults/>.

<sup>5</sup> Specifically, we will be using the financial well-being scale developed by the Consumer Financial Protection Bureau.

<sup>6</sup> S. Frotman, "Update From the CFPB Student Loan Ombudsman: Transitioning From Default to an Income-Driven Repayment Plan" (2017), 5-6, [https://files.consumerfinance.gov/f/documents/201705\\_cfpb\\_Update-from-Student-Loan-Ombudsman-on-Redefaults.pdf](https://files.consumerfinance.gov/f/documents/201705_cfpb_Update-from-Student-Loan-Ombudsman-on-Redefaults.pdf).

<sup>7</sup> For instance, the CFPB estimates that 70% of those exiting default do so through rehabilitation but that 40% using this method will redefault within three years. Frotman, "Update From the CFPB Student Loan Ombudsman," 5.

<sup>8</sup> J. Delisle and A. Holt, "Why Student Loans Are Different: Findings From Six Focus Groups of Student Loan Borrowers" (2015), 10-12, [https://static.newamerica.org/attachments/2358-why-student-loans-are-different/StudentLoansAreDifferent\\_March11\\_Updated.e7bf17f703ad4da299fad650f47ac343.pdf](https://static.newamerica.org/attachments/2358-why-student-loans-are-different/StudentLoansAreDifferent_March11_Updated.e7bf17f703ad4da299fad650f47ac343.pdf).

<sup>9</sup> U.S. Government Accountability Office, "Social Security Offsets: Improvements to Program Design Could Better Assist Older Student Loan Borrowers With Obtaining Permitted Relief" (2016), 18, 53, <https://www.gao.gov/assets/690/681722.pdf>.

<sup>10</sup> B. Miller, "Who Are Student Loan Defaulters?" (2017), <https://www.americanprogress.org/issues/education-postsecondary/reports/2017/12/14/444011/student-loan-defaulters/>.

<sup>11</sup> Looney and Yannelis, "A Crisis in Student Loans?" Table 8.

<sup>12</sup> Miller, "Who Are Student Loan Defaulters?"