

SUMMARY OF BORROWER SURVEY DATA

STUDENT LOAN BORROWER COUNSELING PROGRAM

An Initiative of the Center for Excellence in Financial Counseling

January 28, 2014

Introduction

This summary provides results from the pilot test phase of the Borrower Survey Questionnaire developed for the Student Loan Borrower Counseling Program. Working with the director of the Center for Excellence in Financial Counseling (CEFC), the program funder and evaluation sponsor, the Public Policy Research Center developed a self-report instrument intended to:

- Collect data on outcomes measured in terms of knowledge, attitude and behavior changes
- Assess the effectiveness of processes
- Develop a body of data that could be used to test reliability and validity of the instrument
- Guide revisions to a final version of the Borrower Survey Questionnaire

Although further data collection is underway, CEFC has a present need for data that can be provided to potential funders. This is the rationale for producing the report now instead of waiting until the end of the pilot test phase (expected in January 2014).

Description of the Data

This questionnaire was administered via Survey Monkey to clients who received services during the period March through September 2013 from 3 participating agencies. A total of 84 clients responded to the request for questionnaire completion.¹

Dissemination of statistics and related information should note that the results are preliminary, and further work with the instrument is underway. Because reliability and validity of the questions and the instrument as a whole have not been established, the present report focuses solely on basic frequencies in the responses. Additional details on all results are available in an Excel spreadsheet that accompanies this report.

¹ Of the 84 respondents, 4 skipped all but one of the questions. Consequently, statistics in this report are based on the number of respondents for each question, not the overall total clients.

What the Data Show

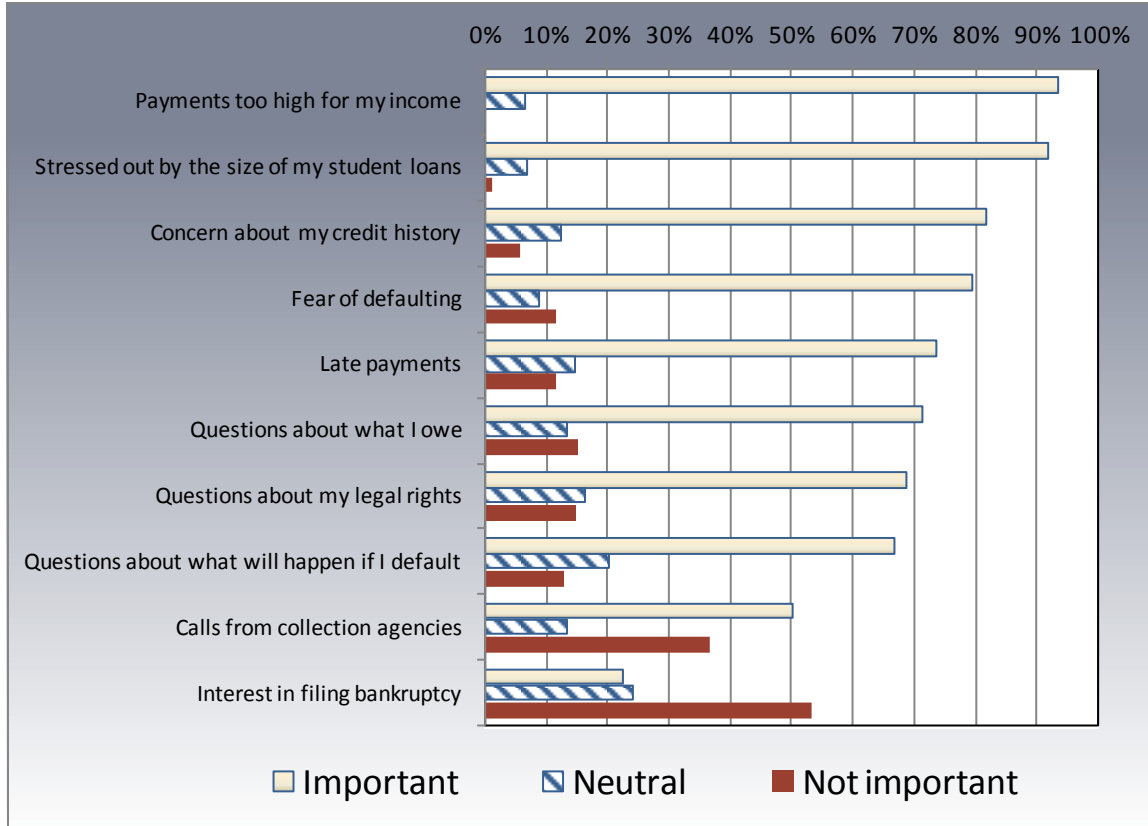
The instrument data are revealing in a number of respects. While this is not a comprehensive summary of all results, the points in this section highlight some of the most significant themes:

A. BORROWER NEEDS

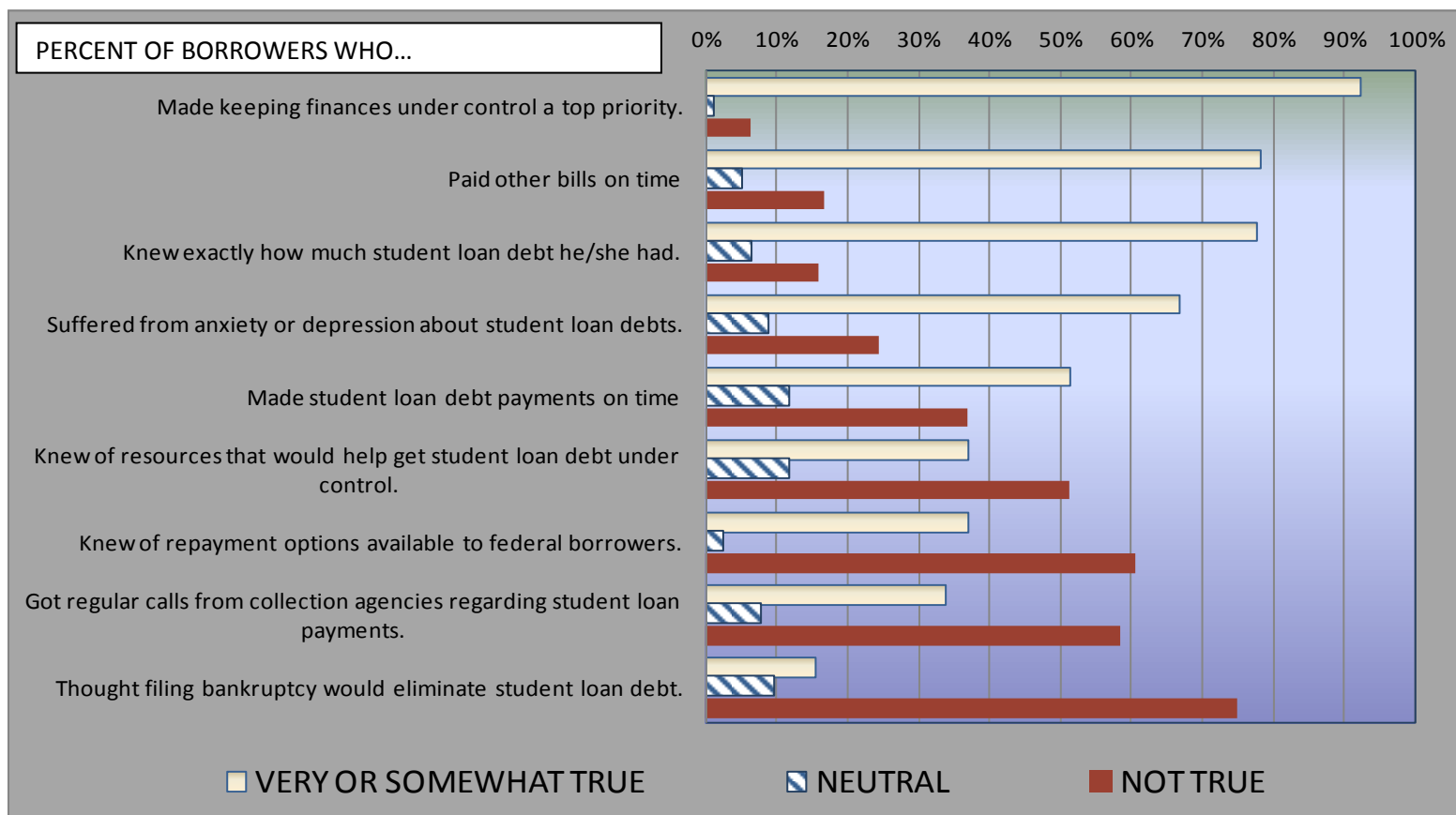
Data from Charts 1 and 2 indicate what prompts student loan borrowers to solicit assistance from counselors.

- (1) **PSYCHOLOGICAL IMPACT:** The emotional cost associated with carrying excessive amounts of debt is evident in the high percentage of clients (over 90 percent) who reported that stress caused by the size of their debt was an important factor in bringing them to counseling. Retrospectively (prior to meeting with the counselor), nearly 70 percent of respondents characterized themselves as suffering from anxiety or depression due to their student loan debts. [See Chart 2 below.]
- (2) **STUDENT LOAN PAYMENTS:** Nearly 95 percent of respondents indicated that prior to meeting with the counselor, their loan payments were too high for their income. Roughly 75 percent expressed concern regarding late payments.
- (3) **COLLECTION AGENCY CONTACTS:** Collection agencies were also an influence. Approximately 50 percent of respondents reported that calls from collection agencies were an important impetus to their decision to seek counseling. Roughly 35 percent reported that regular calls were an aspect of their student loan situation.

**CHART 1: OVERVIEW OF RESPONSES TO SURVEY QUESTION 3:
WHAT FACTORS WERE MOST IMPORTANT IN PROMPTING YOU TO GET COUNSELING?**



**CHART 2: OVERVIEW OF RESPONSES TO SURVEY QUESTION 2:
FACTORS CHARACTERIZING STUDENT LOAN BORROWER SITUATIONS PRIOR TO COUNSELING SESSION**



The second question in the survey asked respondents to characterize their loan repayment situation prior to their first sessions with counselors. The chart displays question items in descending order, based on the number of respondents who indicated the statement was either “somewhat true” or “very true” for them.

B. RESULTS FOR SERVICE OUTCOMES

One approach to assessing the effectiveness of the student loan borrower counseling program involves comparing the “retrospective” impressions of clients – i.e., in the form of data that reflects status pre-intervention – and their views post-intervention.²

Table 1 summarizes several factors that relate to program outcomes.³ As the table shows, the benefits of counseling can be categorized as:

- (1) Increases in knowledge that may affect attitudes or behavior
- (2) Changes in attitudes that may influence behavior
- (3) Behavior that corresponds to the student loan borrower program goals and objectives

The first bank of columns provides details for items from Questions 2 and 3. [See Charts 1 and 2 for additional background.] These questions are intended to capture data related to a client’s loan repayment situation prior to counseling. The question items address the respondent’s perceptions of his/her needs (what prompted them to engage in counseling), as well as other aspects of the loan situation.

Question 2: How true were the following statements regarding your student loan situation prior to meeting with the counselor?

Question 3: What factors were most important in prompting you to get counseling?

The second and third banks summarize data from subsequent questions with content related to the items selected from Questions 2 and 3. The data shown in the table suggest positive results in several areas:

- (1) **FEDERAL REPAYMENT OPTIONS:** One of the most important goals for the Student Loan Borrower Counseling Program is to increase awareness of loan repayment options available for federal student loan borrowers, along with guiding clients in determining eligibility. Survey data indicate that counselors enjoyed significant success in this area.

Before meeting with the counselor, roughly 37 percent of respondents reported knowing about federal repayment options. Post-counseling, 93 percent indicated that they might qualify for a federal loan repayment option. At the point when they completed the survey, approximately 54 percent of respondents had qualified for a lower monthly repayment through changes in repayment plans. [See also point (4) Resources.]

² Typically (and ideally) data of this type would be collected pre- and post-test with comparison of responses at Time 1 (before services are delivered) and at Time 2 (after the client receives services). Confidentiality considerations prohibit the application of this approach. Section F below discusses this issue in more detail.

³ These factors were drawn from selected questions in the survey instrument. Although percentages represent different response categories, all are equivalent to the share of responses coded as either a 4 or a 5 on a 5-point scale: e.g., “Very True” or “Somewhat True”.

Table 1: CLIENT SELF-REPORT ASSESSMENTS OF KNOWLEDGE, BEHAVIOR & ATTITUDES, RETROSPECTIVELY AS COMPARED TO CURRENT [POST-COUNSELING]

PRIOR TO COUNSELING			RESULTS FOR KNOWLEDGE, ATTITUDE OR BEHAVIOR CHANGES FOLLOWING COUNSELING					
		Ref	INCREASED KNOWLEDGE		Ref	CHANGED BEHAVIOR/ATTITUDES		Ref
<i>Fear of defaulting [prompted the decision to get counseling]</i>	79.4% (1)	3	Respondent knew more about how to avoid defaulting on his/her student loans.	80.7% (1)	5			
<i>Questions about what will happen if I default [prompted the decision to get counseling]</i>	66.7% (1)	3						
<i>Payments too high for Respondent's income [prompted the decision to get counseling]</i>	93.2% (1)	3	Respondent learned that he/she could use a monthly budget to calculate how much to pay on student loans.	82.5% (1)	5	Borrower is making progress in lowering his/her monthly student loan payments.	66.7% (2)	21
						Borrower was able to find a less costly plan to repay his/her student loans.	53.6% (3)	22
<i>Respondent knew of resources that would help get his/her student loan debt under control.</i>	36.8% (2)	2	Respondent learned that there are online resources for student loan borrowers that can give further help.	86.0% (1)	5	Borrower is in contact with resources that can help manage student loan debt.	56.7% (2)	21
						Borrower planned to use the online resources that the counselor told him/her about.	57.8% (3)	8
<i>Respondent knew about repayment options that were available to federal borrowers.</i>	36.8% (2)	2	Respondent learned that he/she may qualify for federal student loan repayment options.	92.6% (1)	5	Borrower qualified for a lower monthly repayment amount and changed his/her federal student loan repayment plan.	53.8% (3)	22
<i>Interest in filing bankruptcy [prompted the decision to get counseling].</i>	22.4% (1)	3	Respondent learned that filing bankruptcy may not resolve student loan problems.	45.0% (1)	5	Filing bankruptcy is the only way to deal with the Borrower's student loan debt.	3.8% (2)	21
<i>Respondent thought filing bankruptcy would eliminate student loan debt.</i>	15.3% (2)	2						
<i>For the Respondent, keeping finances under control was a top priority.</i>	92.3% (2)	2	The problem-solving in the first session helped Respondent get control of his/her finances.	58.6% (3)	10	Keeping finances under control is a top priority.	94.9% (2)	21
						[The action plan] would help Respondent change how he/she handles money.	66.7% (3)	14
						I have more willpower to keep from increasing my other personal debts.	71.2% (3)	22

Response categories shown in parentheses below percentages:

- (1) Very or somewhat important
- (2) Very or somewhat true
- (3) Strongly or somewhat agree

- (2) **FEAR OF DEFAULTING:** Nearly 80 percent of respondents reported that fear of defaulting was an impetus for them in seeking counseling. Slightly more than 80 percent indicated that after meeting with the counselor, they knew more about how to avoid going into default on their student loans.
- (3) **SIZE OF LOAN PAYMENTS:** A high percentage of Borrowers (roughly 93 percent) cited the size of their loan payments as a spur to seek counseling. An associated item related to use of a monthly budget to calculate feasible loan payments also received a high percentage of positive responses (over 82 percent). The percentages for behavior that could be related were lower. Nonetheless, two-thirds reported progress in lowering monthly loan payments. Over 50 percent were able to identify a less costly repayment plan.
- (4) **RESOURCES:** Results for questions related to knowledge of resources for student loan borrowers, including awareness of repayment options, demonstrated the extent of improvement between the pre-counseling situation and post-counseling. Pre-counseling, less than 40 percent of respondents reported knowing of student loan borrower resources or federal repayment options. Post-counseling, the percentages for parallel questions more than doubled:
- 86 percent of respondents reported learning of online resources for student loan borrowers
 - 93 percent learned that they might qualify for federal student loan repayment options

These positive results are off-set to a certain extent by lower percentages for application of what the borrower has learned.

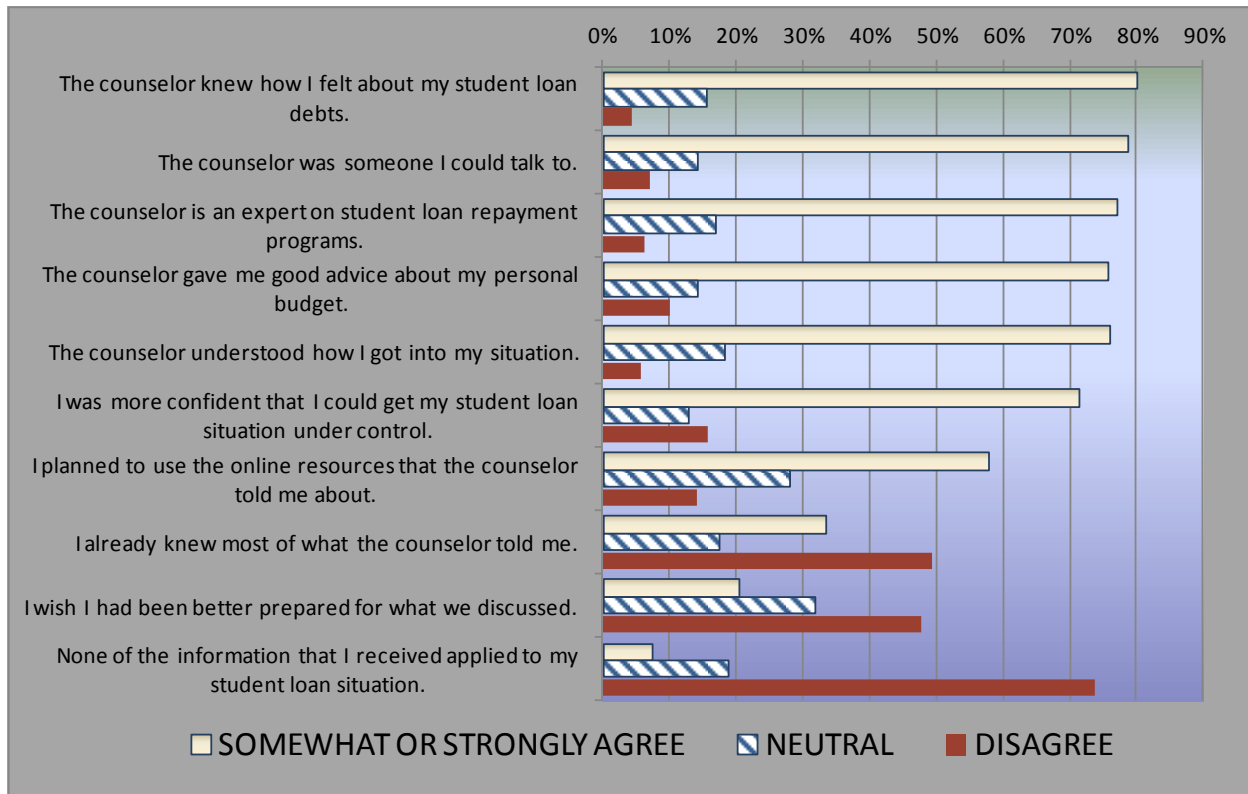
- 58 percent reported that they planned to use the online resources recommended by the counselor
 - 57 percent indicated they were in contact with resources that would help them manage their student loan debt
 - 54 percent qualified for a lower monthly repayment amount, leading to a change in their federal student loan repayment plan.
- (5) **BANKRUPTCY AS AN OPTION:** Only a small number of respondents appeared to be considering bankruptcy as a solution; 22 percent indicated that interest in filing bankruptcy was a motivation to seek out counseling. Data show improved knowledge and attitudes in this area. Of the borrowers responding, 45 percent indicated that filing bankruptcy might not resolve student loan debt burdens. Post-counseling, less than 4 percent regarded filing bankruptcy as the only way to deal with unresolved student loan debt.

The matrix in Table 1 will be useful in identifying gaps in the current version of the survey. For example, fear of defaulting has no question(s) related to changed behavior or attitudes. This gap could be filled by addition of questions similar to: “I have taken steps to avoid defaulting on my student loans” or “I am more confident I can avoid defaulting on my loans.”

C. COUNSELOR RAPPORT WITH BORROWERS

Many of the most positive results from the survey relate to Borrower-Counselor engagement. Client reactions to their first meeting with a student loan counselor suggest that CEFC has been successful in preparing counselors to establish rapport with student loan borrowers.

**CHART 3: OVERVIEW OF RESPONSES TO SURVEY QUESTION 8:
REACTIONS TO THE FIRST COUNSELING SESSION**



Results shown in Chart 3, as well as in the statistics from comparable items, reflect consistently favorable reactions to counselors’ work with clients. Responses underscore the counselors’ effectiveness in:

(1) CONVEYING A SENSE OF EMPATHY

- 80 percent of respondents agreed with the statement: “The counselor knew how I felt about my student loan debts.”
- Over 75 percent also agreed that the counselor understood their situation and how they had gotten into it.

(2) CREATING AN ENVIRONMENT WHERE CLIENTS ARE WILLING TO DISCUSS FINANCIAL MATTERS OPENLY

- Nearly 80 percent perceived the counselor as “someone they could talk to.”
- In their overall assessment of services, slightly more than 45 percent of the respondents agreed with the following statement: “The counselor made me feel like I have an advocate with the government.”

(3) ESTABLISHING GOOD COMMUNICATIONS

- For student loan borrowers who had more than one session with their counselor, very few (approximately 10 percent) reported that they felt it necessary to return because the counselor hadn't understood their situation the first time.

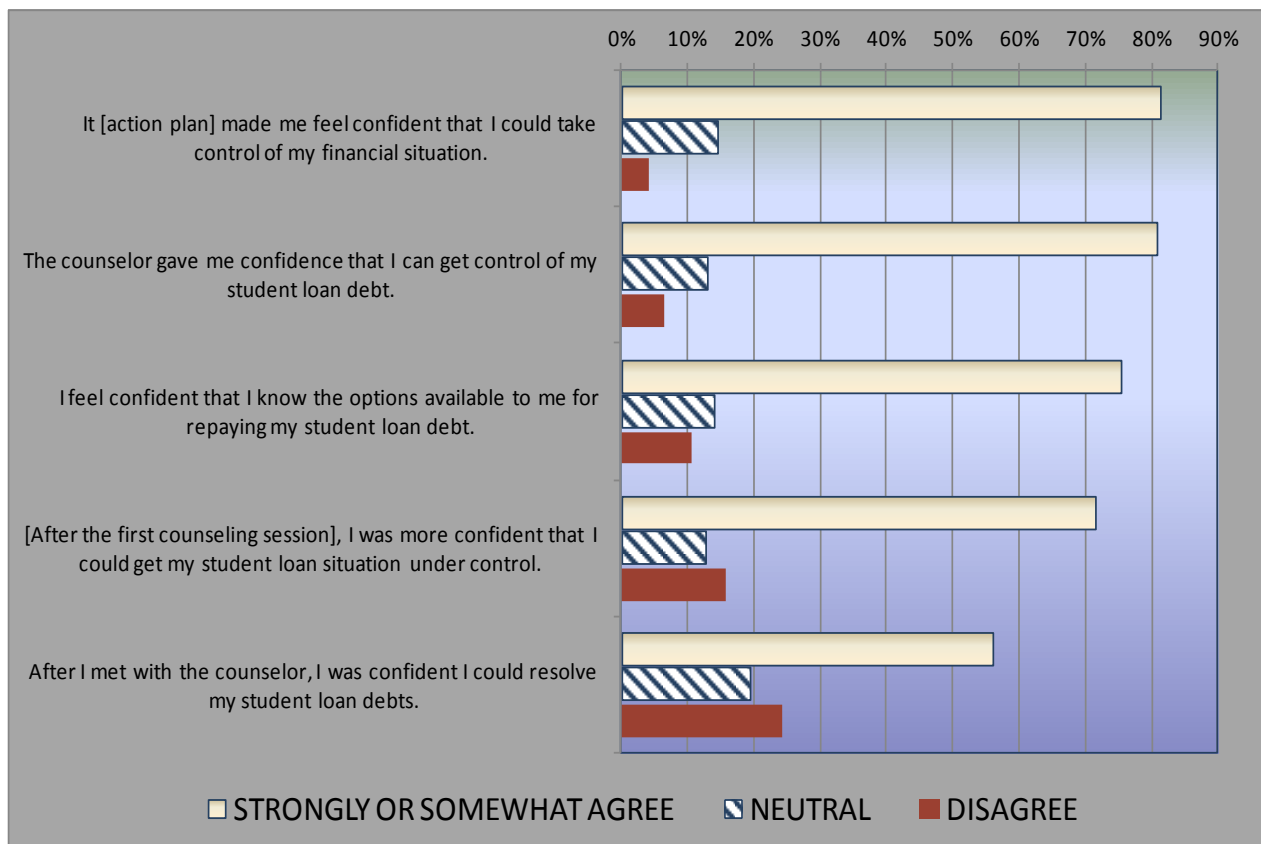
(4) DEMONSTRATING COMPETENCE

- Over 75 percent of respondents indicated that the counselor impressed them as an "expert on student loan repayment programs."
- A comparable percentage reported that they received good advice from the counselor on budgeting.

(5) ENCOURAGING CONFIDENCE IN BORROWERS: The borrower's level of confidence sheds additional light on reactions to the counseling session and other services. The Borrower Intake Form records client estimates related to confidence in completing action plan tasks. This is also one of the measures included in the SRS.

The survey questionnaire includes measures on this factor as well, but from a slightly different perspective. Some of the items ask respondents to indicate whether specified aspects of the Student Loan Borrower Counseling Program may have influenced their feelings of confidence. Among the items analyzed, 5 request agreement with statements that pertain to borrower confidence and what may have promoted it. Results for these 5 items are shown in Chart 4. Over 80 percent of respondents agreed with statements regarding the action plan and the counselor, both of which increased borrower confidence.

CHART 4: QUESTIONNAIRE ITEMS PERTAINING TO BORROWER CONFIDENCE



D. LEGAL CONSULTING SERVICES

One of the more surprising developments in the implementation of the Student Loan Borrower Counseling Program is the limited number of clients using legal consulting services. The referrals-to-attorneys service constitutes one of the features that makes the Student Loan Borrower Counseling Program unique. As a result, CEFC is particularly concerned about what may be the reason for the limited extent to which student loan borrowers have availed themselves of this option.

(1) QUESTIONNAIRE ITEMS RELATED TO LEGAL SERVICES CONSULTING: A number of survey questions include items that ask respondents about their interest in, or use of, legal services consulting. The results for these items are summarized in Chart 5.

The chart shows statistics related to “positive” responses for 7 items regarding legal services. These items were drawn from 6 survey questions. Although these questions use 3 different response categories, the same 5-point scale applies in expressing:

- a respondent’s agreement with a statement
- a factor of importance to a client
- a respondent’s view of how true a statement is related to their situation.

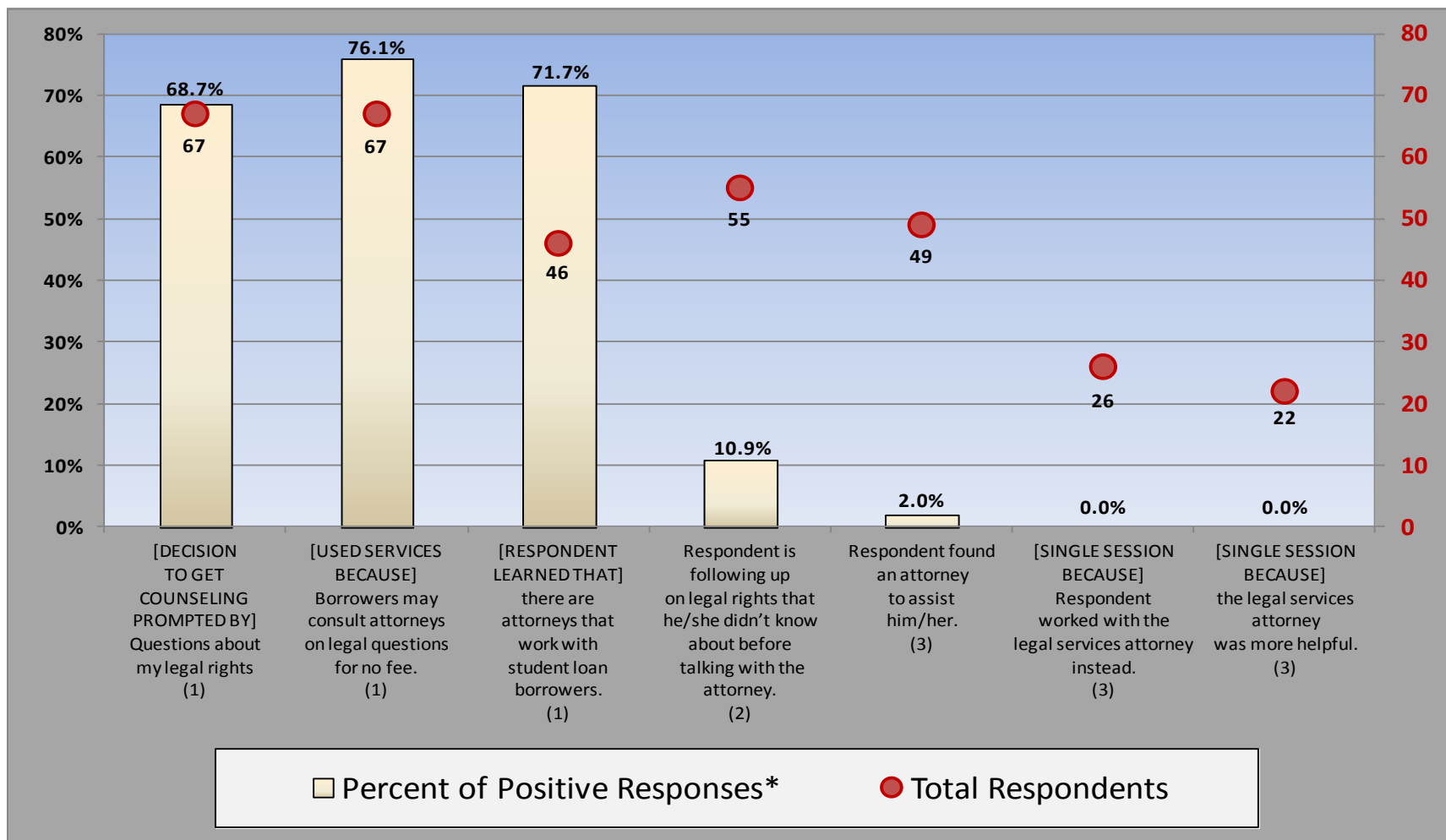
The columns in the chart summarize positive percentages for each item. The circles on or near the column represent the total number of respondents for that item – i.e., the number on which the percentages are based.

Overall, the data suggest that clients have an interest in legal consulting services. Over 75 percent indicated that the possibility of consulting an attorney was a “very” or “somewhat important” factor for them in engaging in counseling.

For the items that depict follow-through on use of the service, however, the percentages are significantly lower.

- Only 11 percent indicated they were following up on legal rights that they were unaware of prior to speaking with an attorney.
- A mere 2 percent reported that they had found an attorney to provide assistance.
- Of respondents who had only a single session with the counselor, none reported working with the legal services attorney as an alternative.

CHART 5: QUESTIONNAIRE ITEMS PERTAINING TO LEGAL CONSULTING SERVICES



**The term "Positive Responses" refers to responses equivalent to a 4 or 5 on a 5-point scale. The response categories for each item are shown in parentheses below item descriptions. The key is provided below:*

- (1) Very or somewhat important
- (2) Very or somewhat true
- (3) Strongly or somewhat agree

- (2) **QUESTIONS SPECIFICALLY DEALING WITH LEGAL SERVICES:** The most recent version of the Borrower Survey Questionnaire includes 2 questions that ask directly about legal services consulting. One deals with reactions to the legal consultation (Question 18). The second (Question 19) focuses on reactions to the prospect of contacting an attorney regarding student loan issues.

TABLE 2: RESULTS FOR QUESTION 18:

WITH REGARD TO YOUR LEGAL CONSULTATION, HOW MUCH DO YOU AGREE WITH EACH STATEMENT?

SUMMARY -- ALL PERIODS							
<i>Answer Options:</i>	Agree		Neither Agree Nor Disagree		Disagree		Total Count (1)
There was no need for me to see an attorney.	42.9%	3	42.9%	3	14.3%	1	7
I learned about my legal options in repaying my student loans.	42.9%	3	28.6%	2	28.6%	2	7
I understood why I needed advice from a lawyer on my student loan debt.	42.9%	3	42.9%	3	14.3%	1	7
I decided that I needed to get further assistance from an attorney.	42.9%	3	42.9%	3	14.3%	1	7
The attorney had information from my counselor about my student loan problems before I talked to him/her.	33.3%	2	50.0%	3	16.7%	1	6
I learned about my rights with regard to repayment of student loans.	28.6%	2	42.9%	3	28.6%	2	7
The attorney suggested I continue working with the student loan counselor.	16.7%	1	50.0%	3	33.3%	2	6
The counselor referred me because she misunderstood my student loan situation.	0.0%	0	42.9%	3	57.1%	4	7

Results for Question 18 (shown in Table 2 above) suggest that among the respondents, a limited number actually followed through with an attorney. Only 7 clients across both data collection periods provided answers to the majority of items in this question. This is a sharp contrast to data in Table 3. It shows that over 25 percent of respondents reported their counselor recommended they consult with an attorney.

**TABLE 3: RESULTS FOR QUESTION 15
DID YOUR COUNSELOR SUGGEST YOU CONSULT WITH A LEGAL SERVICES ATTORNEY?**

SUMMARY		
Answer Options	Response Percent	Count
YES	26.1%	18
NO	53.6%	37
Not sure	7.2%	5
Not applicable	13.0%	9
TOTAL RESPONSES		69

Question 17 asks respondents whether they followed through to meet with the attorney after they received a referral. Results are consistent with those for Question 18. (Table 2 above.) Only 6 reported that they did so, or planned to do so.

Chart 6 on the next page shows the frequencies for Question 19. The most recent version of the survey questionnaire incorporated this question as a means of determining why clients were not availing themselves of legal services.

The format of Chart 6 is the same as Chart 5, where the columns represent the percentage of positive responses (in this case, responses that were either “strongly agree” or “somewhat agree”) and the dots show the number of responses.

TABLE 4: RESULTS FOR QUESTION 17
DID YOU FOLLOW-THROUGH TO CONSULT WITH THE LEGAL SERVICES ATTORNEY?

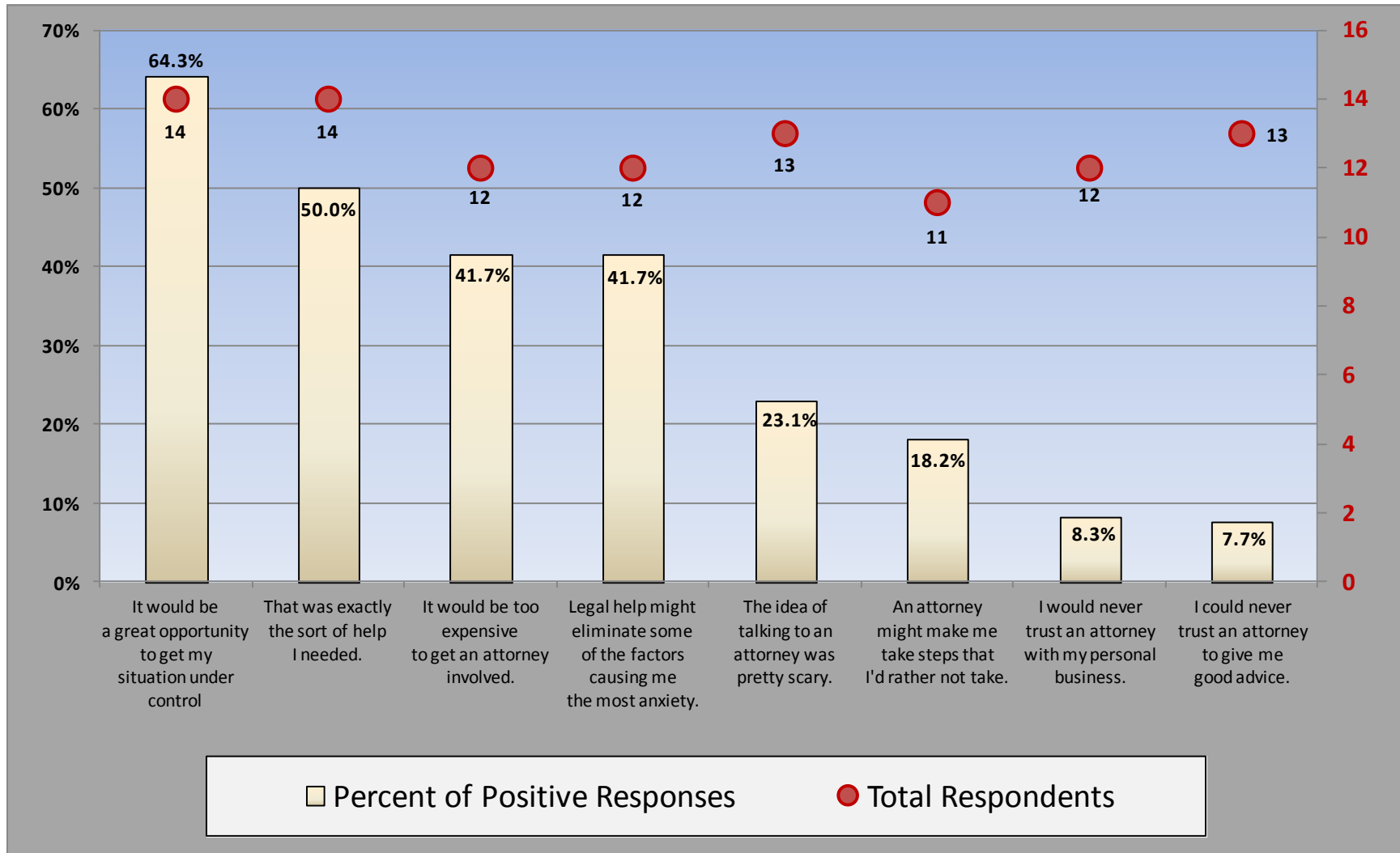
SUMMARY		
Answer Options	Response Percent	Count
YES	16.7%	5
NO	66.7%	20
I plan to meet with him/her, but haven't yet.	3.3%	1
I would like to meet with the attorney, but need more information	13.3%	4
TOTAL RESPONSES		30

Several points are worth noting in relation to this chart:

- a) The number of responses for all items are low, although if response rates are calculated using the total who indicated they were referred for legal services consulting (18, as shown in Table 3), they are in the range of 60 to 80 percent.
- b) In general, the majority of clients who responded to this question appear to have a positive view of consulting with an attorney regarding their student loan situation:
 - 64 percent regarded it as a great opportunity to take control of their loan situation.
 - 50 percent believed it would be the sort of help they needed.
 - 42 percent anticipated it would eliminate some of the anxiety associated with their student loan situation.
- c) In contrast, fewer respondents had a negative perception of contacting an attorney, although 42 percent worried about the expense. In other respects, perceptions that could prove obstacles to legal consultation appeared to influence only a few:
 - 23 percent regarded the idea of talking to an attorney as intimidating (“pretty scary”)
 - 18 percent were apprehensive about the steps they might have to take under an attorney’s guidance
 - Slightly more than 8 percent indicated that they would never trust an attorney with personal matters
 - Roughly 8 percent agreed that they could never trust an attorney to give good advice.

CHART 6: RESULTS FOR QUESTION 19:

WHAT WAS YOUR REACTION TO THE PROSPECT OF CONSULTING A LEGAL SERVICES ATTORNEY ABOUT YOUR STUDENT LOAN REPAYMENT SITUATION?



Perhaps more revealing are comments provided by respondents. These comments were prompted by references to legal services in questions on related topics. [Question associated with the comments are shown in Table 5, Column 1.] The remarks indicate that it wasn't always clear that consultation with an attorney was an option; alternatively clients may not have received enough information to take advantage of the service.

TABLE 5: RESPONDENT COMMENTS REGARDING LEGAL SERVICES CONSULTATIONS

Question	Comment	Agency/Month
4	"I did not know I could consult with an attorney."	UE -- June
	"I did not know there was Legal counseling available and would REALLY like to speak with someone about options and legal ramifications of my student loan debt."	Clarifi – July 11/22
	"I want to contact atty on legal questions but do not have a numb."	
11	"I never had the opportunity to work with a legal services attorney."	Clarifi -- June
	"How do you contact the legal services attorney?"	LSS – September 11/21
19	"I was not referred to an attorney."	Clarifi – July 12/3
	"Didn't talk with an attorney. I can't recall if it was mentioned."	LSS – September 11/21
	"We did not discuss this option at all."	LSS -- August

- Given that LSS has not had a reliable legal services partner, it's understandable that the consulting option would not be emphasized in discussions between those counselors and their clients.
- Comments from 2 of the Clarifi respondents are somewhat ambiguous: "was not referred to an attorney" and "never had an opportunity to work with a legal services attorney" could mean the counselor decided consultation with legal services wasn't necessary. The Clarifi – July client submitting data on 11/22/2013 clearly wanted this service, however, and it does not appear to have been offered.

Notes on the Instrument

E. QUESTIONNAIRE DESIGN

Although further data are being collected, a summary of the results seemed warranted as a resource for revision of the Borrower Survey data collection instrument, as well as to supply CEFC with data that could be useful in preparing proposals.

With regard to a revision, the statistics compiled indicate that the following changes are needed:

- (1) **LENGTH:** Response counts indicate that future versions of the questionnaire should be shorter. Survey Monkey reported that among July through September respondents, 57 started the questionnaire, but only 44 completed it. This suggests that test fatigue may have been a factor in reducing the number of questions a respondent was willing to complete.
- (2) **CONTENT:** The current version emphasizes process considerations. Obtaining information on agency implementation of the Student Loan Borrower Counseling Program is crucial, but equally – if not more -- valuable are data that point to outcomes. CEFC needs to ensure there's adequate balance between both types of questions.

(3) **VALIDATION OF THE INSTRUMENT:** CEFC will make its strongest case for funding by drawing on data that is collected using a validated instrument.

Validating an instrument requires adequate amounts of data to support statistical procedures such as factor analysis. For this reason, pilot testing has been extended through January in hopes of accumulating data from at least 100 student loan borrowers.

F. METHODOLOGY

The Borrower Survey Questionnaire has been in its pilot test phase since mid-summer 2013. Several factors have affected how the pilot testing has been handled:

- (1) **CONFIDENTIALITY:** Considerations related to confidentiality limited the extent of the testing. To encourage borrowers to complete the questionnaire, communications regarding the instrument reassured respondents that their identities would not be recorded in the data. Survey Monkey's mechanisms for tracking through email and IP addresses were disabled. This eliminated any possibility of obtaining test/re-test data.
- (2) **RESPONSE RATES:** Despite adjustments to how requests for completion of the instrument were made, response rates remained low overall (under 30 percent). Because of this, pilot testing was extended beyond the initial scope (data from March, April and May clients) to include data from clients served through December 2013. This was done to accumulate sufficient responses for factor analysis and other statistical procedures appropriate for more in-depth examination of the results.

Data used in pilot testing are not generally considered appropriate for reporting on outcomes. For a program such as the Student Loan Borrower Counseling initiative, however, it's important to maximize the data accumulated to demonstrate what has been accomplished. In disseminating the results, CEFC should try, to every extent possible, to alert its audience to the source.