



Student Loan Repayment

RESEARCH · DATA · POLICY

September 17–18, 2015

A CONFERENCE ORGANIZED BY THE PAYMENT CARDS CENTER

Student Loan Repayment: Research, Data, and Policy

A Conference Organized by the Payment Cards Center of the Federal Reserve Bank of Philadelphia

A robust educational credit market can have both efficiency and equity benefits because of the plethora of private and public returns associated with college attendance. Millions of students take on loans funded by the federal government, state governments, and private lenders each year. Student loan policy has recently become a prominent issue as students increasingly have difficulty meeting repayment obligations — student loan delinquency rates have nearly doubled over the past decade nationally and default rates on federally supported loan programs recently reached their highest level in more than 15 years. Compared with other types of credit such as mortgages, however, existing research on student loans less conclusively establishes the determinants of delinquency and default.

The objectives of the 2015 Payment Cards Center conference on student loans on September 17–18, 2015, will be to revisit the existing research on student loan repayment, to outline the policy-relevant research questions remaining to be answered, and to examine our capacity to answer these questions given the available data sources. By considering the different stages of a student loan — origination, servicing, and default management — we will focus on the factors that affect student loan repayment and the ways in which rigorous research based on innovative data sources can help us to understand student and lender decision-making. The conference speakers will represent the varied views of researchers on education policy and consumer credit, policy makers and regulators, student lenders and servicers, and financial educators. We will examine the benefits and limitations of existing data sources in supporting research efforts thus far and ways in which researchers have and could produce more rigorous and policy-relevant applied research through innovative partnerships with loan program managers, lenders, servicers, and educational institutions.

A key goal for the conference is for the participants to walk away excited about future research on student loan repayment and the myriad ways in which we can go forward with research and creating knowledge in a collaborative way.

Thursday, September 17, 2015

12:00 noon **Registration Opens and Lunch**

12:30 p.m. **Welcome and Opening Remarks: Robert Hunt, Vice President and Director of the Payment Cards Center, Federal Reserve Bank of Philadelphia**

1:00 p.m. **Keynote Speech: Susan Dynarski, University of Michigan**

2:00 p.m. **Panel 1 — What Do We Know at Origination?**

Moderator: Dubravka Ritter, Federal Reserve Bank of Philadelphia

Eileen O'Leary, National Association of Student Financial Aid Administrators

Benjamin Castleman, University of Virginia

Jennifer Astle, College Ave Student Loans

Jeff Appel, U.S. Department of Education

Student financial services officers and lenders have limited information about the student at the loan application stage. Students form expectations about their futures and may encounter a number of behavioral biases that influence how they perceive student loan debt. Panelists will explore how students connect with student debt, apply for loans, and consider the terms offered to them, as well as how this knowledge may affect our interpretation of available data and research on student loan repayment. We will also hear about the innovative ways in which researchers have used field experiments to uncover the information asymmetry inherent in the loan origination process and the role that financial literacy may have in improving the way the student loan market functions.

3:30 p.m. **Break**

4:00 p.m. **Panel 2 — Student Loan Servicing and Repayment: Practices and Data Challenges**

Moderator: Rajeev Darolia, University of Missouri

Amy Crews Cutts, Equifax

Sarah Ducich, Navient

Naser Hamdi, Equifax

Wilbert van der Klaauw, Federal Reserve Bank of New York

Once students take out loans, a number of institutions are involved in servicing this debt and in recording any deferrals, forbearances, repayment histories, or changes in terms. The panelists will overview the data that are collected by lenders, servicers, and credit reporting agencies and highlight some ways in which this information has been used thus far in publicly available research on student loans. They will discuss ways in which improved data collection and sharing would be useful for creating a more comprehensive picture of the repayment dynamics borrowers and financial institutions face soon following and many years after students take on student loan debt.

5:30 p.m. Reception

Friday, September 18, 2015

8:00 a.m. Registration and Continental Breakfast

8:30 a.m. Opening Remarks: Patrick T. Harker, President and Chief Executive Officer, Federal Reserve Bank of Philadelphia

8:45 a.m. Panel 3 — Remedies and Default Management for Borrowers with Student Loans

Moderator: Wenli Li, Federal Reserve Bank of Philadelphia

Joanna Darcus, Community Legal Services of Philadelphia

Felicia Ionescu, Board of Governors of the Federal Reserve System

Alvaro Mezza, Board of Governors of the Federal Reserve System

Once a student loan borrower becomes delinquent on loan obligations or prepares to file for bankruptcy, a number of possibilities with respect to changes in loan terms, loan modifications, and debt workouts become available. The availability, take-up, and repercussions of these actions on the part of the students and debt holders are crucial to our understanding of the determinants of default and successful repayment.

Panelists will review the particular challenges to data collection and sharing at this stage of the student loan life cycle and discuss the effects our understanding of student loan default management may have on access to student loans and their optimal structure.

11:00 a.m. Keynote Speech: Caroline Hoxby, Stanford University

12:00 noon Lunch

1:30 p.m. Capstone Panel

Moderator: Beth Akers, Brookings Institution

Rohit Chopra, Center for American Progress

Daniel Feshbach, MeasureOne

Jonathan Glater, University of California, Irvine

The panel will review a number of research efforts that illustrate how different data sources have been used thus far to provide insights into student loan repayment. The panel will also highlight the advantages and limitations of each approach (e.g., existing/established data sets, field experiments, calibrations, and innovative uses of existing data). The panelist will provide their perspectives on how the policy-relevant research questions identified during the conference could be answered through better data collection and sharing, and how different stakeholders could contribute to the effort.

3:00 p.m. Adjourn