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CENTER FOR RESPONSIBLE LENDING
&
EDUCATION MINNESOTA

Minnesota Student Loan Borrowers

FEBRUARY 2021

METHODOLOGY

This poll was conducted between January 11- February 22nd, 2021 among a national sample of 480 Minnesota Adults with Student Loans. The interviews were conducted online. Results from the full survey have a margin of error of plus or minus 4 percentage points.

AUDIENCE DEFINITION



Borrowers: Borrowers were excluded from the sample if they indicated that they were currently students. All other borrowers were included and, thus, the sample includes borrowers with \$0 payments, borrowers who were behind on their payments or in default, and borrowers who were making regular monthly payments.

OVERALL KEY FINDINGS

1. As a result of the COVID-19 crisis, payments have been paused for federal student loan borrowers nationwide until at least September 2021. Almost one in three (28%) Minnesota borrowers are not confident that they will be able to resume payments on their student loans when they need to.
2. Three-quarters of MN student loan borrowers report that their student loans cause them stress. Additionally, more than half of borrowers (59%) report they would have trouble paying for an unexpected expense or are already falling behind in their finances.
3. A fifth (22%) of MN student loan borrowers are unaware of the current pause in payments. Further, 30% report having problems that have resulted in lower credit and a quarter of borrowers (27%) report that their servicer did not tell them about income-driven repayment options.
4. Over half (51%) of Minnesota's student loan borrowers struggle to afford their payments. Borrowers report that they have delayed saving for retirement (50%), put off buying a home (29%), been unable to buy basic necessities like food or clothing (26%), put off starting a family (20%), or have gone without medical care (17%) in order to pay their student loans.
5. A strong majority of MN borrowers, across the political spectrum, support eliminating student loan interest on all federal loans (83%), designating an office in Minnesota to take student loan complaints and advocate for borrowers (79%), and reducing student loan debt by \$50,000 for all borrowers (71%).

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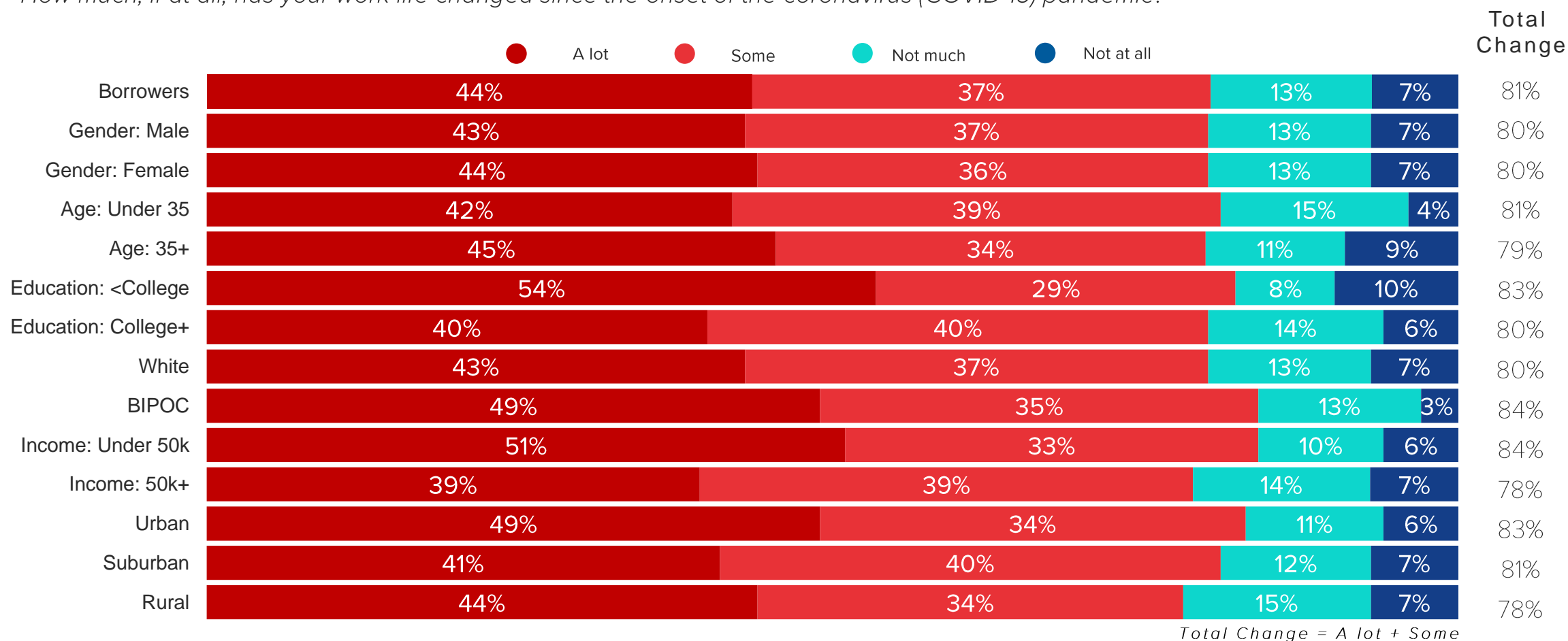
POLICY SOLUTIONS



COVID-19: IMPACT

Four in five borrowers report that their work life has changed since the onset of the COVID-19 pandemic. This reported change is strongest among less than college educated, lower-income, and urban Minnesota borrowers.

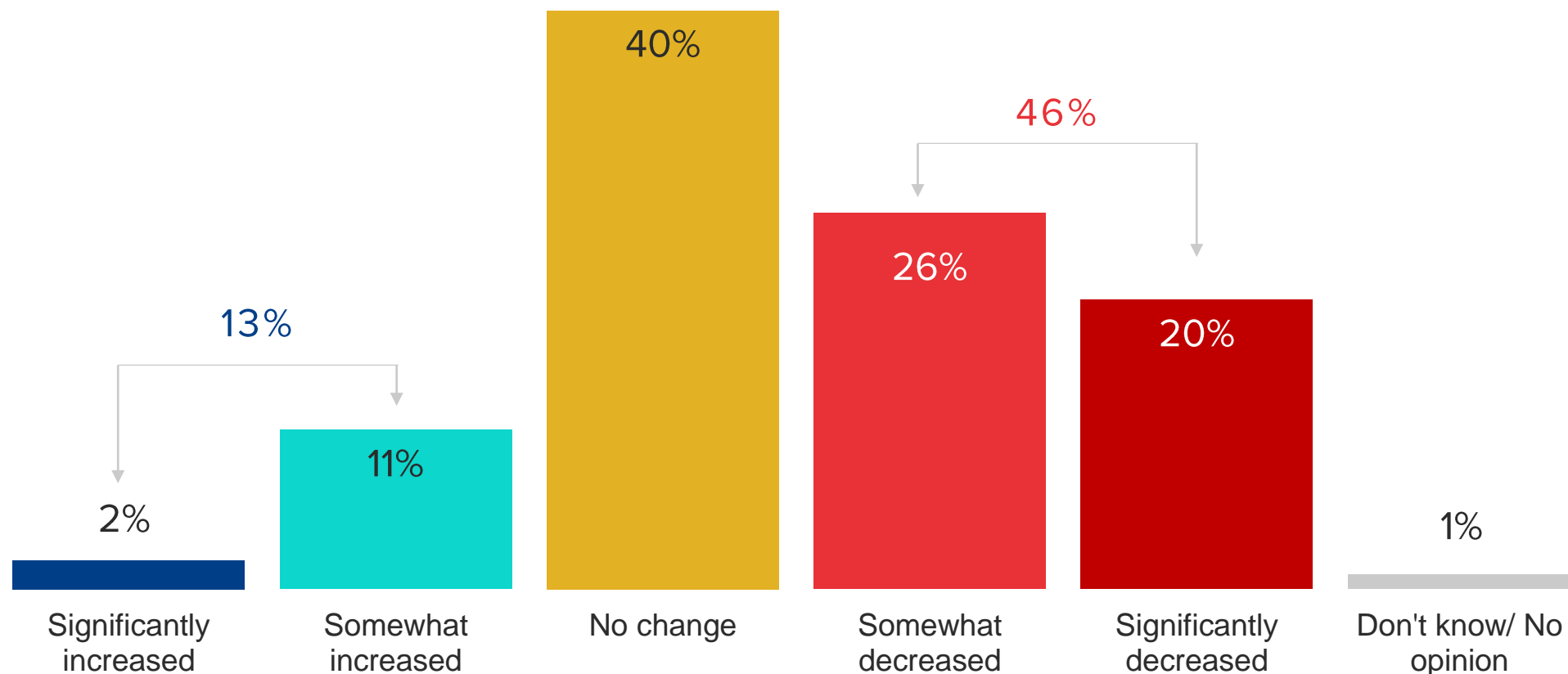
How much, if at all, has your work life changed since the onset of the coronavirus (COVID-19) pandemic?



COVID-19: IMPACT

A plurality of Minnesota borrowers (46%) reported that the monthly income of their household has decreased since the onset of the coronavirus (COVID-19) pandemic.

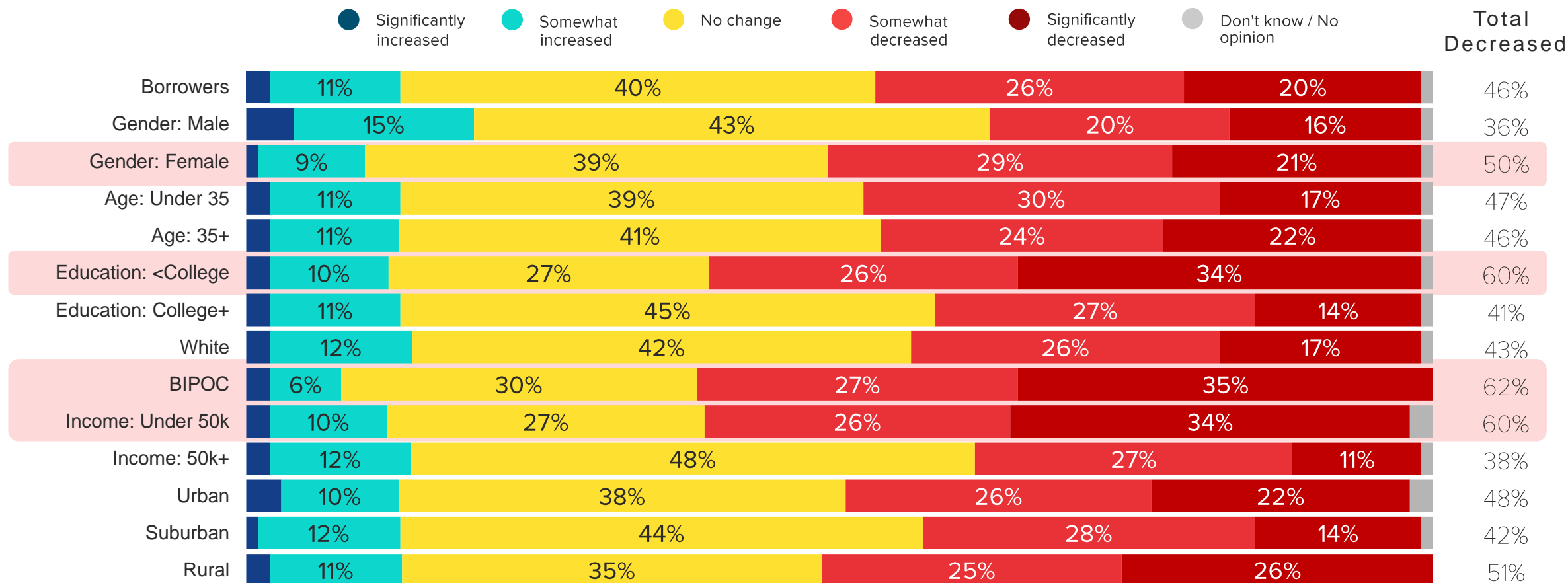
Thinking about the monthly income of your household, including everyone in your home, how much has your household income changed since the onset of the coronavirus (COVID-19) pandemic?



COVID-19: IMPACT

This decrease in monthly household income is most strongly felt by BIPOC borrowers and lower-income borrowers.

Thinking about the monthly income of your household, including everyone in your home, how much has your household income changed since the onset of the coronavirus (COVID-19) pandemic?

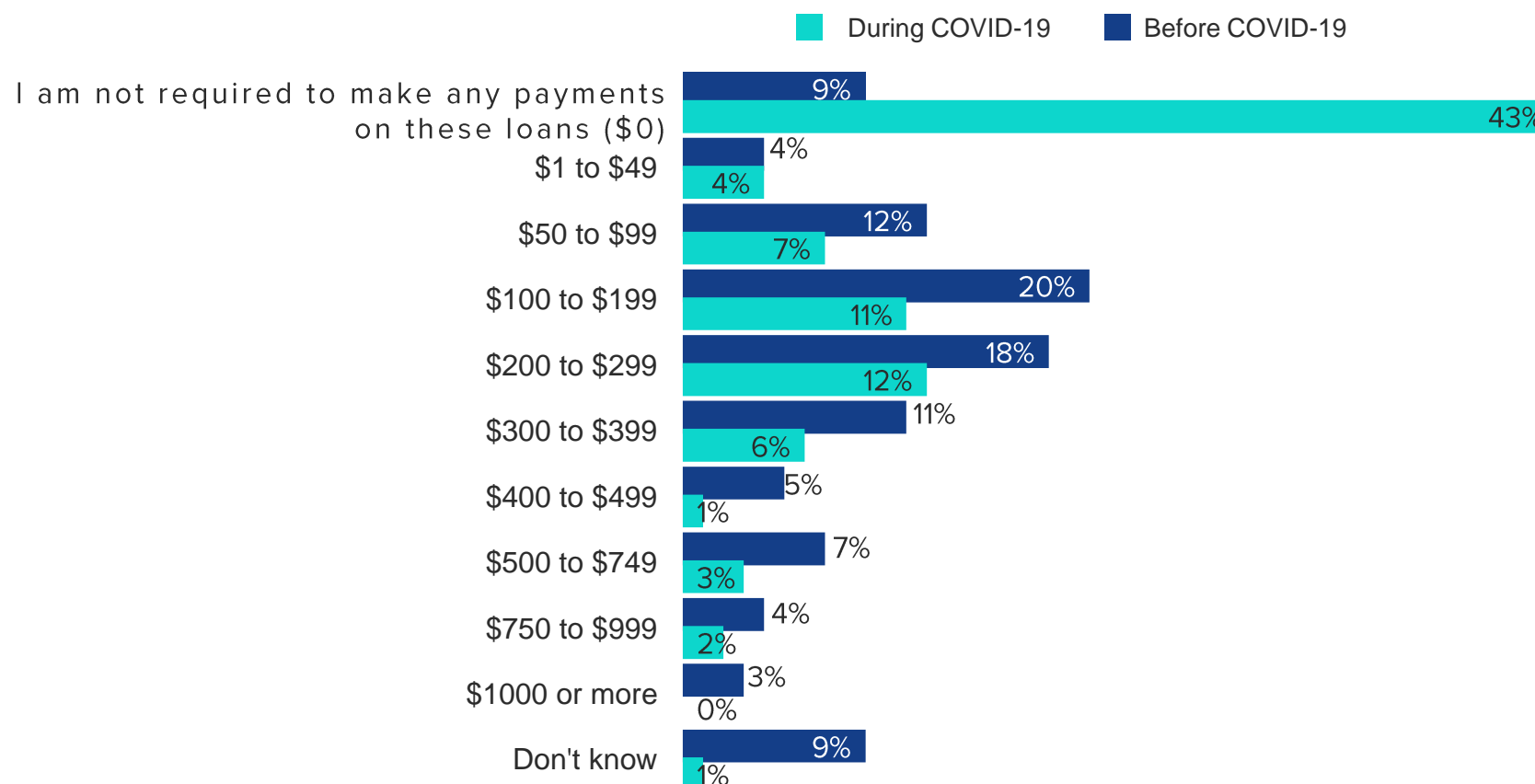


Total Decrease = Significantly decrease + Somewhat decrease

BORROWERS ARE STRUGGLING TO KEEP UP

Forty-three percent of borrowers actively report they are not required to make payments on their student loans right now. However, in a pre-COVID environment, half of borrowers report having paid somewhere between \$50 and \$299.

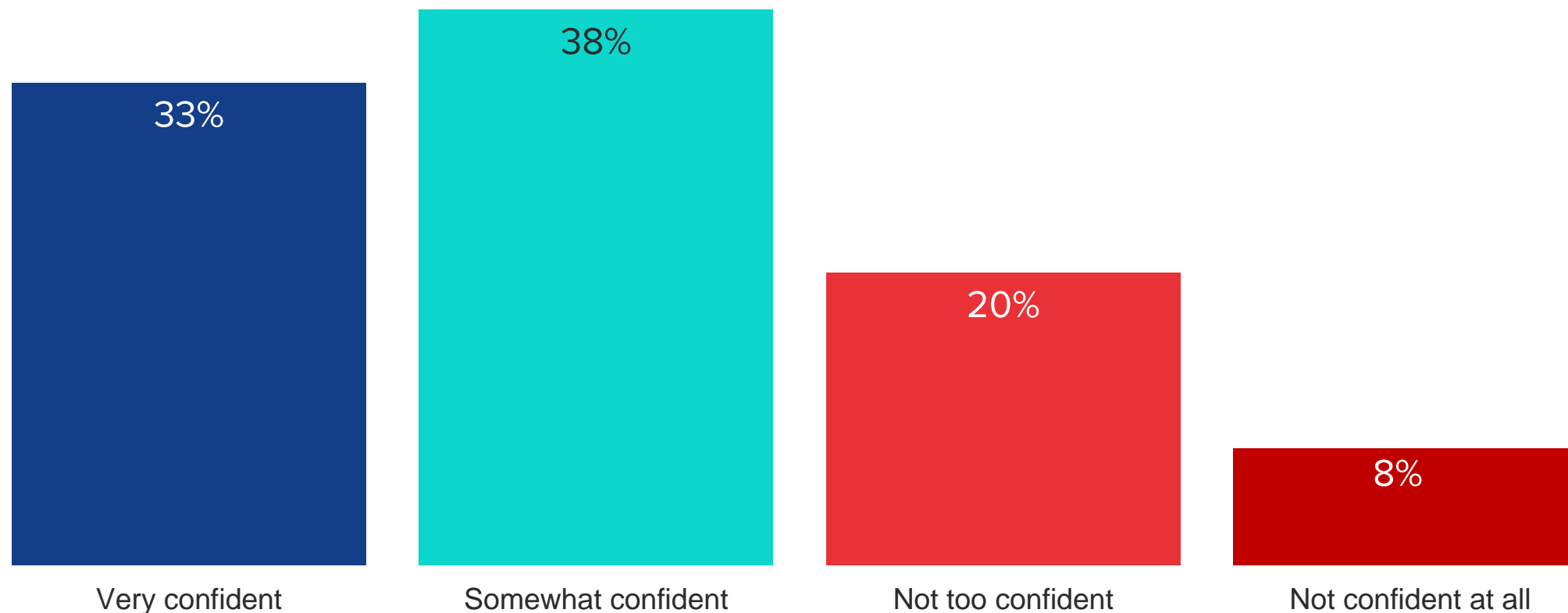
[Since] [Before] the coronavirus (COVID-19) pandemic approximately how much was the total monthly payment that you were required to make on the loans from your education?



BORROWERS ARE STRUGGLING TO KEEP UP

More than a quarter of borrowers report a lack of confidence in being able to resume the same payments they were making before the coronavirus pandemic on their student loans.

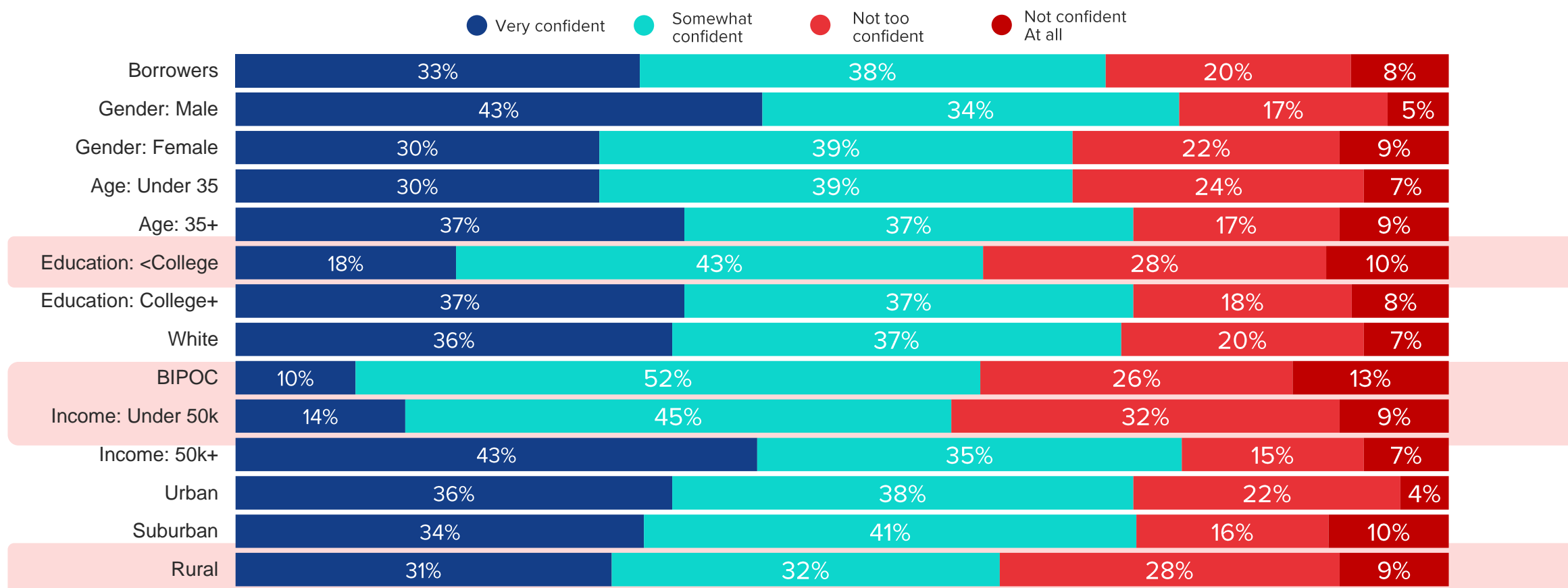
How confident are you that you will be able to resume paying the same payments you were making before the coronavirus on your student loans when you need to resume payments?



BORROWERS ARE STRUGGLING TO KEEP UP

This lack of confidence is most strongly felt among lower-income borrowers, BIPOC borrowers, rural borrowers and less than college-educated borrowers.

How confident are you that you will be able to resume paying the same payments you were making before the coronavirus on your student loans when you need to resume payments?



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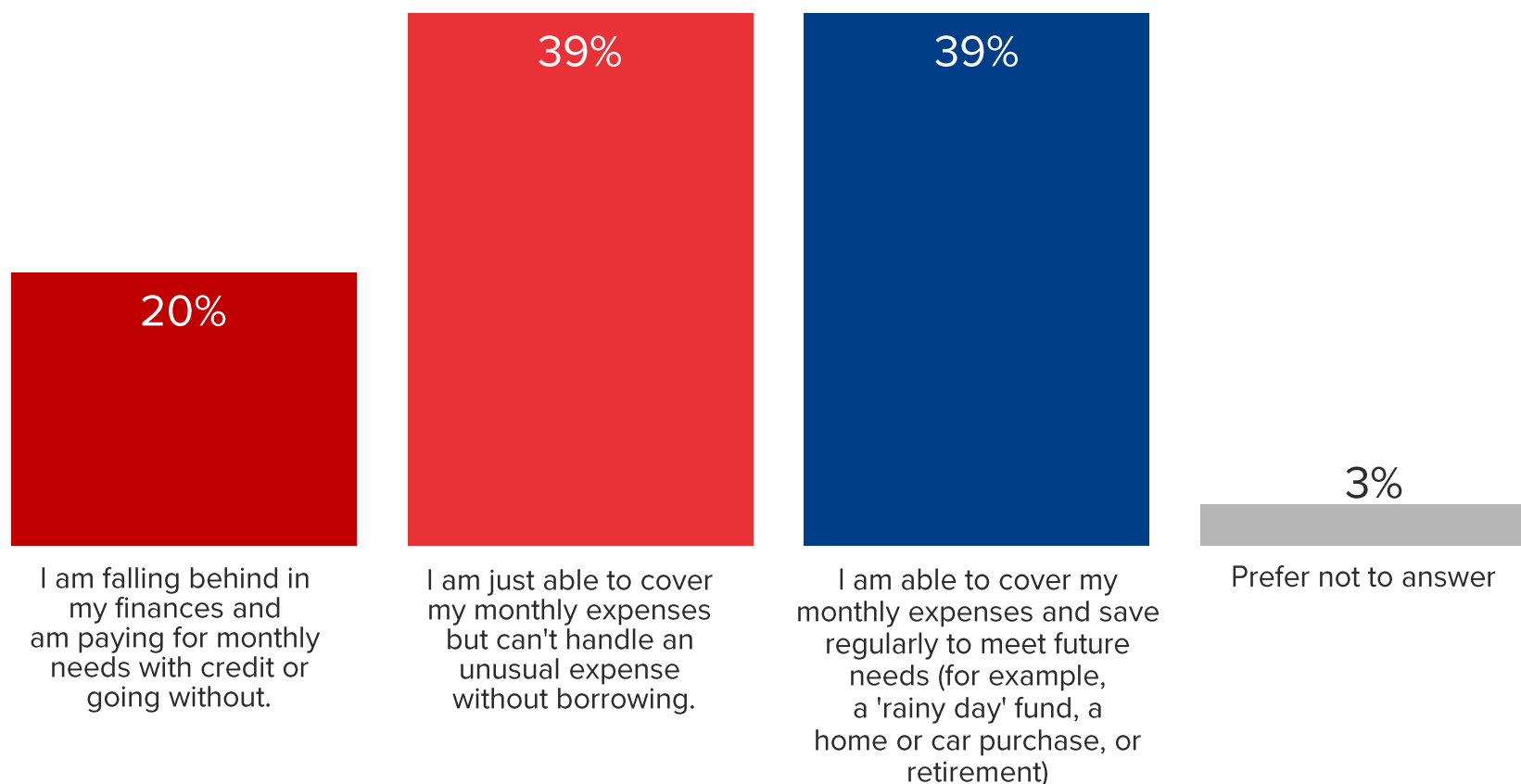
POLICY SOLUTIONS



BORROWERS ARE STRUGGLING TO KEEP UP

A fifth of Minnesota borrowers indicate they are falling behind in their finances and are paying for monthly needs with a credit card or going without while 39% report just being able to cover their monthly expenses but being unable to handle an unexpected expense.

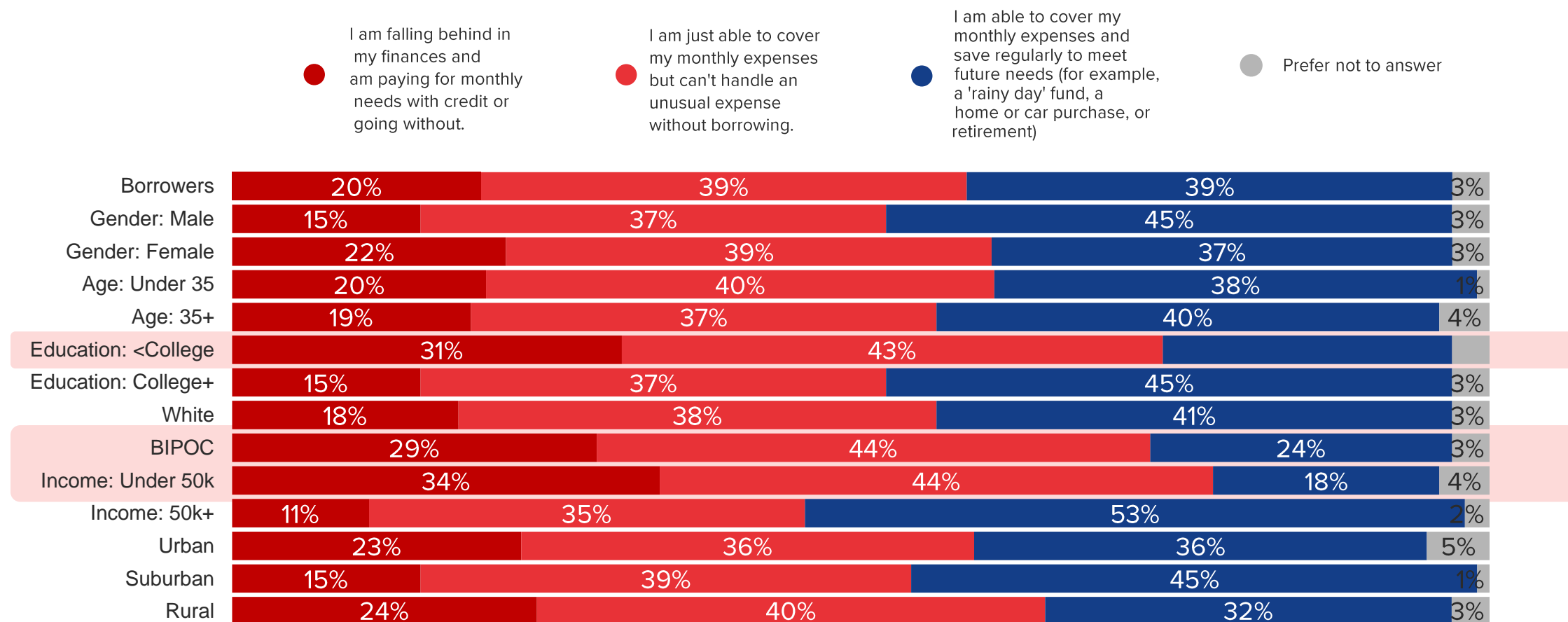
Which best describes how you feel about your finances?



BORROWERS ARE STRUGGLING TO KEEP UP

Less than college-educated borrowers, BIPOC borrowers, and lower-income borrowers report the highest level of falling behind on their finances and are paying for monthly needs with credit or going without.

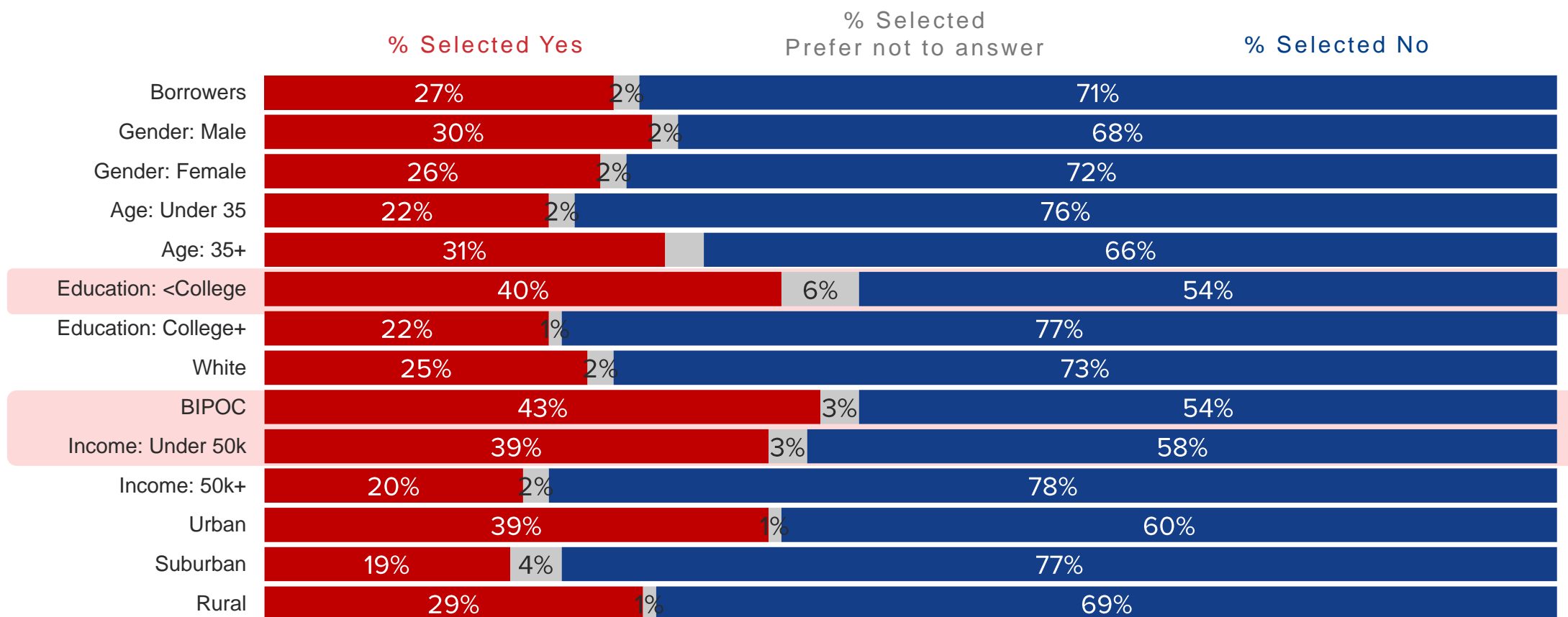
Which best describes how you feel about your finances?



BORROWERS ARE STRUGGLING TO KEEP UP

Similarly, less than college-educated borrowers, BIPOC borrowers, and lower-income borrowers are more likely to report being contacted by debt collectors in the past 12 months about a past due debt.

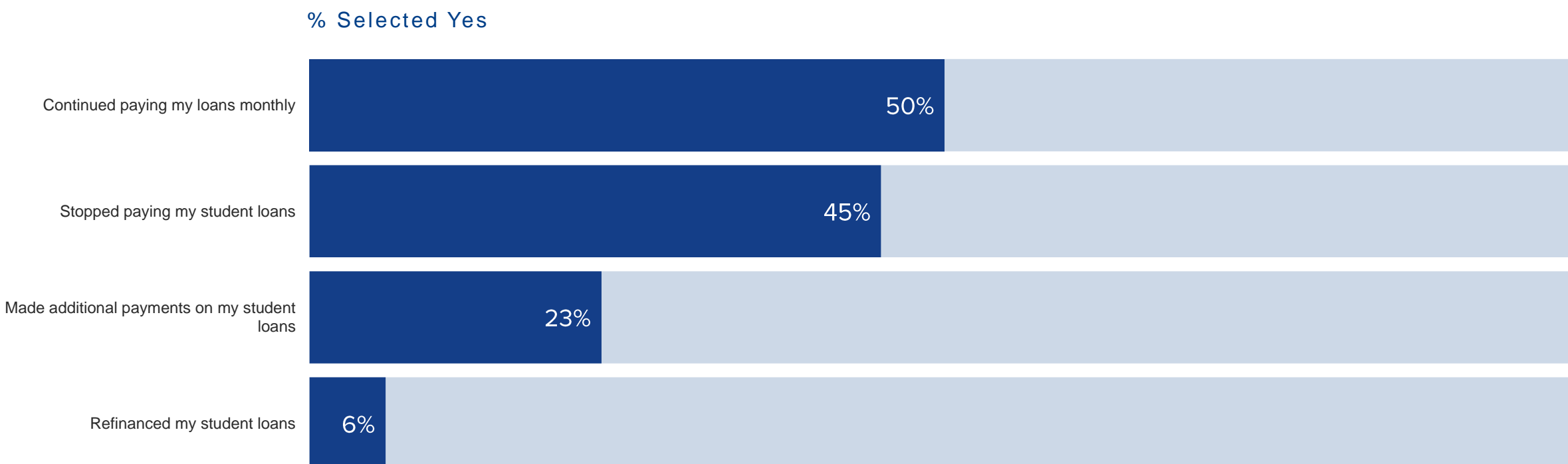
Have you been contacted by a debt collector in the past 12 months about a past due debt?



MACROECONOMIC IMPACT

Half of Minnesota borrowers (50%) indicate they have continued to pay their monthly student loan payments during the coronavirus pandemic while 45% report they have stopped.

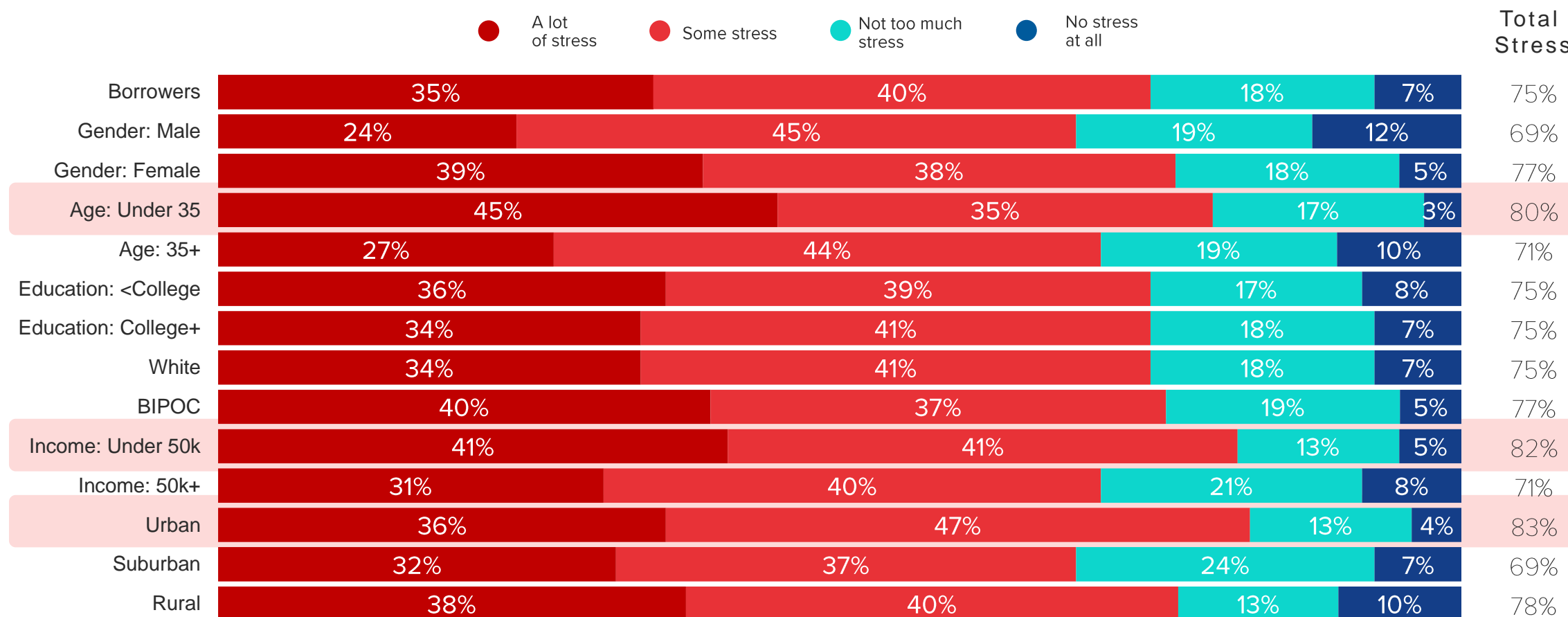
Have you done any of the following regarding to your student loans in response to the coronavirus (COVID-19) pandemic?



COVID-19: IMPACT

Three-quarters of borrowers report experiencing high levels of stress due to their student loans, particularly among younger and lower-income borrowers.

How much stress does the student debt you have cause you?

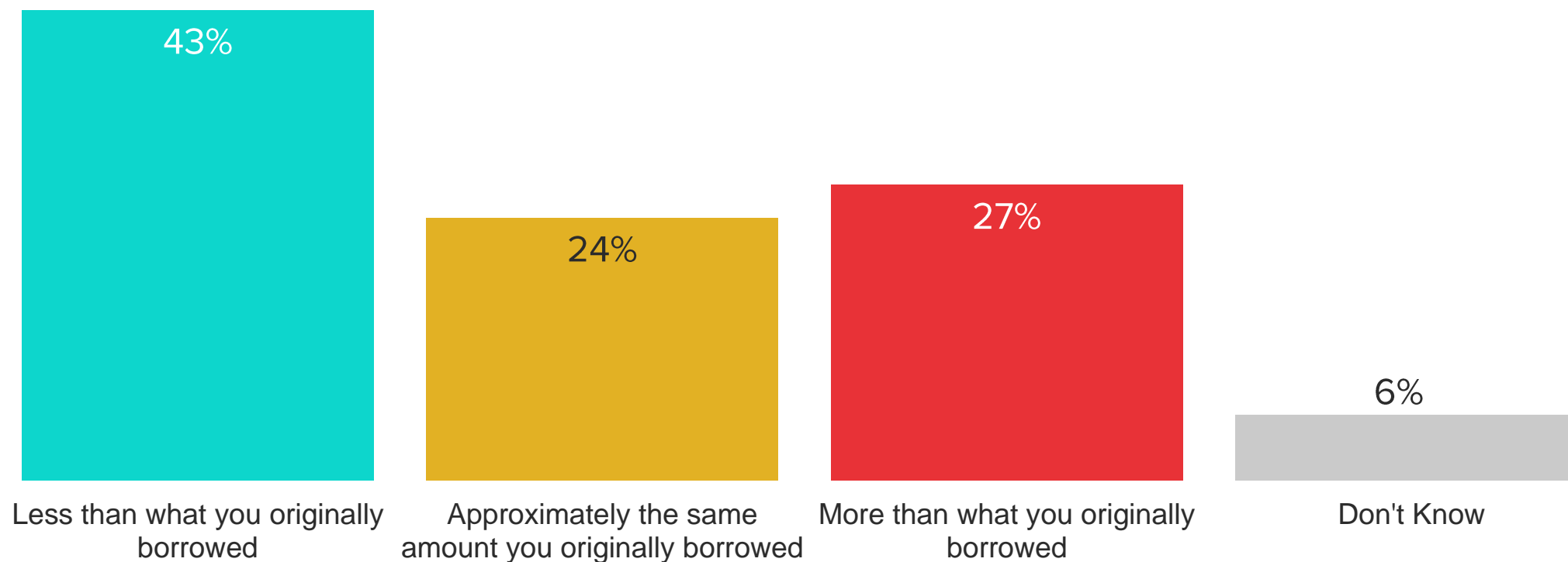


Total Stress = A lot of stress + Some stress

BORROWERS ARE STRUGGLING TO KEEP UP

A fourth of Minnesota borrowers (27%) report owing more than what they originally borrowed.

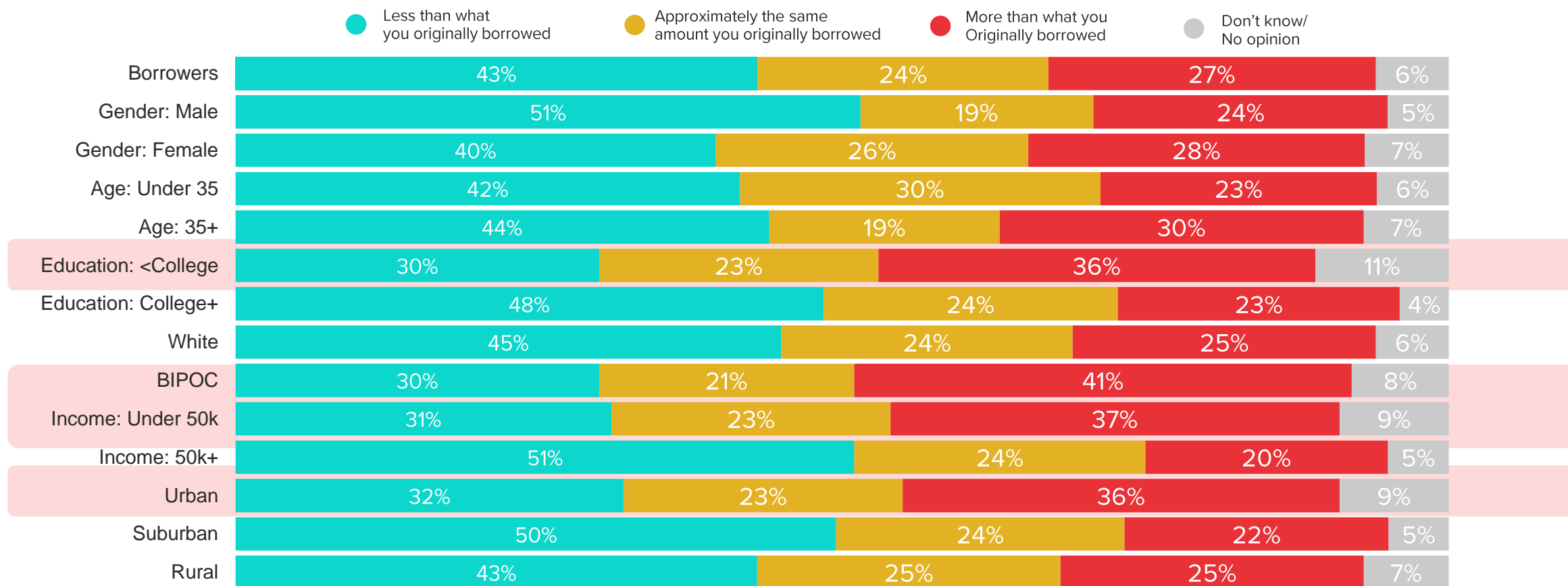
Thinking of all your student loans, relative to when you first took out your student loans, do you currently owe...



BORROWERS ARE STRUGGLING TO KEEP UP

BIPOC borrowers, lower-income borrowers, and urban borrowers disproportionately indicate they own more in student loans than when they originally borrowed them.

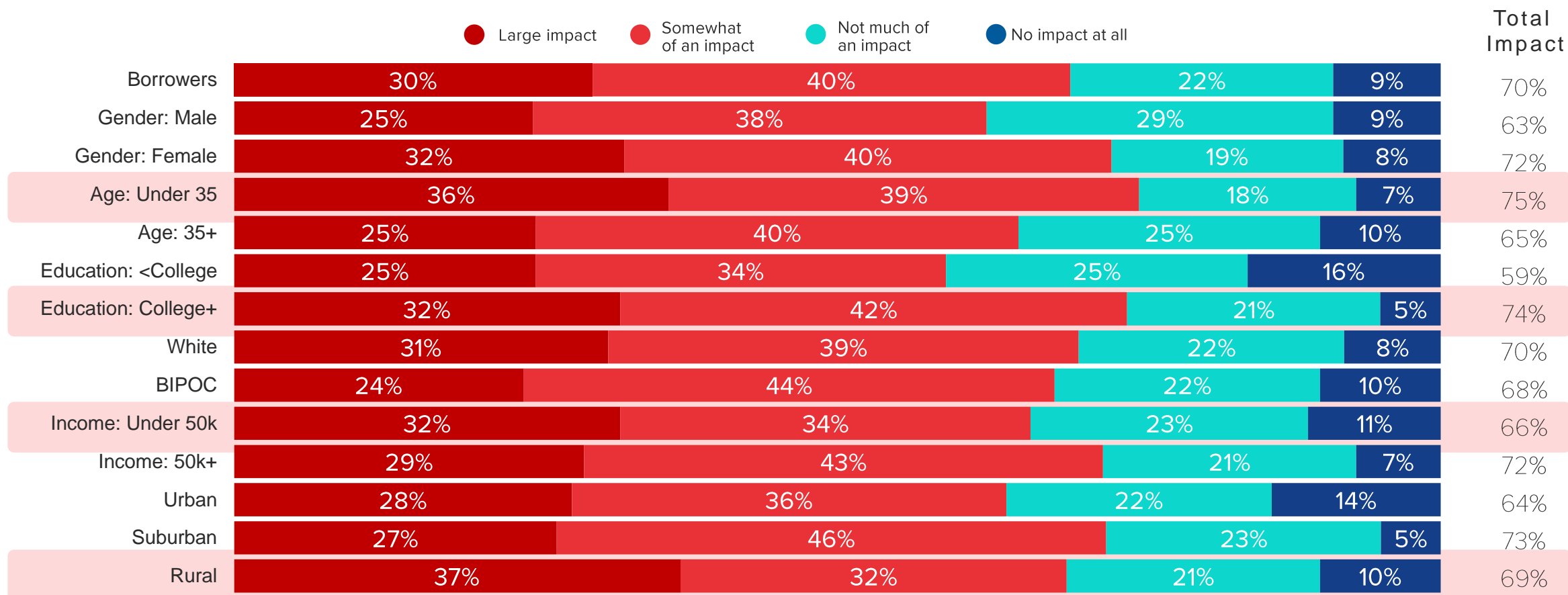
Thinking of all your student loans, relative to when you first took out your student loans, do you currently owe...



COVID-19: IMPACT

Seventy-percent of borrowers indicate their student loan payments have had an impact on their overall budget. This impact is strongest among younger, college-educated, rural, and lower-income borrowers.

How much of an impact, if at all, does your monthly student loan payments have on your overall budget?



Total Impact = Large + Somewhat of an impact

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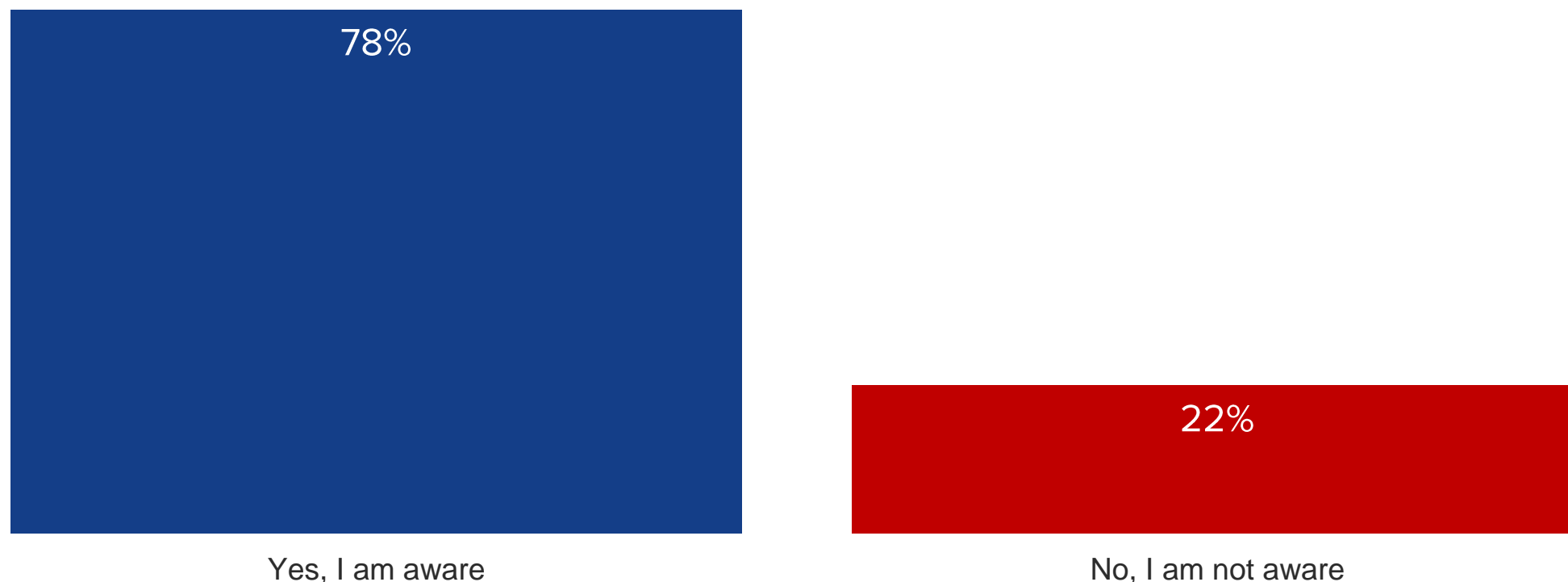
POLICY SOLUTIONS



BORROWERS REPORT CHALLENGES DURING REPAYMENT

A fifth of MN borrowers (22%) are not aware of the current automatic payment pause on federal student loans while more than three-quarters report (78%) they are aware.

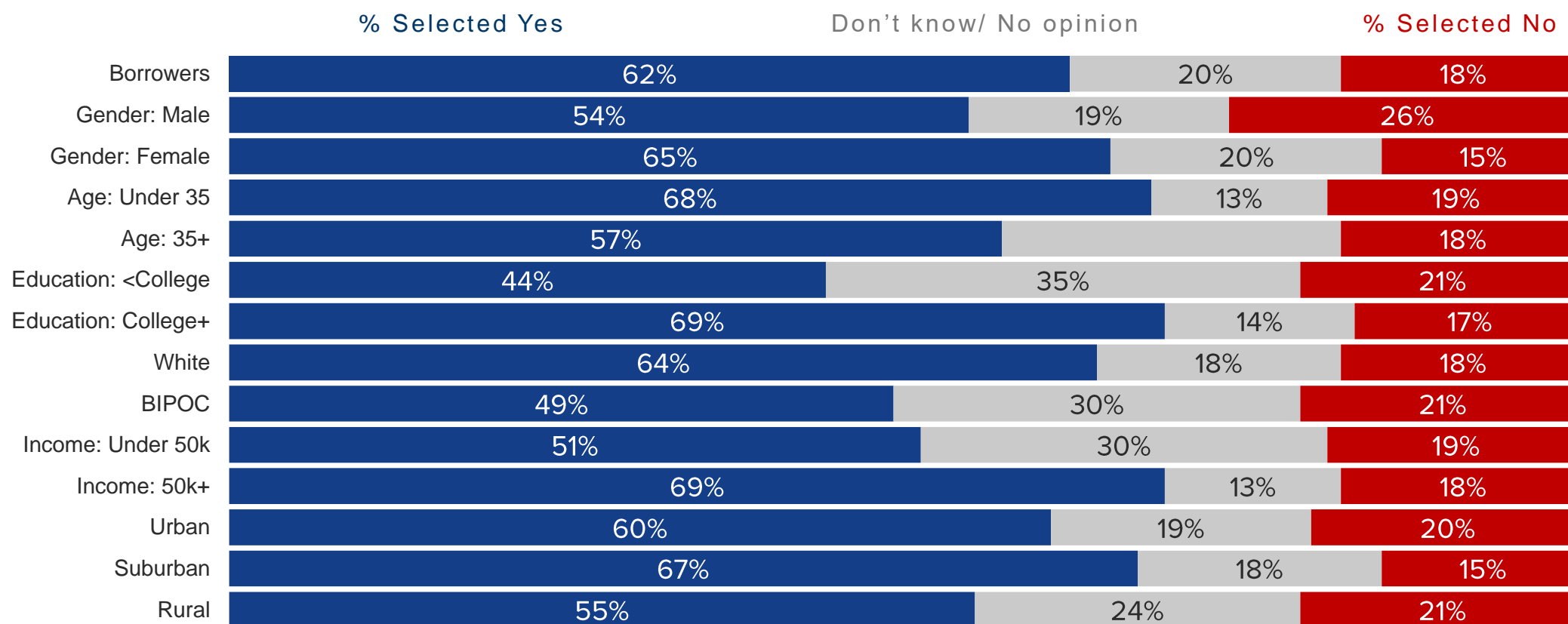
Are you aware that all federally held student loans have been automatically deferred with 0% interest, meaning that many borrowers do not currently have to make payments on these loans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Sixty-two percent of borrowers report that the temporary pause applies to their loans while 18% report it does not and 20% are unsure.

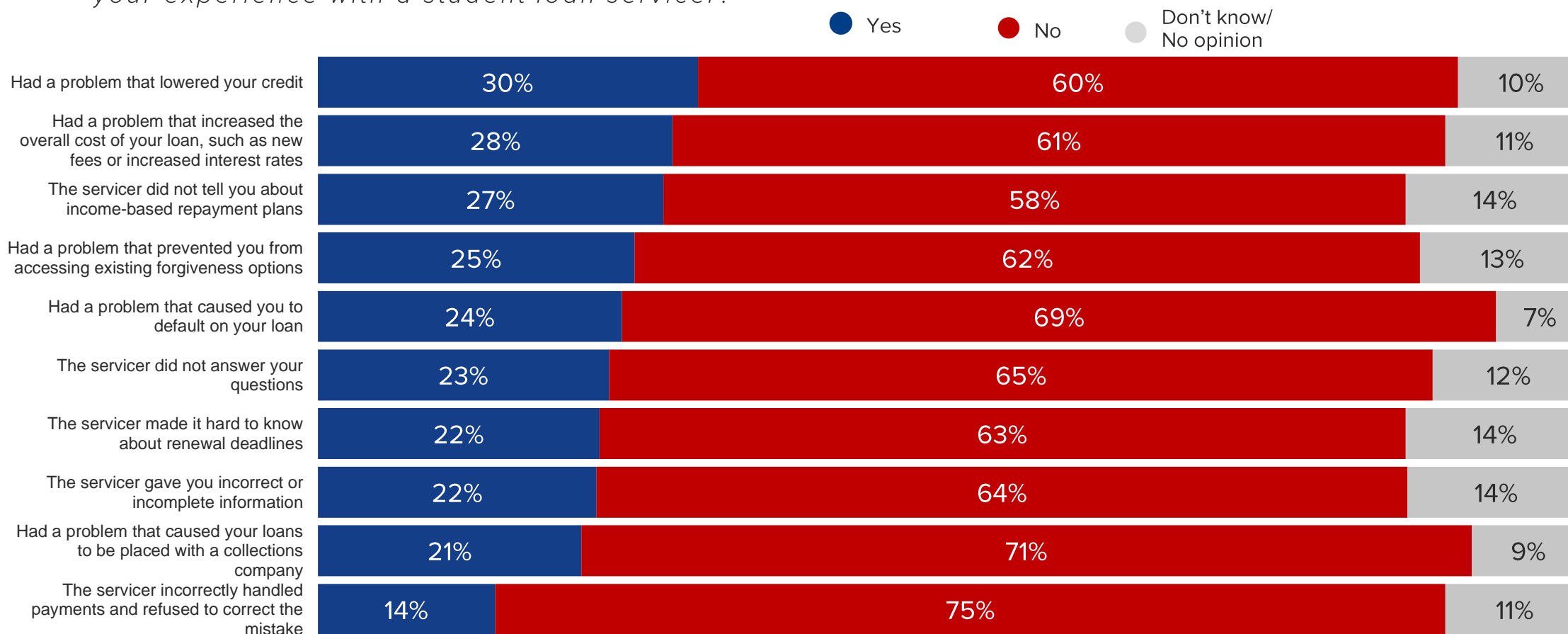
Does this temporary pause apply to the loans that you have or not?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Thirty percent of borrowers report they have had a problem with their student loan that lowered their credit. Additionally, more than a quarter report they have had a problem that increases the overall cost of their loan (28%) and that a servicer did not tell them about income-based repayment (27%).

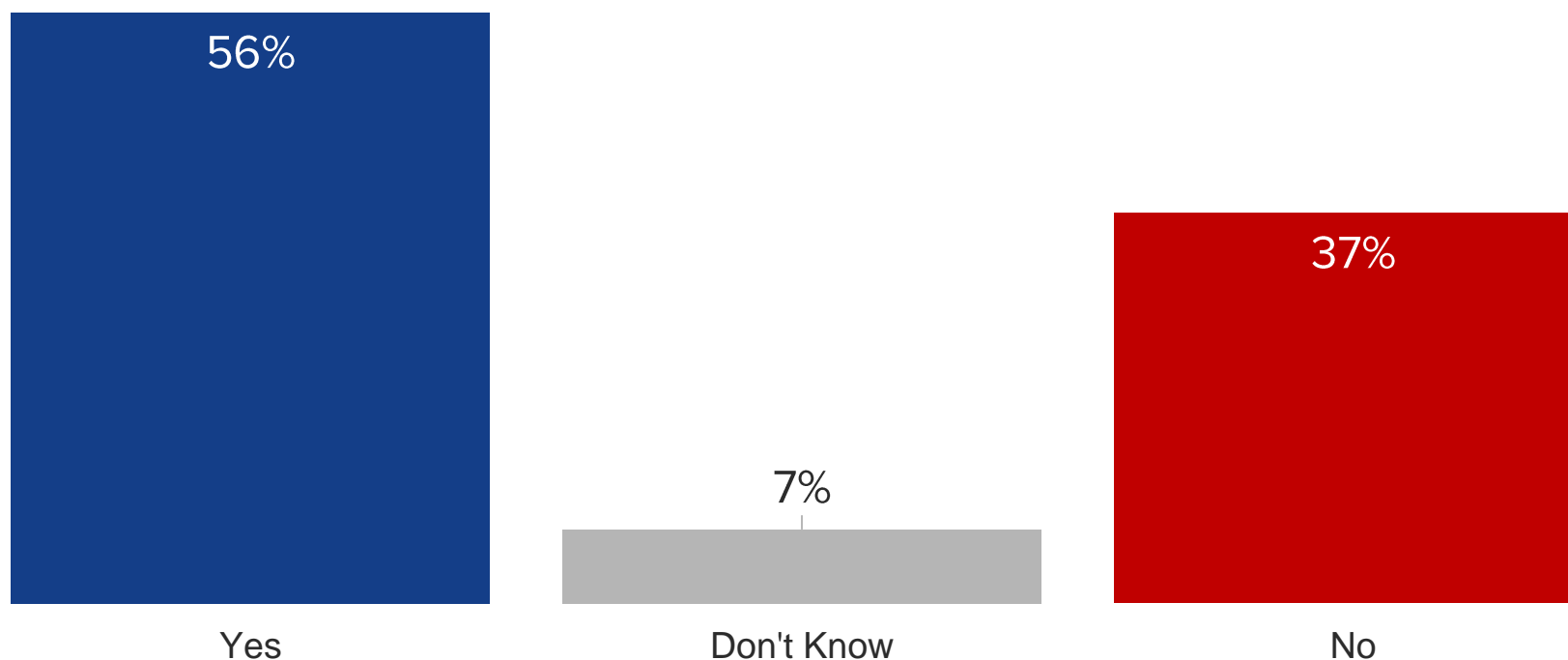
Here is a list of situations some have had with their student loan payments. Has this problem ever happened in your experience with a student loan servicer?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

More than a third of borrowers (37%) have not heard of income-driven or income-based repayment plans.

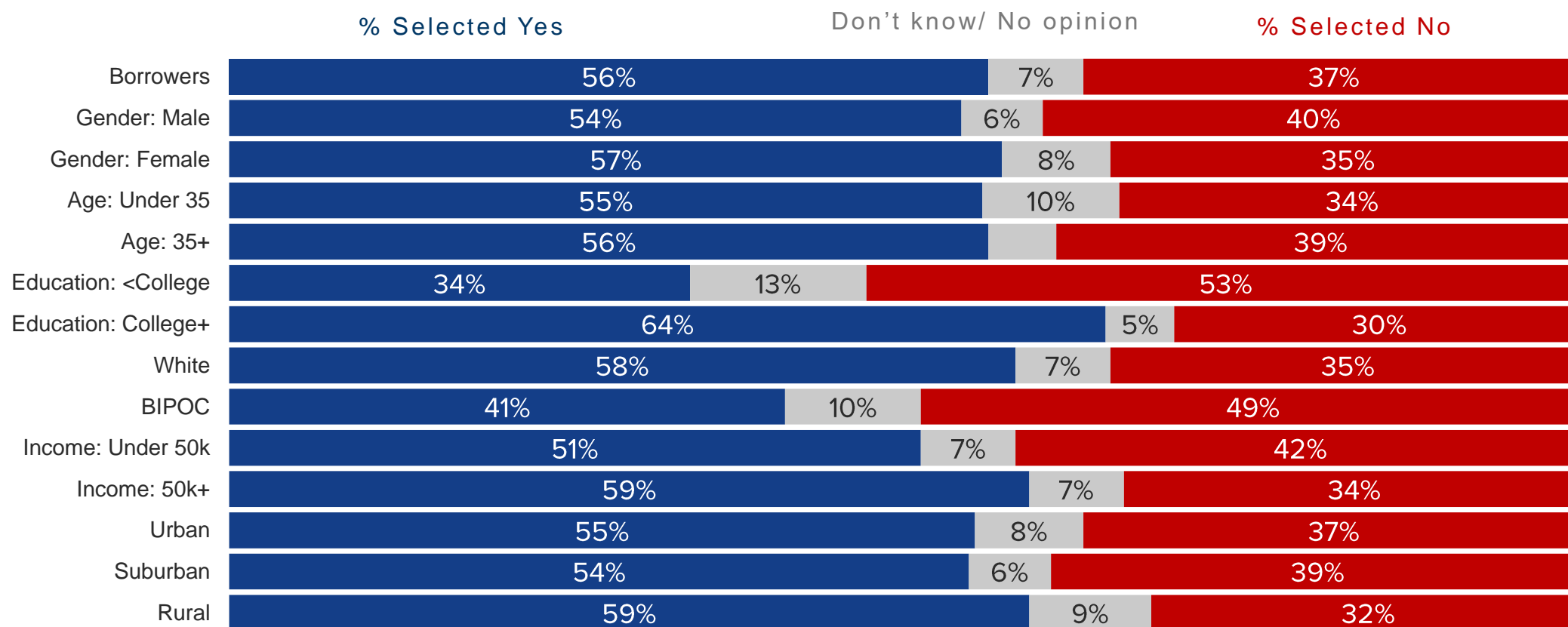
The federal government allows borrowers to tie their loan payment to their income and family size. While this makes repayment more affordable in the short term, it can mean borrowers pay more in the long term. Have you heard of these plans, sometimes called income-driven or income-based repayment plans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

BIPOC borrowers and less than college-educated borrowers are the least likely to have heard of income-based repayment plans.

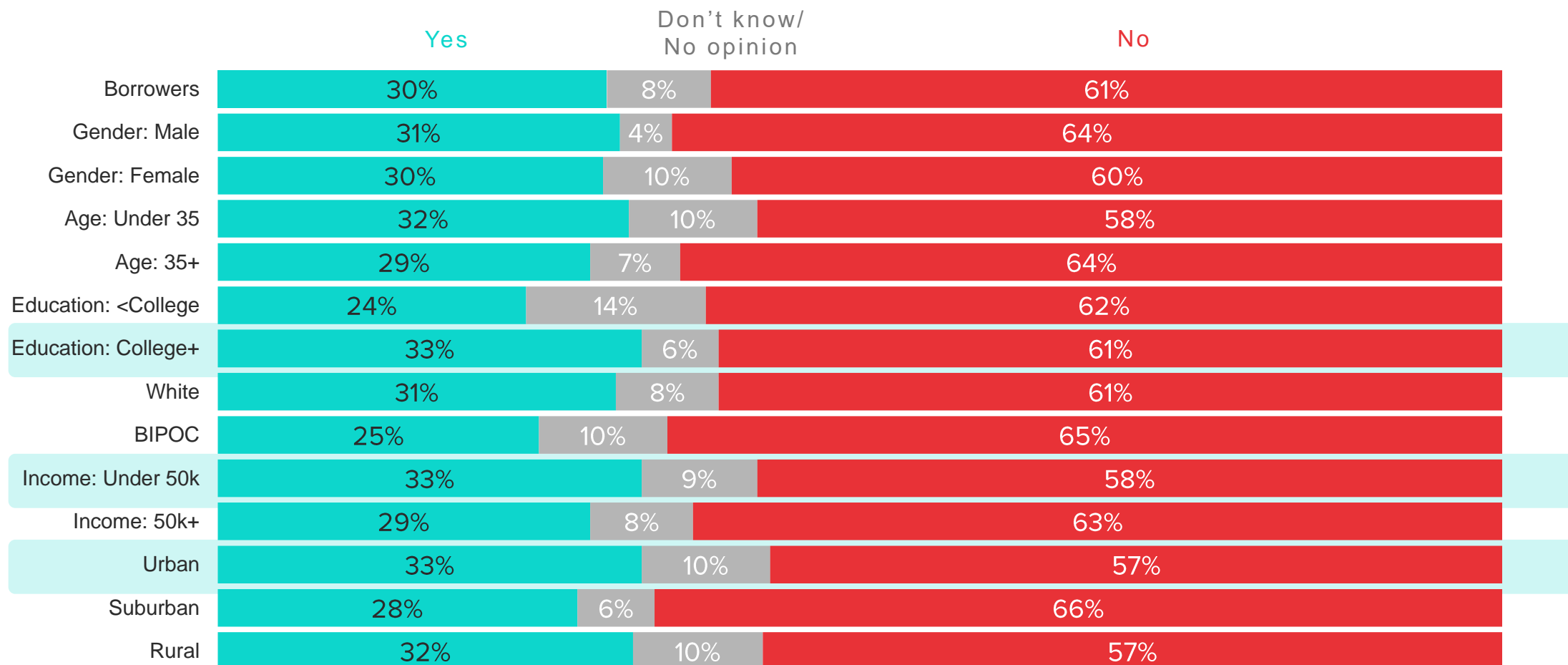
The federal government allows borrowers to tie their loan payment to their income and family size. While this makes repayment more affordable in the short term, it can mean borrowers pay more in the long term. Have you heard of these plans, sometimes called income-driven or income-based repayment plans?



BORROWERS REPORT CHALLENGES DURING REPAYMENT

Thirty-percent of Minnesota borrowers report being enrolled in an income-driven repayment plan, with higher rates among college educated, lower-income, and urban Minnesotan borrowers.

Are you currently enrolled in an income-driven repayment plan?



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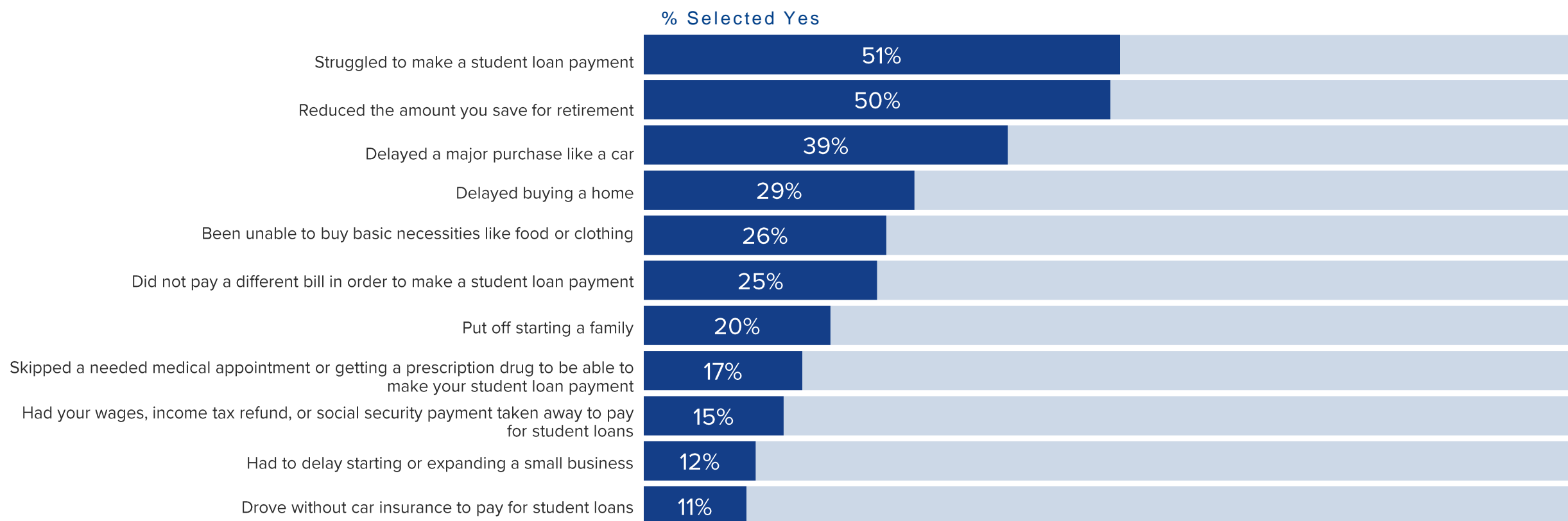
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MACROECONOMIC IMPACT

Borrowers report that they have delayed saving for retirement (50%), put off buying a home (29%), been unable to buy basic necessities (26%), put off starting a family (20%), or have gone without medical care (17%) in order to pay for their student loans.

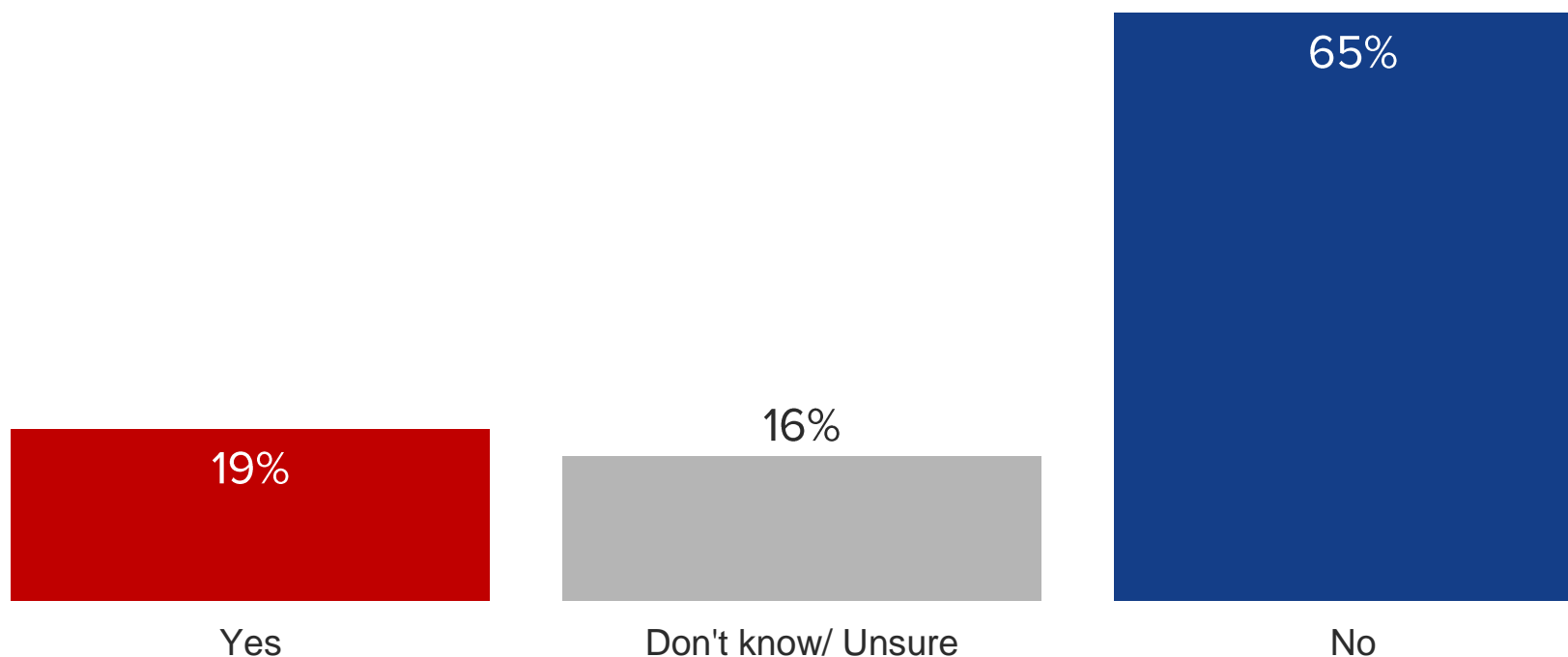
The following questions are related to the impact of your student loans. Have any of the following situations described below happened to you in the last 1-2 years due to student loan payments?



MACROECONOMIC IMPACT

Nearly a fifth of borrowers (19%) report knowing someone who has moved to take a job that will help them afford their student loan payments.

Do you know anyone in Minnesota who has moved in order to take a job that will help them afford their student loan payments?



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A majority of MN borrowers, across the political spectrum, support ensuring that all schools make a plan to ensure student access in the event of closure, increase the amount of federal grant aid available to low-income students, and reducing student loan debt by \$50,000 for all borrowers.

Here are some ideas that have been proposed by lawmakers. Do you support or oppose each of the following?

