Pew

James Kvaal
Under Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Room 7E300
Washington, DC 20202

Denise Cater
Chief Operating Officer
Office of Federal Student Aid
Union Center Plaza
830 First Street, NE
Room 112G1
Washington, DC 20202

November 13, 2024

Dear Under Secretary Kvaal and Ms. Carter:

The Pew Charitable Trusts is a nonprofit research and policy organization working to promote successful federal student loan repayment through its student loan initiative. We are writing to provide the Department of Education and Office of Federal Student Aid (FSA) with new Pew survey data related to communication with borrowers. Respondents were asked about their repayment experiences since the end of the payment pause in the fall of 2023, awareness about and enrollment in available repayment options, and engagement with official sources, including the department and its servicers. These perspectives are especially timely as the department, FSA, and servicers prepare to share updated programmatic information with borrowers, given the recent expiration of the on-ramp and Fresh Start periods and the current injunction on the Saving on a Valuable Education (SAVE) income-driven repayment (IDR) plan. Overall, the survey data related to communications shows that:

- Vulnerable populations, including low-income borrowers and those who self-identify as financially insecure, are less likely to have heard of protections and repayment plans that could help keep their loans in good standing.
- When those vulnerable groups are made aware of programs like IDR, they take advantage of these opportunities at higher rates than other higher-income and financially secure borrowers.
- Communications about these protections appear to be effective when received by borrowers. This correlates with higher application rates for programs like SAVE when borrowers hear about them directly from the department or servicer. This official outreach is cited as the most common influence in eventual enrollment.
- Communications seem well-matched with borrower preferences—except for younger borrowers, who are nearly twice as likely to prefer text messaging relative to the overall average, and those not making payments, who prefer phone calls, texts, and mailed letters relative to those who are making payments.

The findings above indicate that although certain repayment protections and options may benefit vulnerable borrowers, the lack of information about those programs reaching the intended groups undermines their effectiveness.

Survey sample

The data comes from a recent web survey of federal student loan borrowers—conducted in May and June of 2024 by The Pew Charitable Trusts' student loan initiative, in partnership with SSRS, a market and research polling firm. Please see the toplines and methodology report for further survey details. The survey sample consisted of 1,481 borrowers who identified themselves as federal borrowers and were not currently enrolled in a postsecondary education program or in a grace period. Seventy-four percent of respondents held loans for their own education, 4% held loans for someone else's education only, and 22% held loans for both their own and someone else's education.

Awareness of on-ramp and Fresh Start

The survey asked borrowers about their awareness of the on-ramp and Fresh Start programs enacted to help them return their loans to good standing or keep them there following the resumption of payments and interest accrual in 2023. Thirty-one percent of all borrowers who were making payments of any amount or frequency at the time of the survey were aware of the on-ramp period. Since borrowers may not have encountered this program unless they missed payments or specifically inquired about it, it stands to reason that universal awareness was not expected nor achieved. Borrowers who self-identified as financially secure were more likely (36%) to have heard about the on-ramp than those identifying as insecure (26%). Similarly, borrowers with higher incomes were more likely to have been aware of it: 19% of those in households earning less than $25,000 were aware, compared to 39% of those in households earning $100,000 or more.

Only borrowers who were in default prior to the pandemic and payment pause, of which there were 122, were asked about their awareness of the Fresh Start program; 35% of those borrowers were aware of Fresh Start at the time of the survey. The sample size of borrowers in default prior to the payment pause was insufficient to further determine how many of those borrowers who had heard of Fresh Start proactively enrolled in it.

IDR and SAVE awareness and enrollment

According to FSA's website, processing of new applications for IDR plans is currently paused due to injunctions. However, the survey's findings about borrower awareness of IDR and SAVE at the time of the survey—conducted prior to judicial action—speak to general engagement with the repayment system and effectiveness of communications around repayment options. In May and June of 2024, 73% of respondents had heard of IDR plans, and of those who were aware of it, 59% were enrolled, with another 34% who had once been but were no longer enrolled. Here again, borrowers in the lowest-income households (those earning less than $25,000 annually) were less likely to be aware of IDR (57%) than those in the highest-income households (those earning $100,000 or more annually) (79%). Additionally, Hispanic borrowers were less likely to have heard of IDR (67%) than White (76%) and Black non-Hispanic (75%) borrowers.

Although there were low rates of IDR awareness among the borrowers most likely to benefit from more affordable repayment options, these individuals enrolled in IDR at higher rates when they knew about these options. Encouragingly, of those aware of IDR, 74% of people in households earning less than $50,000 were enrolled, compared to 51% of people in households earning more than $50,000. Additionally, borrowers of color were more likely to be enrolled in an IDR plan when they were aware of them: 77% of Black, non-Hispanic borrowers and 59% of Hispanic borrowers were enrolled, compared to 55% of White borrowers.

When asked if they had heard of the SAVE plan at the time of the survey, 42% of all respondents said they had heard of it. Of those aware, 38% indicated they had applied for it, and another 12% indicated that they were automatically enrolled in the plan. It is important to note that respondents were asked about applying for SAVE rather than enrolling, as borrowers may have been waiting for processing. Awareness of SAVE appears largely driven by awareness of IDR in general, with 56% of respondents having heard of SAVE if they were familiar with IDR, compared to only 9% of those aware of SAVE if they had not heard of IDR. Borrowers ages 50 and older were less likely to have heard of SAVE (32%) than borrowers ages 18-29 (49%) and 30-49 (45%). White borrowers were more likely to have heard of SAVE (45%) than Black non-Hispanic (40%) and Hispanic borrowers (33%). Similar to awareness of IDR overall, borrowers in the lowest-income households were less likely to have heard of SAVE (30%) than those in the highest-income households (49%). The survey sample did not have enough respondents who were aware of SAVE to further make comparisons in enrollment across demographics.

For respondents who had heard of SAVE, 70% indicated they had received information from the department or their servicer about the plan since payments had resumed. Ninety-one percent of those who applied for SAVE had heard about it from an official source, compared to 58% of those who did not apply or plan to apply. This suggests that hearing about SAVE directly from the department or a servicer plays a key role in eventual enrollment.

Of those who received information from SAVE from an official source, 64% reported receiving this communication through email, 25% through FSA’s website, 10% from a mailed letter, less than 1% from phone calls, and less than 1% from text messages. Receiving an official communication was cited as the source of information that most influenced borrowers’ decision to enroll in SAVE (59%), followed by general media sources (15%), word of mouth from personal contacts (13%), and social media communications (8%).

Preferred communication methods

When asked which method of communication from the department or their servicer borrowers were most likely to respond to, email was the top choice (64%), followed by mailed letters (22%), text messages (9%), and phone calls (5%). This preference order is consistent with the methods through which borrowers reported hearing about SAVE, when answer options are standardized across both questions.

Borrowers who owed but were not making payments were less likely to prefer emails than borrowers who were making payments (50% and 66%, respectively), more likely to prefer phone calls (8% and 4%, respectively), text messages (13% and 9%, respectively) and mailed letters (29% and 21%, respectively). Demographically, borrowers ages 18-29 were the only group whose second-most preferred method was text messages (16%), rather than mailed letters (10%).

Knowing how to contact an official source

Lastly, when borrowers were asked if they knew how to contact an official source with questions about their loans, 29% answered no. Hispanic borrowers were more likely to say no (37%) than White (27%) and Black non-Hispanic borrowers (24%). Those who owed payments and were not making them were also more likely to say no (49%) than those who owed and were making payments (27%). Borrowers ages 18-29 were also more likely to say no (36%) than borrowers ages 30-49 (28%) and 50 or older (26%).

It is crucial that borrowers receive information about repayment options that is accurate, clear, consistent, and timely, given the continuously shifting policy and implementation landscape surrounding student loan repayment, including ongoing rulemaking, legal challenges to the implementation of SAVE, expiration of the on-ramp and Fresh Start programs, and changes to repayment plan enrollment procedures. Borrowers at risk of delinquency and default as a result of nonpayment during the last year are especially vulnerable and will require additional supports to access existing repayment options that can help return their loans to good standing or keep them there. Pew recently published data from the same survey exploring the experiences of borrowers who have missed payments since the end of the pause, many of whom struggled to afford payments even before the pandemic.

We hope that this data will be helpful to the department and FSA in its ongoing outreach efforts and in support of our mutual goal to prevent the borrowers most at risk of delinquency and default from falling behind. We welcome the opportunity to provide more data and analyses supporting the department's work. If you have any questions about the data in this letter or any other data from this survey, please contact Regan Fitzgerald, senior manager of Pew's student loan initiative, at rfitzgerald@pewtrusts.org.

Sincerely,

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CC: Benjamin Miller
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