

## Proposal Summary

### Title

Leveraging the Grace Period: Developing a Student Loan Repayment Curricular Intervention

### Abstract

Current student loan exit counseling is insufficient in preparing students for successful repayment - leaving many borrowers frustrated. Drawing from our experiences designing a student loan repayment curricular intervention, we expand the conversation on student loan counseling and highlight promising practices others can use to develop student-centered loan repayment curricula.

### Proposal Text

#### Objectives

Postsecondary students primarily look to federal student loans to fund their higher education pursuits (Ma & Pender, 2023); specifically, over 90% of student loan borrowers hold federal loan debt (Hanson, 2024). Despite its broad utility, the federal student loan system is notoriously difficult to navigate. Between September 2022 and August 2023, borrowers submitted over 6960 complaints related to federal loan repayment to the Consumer Financial Protection Bureau (CFPB) (CFPB, 2023). Student loan repayment is also complicated by a number of repayment plan options, such as fixed repayment plans (e.g., standard, graduated, or extended) and income-driven repayment plans (e.g., Saving on a Valuable Education, Pay As You Earn, Income-Based Repayment, and Income-Contingent Repayment). These repayment options continue to change as the Biden administration takes steps to sunset some repayment plans and introduce others.

The federal government's mandated student loan counseling sought to address student loan debt and mitigate long standing challenges with repayment (National Association of Student Financial Aid Administrators, 2019); however, federal student loan exit counseling is often described as "tedious, cumbersome, and generally unhelpful" (Etier, 2016; Fernandes et al., 2014). Despite borrowers' poor experiences with and descriptions of the Department of Education's online exit loan counseling program, there is little research on both ways to improve exit loan counseling (Bartholomae et al., 2017; Etier, 2016) and overall effective practices for improving student loan repayment and borrowers' long term financial health. To fill this gap in the literature and the need for improved loan counseling, we designed a student loan repayment curriculum. The overall goals of this study include: (1) providing promising practices (e.g., topics and approaches) to improve borrowers' understanding of student loan repayment and successful first-time repayment; and (2) the development of scalable and replicable student loan exit counseling programs and practices. In this paper, we will discuss the development of our student loan repayment curriculum, which we will pilot with 100 recent college graduates in Fall 2024. We will also share preliminary insights, such as reflections on the recruitment processes, levels of initial interest versus participation, and initial participant feedback.

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## Theoretical Framework

Amid what has become an unpredictable and volatile environment within which to take on student loan debt, we argue students need thorough counseling - including access to individualized information and student loan experts - in preparation for successful loan repayment and long-term financial wellbeing. Our curricular intervention utilizes Bourdieu's (1986) concept of capital as a starting point. Bourdieu (1986) outlines four forms of capital - financial (e.g., finances and assets), cultural (e.g., education and skills), social (e.g., connections), and symbolic (e.g., status and prestige) - that individuals can draw from to access resources. Financial capital is arguably most directly connected to conversations of student loans and higher education because U.S. higher education is predicated on the notion that degree holders will have greater lifetime earnings and upward economic mobility (Carnevale et al., 2021). However, individuals' ability to access promised economic resources and mobility differs across students' social identities (e.g., racial and ethnic identity, socioeconomic status, and gender); for example, Black women take out student loans at three times the rate of White men due to the racialized nature of wealth (Curchin, 2024). Student loan debt can also mitigate the economic and social benefits of higher education by delaying borrowers' homeownership - amongst other negative implications (Nau et al., 2015; Robb & Schreiber, 2019). By providing borrowers access to an extended, more individualized student loan repayment curriculum, we seek to develop borrowers' capitals (i.e., their knowledge of and access to student loan information and experts) to position them for successful repayment and long-term financial health.

## Literature Review

Our curriculum was developed after an extensive literature review including over 100 empirical studies, reports, briefs, and news articles focused on financial education and literacy, financial wellness, student loan counseling, and student loan repayment. The literature provided commentary on which curricular designs, approaches, and topics were effective and ineffective in past financial and student loan education. In this section, we focus on the literature's assessment of the Department of Education's online student loan exit counseling and recommendations for improvements.

Although the current federal student loan counseling model reflects the documented need for flexible student loan counseling options (NASFAA, 2019) by providing an asynchronous online course, it requires students to complete this counseling in one sitting - mitigating the benefits of asynchronous learning. Instead, NASFAA (2019) and others (e.g., Klepfer et al., 2015) recommend that student loan counseling be offered in online modules that allows students to take breaks when needed and maintain their progress through the information or course materials. Fernandes et al. (2014) and Klepfer et al. (2015) also commented on the ineffective timing of the department's exit counseling, which is mandated to be completed before students' graduation. While this timing allows for easier tracking of counseling completion, researchers (e.g., Fernandes et al., 2014; Klepfer et al., 2015) found that it does not provide students with a necessary feeling of urgency to retain the information shared. Related to course content, the literature recommended that future student loan exit counseling be more student-centered or *This proposal example is provided as a courtesy of the author(s) and the Association for the Study of Higher Education. The information contained here remains the intellectual property of the author and solely the author. Using this information beyond its intended purpose as a proposal example violates ASHE Ethics Policies.*

reflective of students' circumstances and needs. In their study of the Department of Education's exit counseling utilization, Klepfer et al. (2015) found that exit loan counseling needs to incorporate more concise, visual resources that students can more easily digest. Klepfer et al. (2015) and others (e.g., Cherney et al., 2020) also suggested that loan counseling information needs to be tailored for borrowers rather than offering generic information. In addition, Montalto et al. (2019) explained the importance of addressing students' confidence, self-efficacy, and agency within the student loan repayment process.

In our student loan repayment curriculum, which we will explain in greater detail in the full paper, we adopted this recommended student-centered approach in both our course structure and content; for example, we designed online, asynchronous modular learning sessions with personalized information and pathways based on students' student loan specifics (e.g., type, servicer, repayment plan, etc.). By implementing these recommendations, we aim to highlight their promise and improve future student loan exit counseling or repayment curricula.

### Study Design/Methodology

The overarching study is a case study of our student loan repayment curriculum. We use an interpretivist case study approach to consider how participants interact with, make decisions about, and understand the phenomenon (Bartlett & Vavrus, 2017; Stake, 1994) - in this case the curriculum. The curriculum will be offered to approximately 100 Spring or Summer 2024 associate or bachelor's degree graduates with federal student loans during their loan grace period. We will collect participant data through pre/post-tests including the CFPB Financial Well Being Scale and course-specific questions to measure student learning, assessments after each learning module to collect participants' reactions to course content and activities, and observational field notes of participants' interactions with course facilitators. Twenty-five participants will also be selected for semi-structured interviews prior to curriculum implementation, halfway through the course, at the conclusion of the course, and three months afterward. For this paper, we will center the curriculum design process and implementation drawing from our reflexive field notes or "running record" of activities and events throughout the process (Rossman & Rallis, 2012). We will also share participants' initial feedback drawn from the pre-test survey, formative assessments, interviews, and qualitative observations of participants' "behavior and activities" (Creswell & Creswell, 2018) - described above.

### Analytical plan or approach

For qualitative responses in the pre-test and assessment surveys, interview transcripts, and fieldnotes, we will use both concept-driven (e.g., codes from the student loan literature) and data-driven codes (i.e., codes from the data) (Kvale & Brinkmann, 2009). Using students' pre-test survey, we will also examine whether participant engagement and feedback varies across levels of initial financial well-being. Trustworthiness will be established through data triangulation or multiple data collection sources and methods, and interrater reliability (Rossman & Rallis, 2017). Our research team will collaboratively develop a codebook and then collectively code data to ensure we are aligned in our interpretation and application of the codes.

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## Significance

This paper seeks to extend the conversation on student loan counseling. Prior research documented the shortcomings of federal exit loan counseling, including dense content interspersed with irrelevant information, unhelpful design and presentation, and poor timing. In response, we sought to design a curriculum that could assist borrowers entering repayment. This paper will present that process, along with our reflections and participants' reactions, to help inform others who seek to provide loan repayment assistance. The paper will highlight promising practices in designing a student-centered loan repayment curriculum as well as lessons learned along the way.

## Research Methodologies

Case Study

## Keywords

Student loan counseling; student loan literacy; curriculum design

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## **Research Methodology**

Qualitative

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