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A Guide to Student Loan Outreach

Millions of Borrowers Are Eligible for Relief Programs but Do Not Know It

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Education Policy & **Higher Education**

Acknowledgments

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We are dedicated to renewing the promise of America by continuing the quest to realize our nation's highest ideals, honestly confronting the challenges caused by rapid technological and social change, and seizing the opportunities those changes create.

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Executive Summary

When the pandemic-related pause on student loan repayment ended last September, more than 20 million borrowers had payments due for the first time in three and a half years, including four million who had never entered repayment before. To smooth this transition, the Biden administration created an on-ramp period temporarily protecting borrowers from the worst consequences of missed payments. But in September 2024, debt collection on defaulted loans will resume, and millions of borrowers could head towards default. In preparation, the Department of Education (ED) and its contractors, called servicers, have started reconnecting with borrowers and informing them about options for repayment, including several new programs for debt relief.

However, ED and servicers have not always been successful in helping borrowers take advantage of loan management options. For instance, more than 40 percent of low-income borrowers do not know about income-driven repayment plans, which can provide affordable or zero-dollar monthly payments. History suggests that, unless outreach improves, borrowers from marginalized backgrounds—including those who are low-income, Black, or did not graduate college—are at high risk of default when the on-ramp ends.

New America sought to learn how ED and its servicers can improve student loan communications and outreach, so that vulnerable borrowers can avoid default. Since vulnerable borrowers often also qualify for public benefit programs like Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and the refundable Child Tax Credit (CTC), we studied how these benefit agencies conduct outreach. After interviewing more than 20 experts, including staff at community-based organizations, consultants specializing in communication, and experts who are familiar with ED and loan servicing, we believe that ED and its servicers can improve their efforts in three areas.

- **Outreach:** ED and servicers that mostly rely on emails and phone calls should expand the number and types of channels they use to engage with borrowers, including mailing letters, texting, and sending push notifications. ED should also strengthen partnerships with other government agencies and community-based organizations, enlisting their help in reaching out to beneficiaries who are also student loan borrowers. Lastly, using ongoing evaluation, ED should make timely adjustments to its outreach efforts.

- **Messaging:** Messages to borrowers should be tailored to a particular audience, and be concise, jargon-free, and focused on one call to action. ED and servicers already conduct some message testing, but they should

test all communications, from text messages to website wording, with borrowers to verify that the message is clear and effective.

· **Enrollment assistance:** Helping vulnerable borrowers should go beyond providing information to include improvements to program design. Some loan relief programs require cumbersome applications, so one-on-one assistance programs, similar to the Affordable Care Act navigators, can help borrowers through the process. ED should also conduct user testing to simplify application design. As a long-term solution, ED should continue to pursue automatic enrollment in relief programs using data matching.

ED and servicers are already making improvements in these areas, but they can expand their efforts. Since many of these changes will require substantial financial resources, Congress should provide more funding for borrower outreach and assistance. Borrowers deserve this investment in timely and effective support as they navigate the return to repayment.

Introduction

There was a time when Jason, a Black man in his mid-30s, found his student loan payment to be manageable.[1] Even though he had not graduated, Jason was able to secure a job, an apartment, and a car after leaving college. Yet things started to unravel when he lost his job. He lost his car and apartment next, and his health deteriorated as he struggled with pneumonia and asthma.

Even though it was easy to pause his loans temporarily, Jason had a much harder time getting further help over the phone from his servicer, the company the Department of Education (ED) had put in charge of managing his federal loans. His calls often were sent to voicemail or directed to a representative who spoke English as a second language, complicating communication. Seeing no other options, and still preoccupied with keeping the rest of his life together, Jason defaulted once his loan pauses ran out.

No borrower wants to default on their student loans. In Jason's case, default made it only harder to get back on his feet. When he secured another job, a minimum-wage retail position, ED garnished his meager paychecks. And his poor credit, as a result of defaulting, made it impossible for him to get an auto loan so he could once again have a reliable car.

Unfortunately for Jason, he was unaware at the time of his default that Congress and ED had already created long-term loan relief options to make repayment more affordable for borrowers in his situation. ED offers income-driven repayment (IDR) programs, which set borrowers' monthly payments as a percentage of their income. Under these programs, borrowers whose income falls below a certain amount do not have to make any payments.

As Jason's case illustrates, even the most generous relief options are of little use to the borrowers who need them the most, if borrowers do not know about them. Despite reading some of his servicer's communications and proactively reaching out for help, Jason never learned that he was eligible for a repayment plan that could have lowered his payments for as long as he had low earnings. Jason's experience is not uncommon. According to *Varying Degrees*, New America's nationally representative survey conducted in 2022, more than 40 percent of low-income borrowers who likely would benefit from IDR never heard about the option.[2]

ED and its contractors have not been successful in making vulnerable borrowers aware of a range of loan management options, not just IDR plans. Focus groups of 47 borrowers that New America conducted in 2022 show that vulnerable borrowers are unaware of forgiveness and discharge programs, including programs for which they may be eligible.[3] Many borrowers do not even know where to turn to for loan information: A survey of more than 1,600 student loan

borrowers by The Pew Charitable Trusts in 2021, for example, shows that about half of borrowers who had defaulted said they had not known how to contact their student loan servicers prior to defaulting.[4]

Student loan communication is further complicated by a pandemic-related pause on student loan payments which ended last September. After a three-and-a-half-year payment pause, 22 million borrowers owed non-zero payments—among them, more than four million recent college students who entered repayment for the first time.[5] To smooth the return to repayment and help borrowers avoid the worst consequences of missed payments, ED created a transition period (also known as the on-ramp period) in which borrowers who miss payments will not be considered delinquent and therefore cannot default on their loans. The on-ramp period ends September 30, 2024.[6] At that point, collections will resume for the approximately 6.8 million borrowers currently in default.[7] After the amount of time that must pass before a non-paying borrower defaults, 270 days, millions of other borrowers may newly enter default on their loans.

The Biden administration created several new repayment and forgiveness options to help borrowers return to repayment and to fix long-standing problems with student loan affordability. Yet the new policies do not relieve pressure for improved outreach to borrowers. While the new options offer much-needed support to struggling borrowers, many of them are also not automatic. Borrowers need to be aware of these programs and take action to enroll.

Unless they learn about and enroll in existing and new relief programs, borrowers from marginalized backgrounds are at particular risk of default when the on-ramp ends. These borrowers are the most likely to struggle with their loans, and therefore the most in need of information about student loan relief. Research confirms that borrowers who default on their loans are likely to be low-income, Black, older, first in their family to attend college, alumni of for-profit colleges, and non-completers.[8]

To ensure that vulnerable borrowers like Jason no longer miss out on crucial relief options ahead of the end of the on-ramp, New America sought to learn how ED and its servicers can improve student loan communications and outreach. Since many struggling borrowers qualify for public benefit programs like Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and the refundable Child Tax Credit (CTC), we set out to learn how these benefit agencies conduct outreach to their beneficiaries. We believe ED and its servicers can adopt lessons from these benefits programs to improve their outreach.

To learn about the outreach strategies from these benefit programs, we interviewed policy experts, staff at community-based organizations, and consultants specializing in communication. We also spoke to people involved with student loan outreach, including people knowledgeable about operations at the Department of Education, student loan servicers, and nonprofits partnered

with ED to promote IDR enrollment.[9] The report synthesizes relevant research and findings from more than 20 interviews into a set of best practices and recommendations for Congress, student loan servicers, and the Department of Education.

→ **HOW VULNERABLE BORROWERS CAN MAKE THEIR LOANS MORE MANAGEABLE**

The student loan system requires many borrowers to actively manage their loans, and the stakes are high for borrowers who struggle with repayment. Vulnerable borrowers may not find out about or enroll in the relief programs that are most beneficial to them, and they can lose out on thousands of dollars and a chance to stay out of default. Here are some ways borrowers may need to manage their loans.

Pause loan payments: Borrowers in certain circumstances, including financial hardship, may temporarily pause their monthly loan payments. In many circumstances, interest continues to accrue when borrowers pause their loans using deferments or forbearances. While some pauses are easier to apply for than others, most require borrowers to work with their servicers to opt in.[10]

Choose a repayment plan: Unless they choose a different plan, borrowers are automatically enrolled in a standard repayment plan, which spreads payments evenly over 10 years. Many borrowers with low incomes or high loan balances would have lower monthly payments in an income-driven repayment (IDR) plan. These plans, which base payments on a percentage of borrower income above a threshold, offer loan forgiveness of any remaining debt after 10, 20, or 25 years. To take advantage of IDR plans, borrowers currently must apply and annually update their income and family size with loan servicers through a process known as income recertification.[11] Many borrowers struggle to complete the certification process on time, and some lose access to IDR as a result.[12]

The IDR enrollment and recertification process will soon be easier. In 2019, Congress passed the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act, which allows the Department of Education (ED) to access IRS tax information if a borrower agrees to share it.[13] The law will streamline the application process, limit the need for annual income recertification, and allow ED to automatically enroll some delinquent borrowers in IDR to prevent defaults.[14] ED also recently introduced a new IDR plan called Saving on Valuable Education (SAVE), which offers low-income borrowers the most affordable monthly payments to date.[15] These changes will make it easier for vulnerable borrowers to use IDR plans, one of their best options for loan relief. However, borrowers with certain loan types and those who have not opted to share their tax data may still experience difficulties using IDR plans.

Apply for loan forgiveness: Borrowers qualify for loan forgiveness under several circumstances; these include if they become permanently disabled or if their schools misled them by, for example, lying about post graduation job prospects. ED has started automatically offering forgiveness to some eligible borrowers. However, borrowers, in most cases, will still need to fill out an application to receive forgiveness. For example, borrowers who work in government and nonprofit jobs who make loan payments for 10 years must apply to qualify for Public Service Loan Forgiveness (PSLF).[16]

Consolidate loans: Borrowers can apply to consolidate their loans into one new loan to make repayment easier. Consolidation is the only way borrowers with certain older loans or loans taken out on behalf of their children can access IDR plans, related loan forgiveness programs, and some of the Biden administration's new relief options.[17]

Get out of default: When borrowers miss loan payments for 270 days, their loans enter default, resulting in lost eligibility for more federal financial aid and potential tax and wage garnishments, among other consequences.[18] Borrowers must get in touch with their loan servicers to begin a process for getting out of default

(simply making payments again will not get their loans out of default).[19] A new Biden administration policy, called Fresh Start, makes the process of getting out of default easier than usual through the end of September 2024. However, Fresh Start does not occur automatically and still requires borrowers to contact their servicers.[20]

Student Loan Outreach Environment

When borrowers are in school, the college they attend is their main source of information about student loans. The Higher Education Act of 1965 requires colleges to provide student loan entrance and exit counseling to ensure that students understand the terms of their loans.[21] In practice, many schools fulfill this requirement using online training modules that the Department of Education (ED) developed.[22] Unfortunately, several studies suggest that entrance and exit counseling do not adequately explain loan concepts, leaving some borrowers unprepared for repayment.[23]

Once students leave college, their primary student loan contact becomes the private or nonprofit organizations with which ED contracts, called servicers. Servicers are in charge of collecting loan payments, advising borrowers on their benefits and options for loan repayment, and answering borrowers' questions.[24] They tend to rely on emails and phone calls to reach out to borrowers. Borrowers make monthly payments and make changes to their loans, such as enrolling in a different repayment plan or consolidating their loans, via the online portal or call center of their servicer.[25]

ED, along with federal watchdog agencies, state attorneys general, and nonprofit organizations, has documented shortcomings with student loan servicing.[26] ED and other organizations have concluded that, historically, servicers too often failed to guide borrowers towards long-term affordable repayment options. ED asserts that, instead of recommending income-driven repayment (IDR) plans, servicers directed many struggling borrowers to loan pauses, which are quick to set up but have time limits.[27] Borrowers also consistently report that servicers do not screen them for eligibility for the various forgiveness programs.[28]

Following the end of the student loan payment pause in the fall of 2023, servicers have struggled to keep up with the volume of borrower questions as well as applications for IDR plans and loan forgiveness. While servicers had understaffed call centers before the pandemic, call center wait times reached over 70 minutes in October, as many borrowers sought advice about the return to repayment.[29] Servicer mistakes and technical issues, which occurred before the pandemic, have also increased.[30] Recently, servicers have made mistakes processing payments, have sent out delayed bills, and have struggled to process IDR and forgiveness applications in a timely manner.[31] ED, servicers, and other observers attribute servicing problems to several factors, including inadequate funding, compensation structures that do not reward servicers for some types of outreach, unclear guidance from ED, student loan program complexity, and servicer errors.[32]

These servicing mistakes can happen once servicers and borrowers are in contact, but establishing contact is also difficult. ED transfers loans between contractors for a variety of reasons, and borrowers report being suspicious and confused when they receive student loan messages from an unfamiliar company. When borrowers suspect contact from their loan servicer is a scam attempt, they are likely to ignore the letters and phone calls. And borrowers who cannot afford to make their loan payments often see no reason to engage with their servicers, because they do not know that there are options for lowering payments.[33]

ED's Federal Student Aid (FSA) office, which handles student loan administration and oversees servicers, is in the process of revamping the servicing system. In April 2023, ED awarded new servicing contracts to five organizations. Under the new contracts, the five servicers will manage loans regardless of loan status. Previously, if a borrower defaulted or applied for certain loan forgiveness programs, ED transferred the loan to a specialized contractor.[34] ED will also require servicers to use common design elements and ED co-branding on their communications and websites. These changes should make loan transfers less common and less confusing for borrowers. The new contracts also changed servicers' compensation structure and the method of assigning loans to servicers.[35] ED hopes these changes will incentivize servicers to put more effort into preventing defaults and screening borrowers for forgiveness programs. In addition, ED will soon modernize FSA's IT system so it can more closely monitor servicing activities and manage payment transactions directly.[36]

Besides overseeing servicers, ED plays a direct role in student loan outreach. While servicers handle day-to-day communication with borrowers, ED is more involved in raising general awareness about federal student loans and publicizing new policy developments. ED's website provides key information about federal student loan policies.[37] ED also publishes press releases and emails borrowers directly to raise awareness about loan programs and policy changes.

In the current student loan outreach environment, too many borrowers struggle with their loans, unaware that assistance is available. Through interviews with outreach experts working on public benefits programs and student loans, we learned about strategies to reach these disconnected borrowers. In the remainder of the report, we group our findings and recommendations into three categories: outreach methods, messaging, and program enrollment processes.

Outreach

"Engaging [borrowers] is not easy. You have to meet people where they are. That means you have to remove yourself from your comfort zone to meet them at an event or meet them virtually."— Interviewee at Young Invincibles, an advocacy organization focused on expanding economic opportunity for young adults

Outreach Methods and Themes

When we asked interviewees how they successfully made contact with disengaged and vulnerable Americans, the following ideas came up consistently.

Use a Trusted Messenger.

Almost all interviewees stressed that effective outreach must come from a trusted source. Americans eligible for public benefits, like struggling student loan borrowers, are overwhelmed with bids for their attention, wary of scams, and sometimes distrustful of government. For this reason, our interviewees and many public benefits outreach teams focus, in part, on finding ways to ensure that their communications are seen as trustworthy and legitimate. For instance, an interviewee working at the Philadelphia Coalition Against Hunger, a nonprofit focused on hunger prevention, said that the organization prioritized "building trusted partnerships with community-based organizations already working in the communities" when expanding to new areas. The Centers for Disease Control and Prevention, also aware of the importance of trusted messengers, advised people who already had authority in communities, including faith-leaders, doctors, and business leaders, to spread vaccination information during the pandemic.[38]

Reach People Where They Are.

Our interviewees overwhelmingly agreed that outreach must reach borrowers where they are, whether that is in physical locations like college campuses and food pantries or digital spaces like text messaging apps and social media. The specific location will depend on the target population. For instance, an interviewee from the National Council on Aging, a nonprofit committed to helping older Americans, had success placing key information on the placemats

used in senior centers. Messaging will also depend on cultural trends. For example, a representative from the Student Loan Servicing Alliance, a student loan trade association, explained that phone calls have become a less effective outreach channel as spam calls have increased.

Data analysis can help organizations identify and reach their target audience. In their campaign to help low-income seniors in Colorado apply for Supplemental Nutrition Assistance Program (SNAP) benefits, Benefits Data Trust, a nonprofit dedicated to streamlining access to government services, analyzed state data to identify seniors who were using Medicaid, and therefore were likely eligible for SNAP but who were not enrolled in the program.[39] These data gave the organization the names and contact information of its target population.

Send Multiple Messages through Multiple Mediums.

Experts across different fields agreed that when it comes to outreach, multiple messages across multiple mediums is best. A professor in behavioral economics told us, "Reminders work. It is not enough to send them one text message or one email." For instance, the California Department of Social Services and several California-based organizations ran an experiment to learn how to increase the number of eligible college students enrolling in SNAP (known in California as CalFresh). The groups found that sending an email and a postcard to college students was about 70 percent more effective in driving enrollment compared to just sending an email.[40] Code for America, an organization that uses technological solutions to make government services more accessible to the public, including low-income and vulnerable populations, had similar findings. After reviewing outreach efforts to increase the number of families claiming the Child Tax Credit (CTC), it concluded that repeated messages continue to be effective in generating engagement.[41]

Evaluate Outreach Effectiveness.

Experts we interviewed stressed the importance of evaluation to learn what outreach methods work best. However, it can be tricky to evaluate results when a combination of outreach methods is used. Organizations should therefore develop strategies and tools for evaluation at the start of an outreach campaign. For instance, Code for America, in its work to improve uptake of the CTC, gave different outreach partners unique URLs, which allowed the organization to track how people learned about the CTC simplified filing website GetCTC.org.[42] Organizations should conduct evaluation throughout an outreach campaign, rather than just at the end, so they can pivot to the most effective outreach channels. An expert from Unidos, a Hispanic civil rights and advocacy

organization, said the group conducted surveys throughout its own CTC outreach campaign to make sure its communication was reaching the targeted population.

Outreach Lessons for Education Department and Servicers

While the Department of Education (ED) and servicers have adopted some of the best practices that our interviewees suggested, they should step up their evaluation of outreach strategies and increase messaging through these avenues, rather than relying on emails and phone calls.

Many of our interviewees suggested that Americans recognize outreach from government agencies as legitimate and attention-worthy. Code for America, after analyzing the impact of outreach for the expanded CTC, concluded that messages sent directly from benefit agencies usually generated more tax returns than messages from outside organizations.[43] In fact, the group estimated that one well-targeted letter from the Internal Revenue Service (IRS) can generate over 100,000 accepted tax returns.[44] Yet student loan repayment outreach has not benefited from government branding, because each servicer has historically used its own branding, making it hard for borrowers to tell the difference between a legitimate servicer and a scam. As part of an ongoing modernization effort beginning in March 2024, servicers are co-branding with ED, which will help borrowers recognize these communications as legitimate.[45]

While ED and servicers are making progress in establishing themselves as trusted messengers, both could do a better job of engaging borrowers across multiple communication channels, rather than relying on phone calls and emails. Interviewees said ED should expand its outreach efforts so the information can reach borrowers through different channels.

Many interviewees said text messaging, in particular, yields promising engagement. For instance, the Code for America's CTC outreach campaign found that texting is more effective than phone calls, in-app messages, Google ads, and news coverage.[46] But despite its efficacy, several sources agreed that texting remains underused by ED and servicers because of operational challenges. Borrowers have to give consent to receive texts, as required by the 1991 Telephone Consumer Protection Act (TCPA). Texting may also be more time-intensive than email, since texts are usually sent in batches, while emails can be sent to millions simultaneously. Despite these challenges, ED and its servicers should make texting a key part of their communications strategy and seek to get borrowers' consent to send texts, given the evidence of its effectiveness.

ED and servicers could also improve their evaluation of outreach methods. Drawing on their analytic capacities and data on borrowers, these entities should continuously evaluate each outreach method in order to learn which is most

effective for different populations. Servicers could, for instance, identify borrowers who have stopped opening emails and be sure to always send them messages through other mediums as well.

ED also must evaluate the outreach outcomes of its contractors, ensuring that servicers are effectively informing and guiding borrowers throughout the repayment process. ED should continue to track default rates, income-driven repayment (IDR) enrollments, and the number of forgiveness applications received while monitoring servicer communications. If problems arise, ED should consider adjusting contract incentives, providing more communication guidance, or taking over some communications. Government watchdogs have similarly suggested that Federal Student Aid (FSA) increase servicer oversight or conduct direct outreach to improve communication. For example, the Government Accountability Office recently suggested that ED develop outreach protocols for borrowers eligible for a closed school discharge after learning that several servicers had issued only one unclear letter to students eligible for the discharge.[47]

Outreach Lessons for Other Government Agencies

While communication about student loans should first and foremost come from ED and its servicers, other government agencies are also trusted messengers that come into contact with student loan borrowers. People struggling with student loan repayment tend to struggle financially in general and often are eligible for public benefits, such as Medicaid, SNAP, or refundable tax credits. When struggling borrowers contact benefit agencies for assistance, these agencies should refer them to the right help. Staff at these agencies need not be experts on the intricacies of student loans, but they can pass along messages about the benefit of enrolling in an IDR plan (such as Saving on a Valuable Education, or SAVE, Plan) or refer borrowers to their servicers.

An "all of government" approach must be reciprocal; student loan servicers should also refer struggling borrowers to other government assistance. For instance, an interviewee who previously worked for a loan servicer suggested that servicers should provide unemployed borrowers with information about unemployment insurance and American Job Centers. ED or servicers could also inform low-income borrowers about their likely eligibility for SNAP and other income-tested programs.

Even if cross-government coordination falls short of formally integrated referral processes, ED can negotiate joint outreach efforts for important student loan changes. Such cross-agency outreach has happened in the past. In its expanded CTC outreach campaign, for example, the White House worked to ensure agencies across the government had plans to promote it.[48] The Social Security Administration displayed information about the expanded CTC on its website

and ran a digital ad campaign, while ED publicized the CTC in its back-to-school campaign. ED has also enlisted other federal agencies to help with student loan outreach. To ensure federal employees were aware of a temporary change to the eligibility criteria for the Public Service Loan Forgiveness (PSLF) program, ED created an outreach tool kit, including sample emails and social media posts, for federal agencies, and encouraged them to reach out to their staff and grantees.[49] ED should continue efforts like these, while working towards long-term partnerships to ensure struggling Americans are screened for student loan repayment troubles, regardless of the benefit agency they contact.

Outreach Lessons for Community-Based Organizations

While government agencies are well positioned to conduct direct and targeted outreach to millions of people, vulnerable borrowers will still fall through the cracks. Some borrowers do not open their emails or pick up their phones because they confuse servicers, who can offer repayment relief, with private debt collectors who demand payments.[50] And, while many respect the authority of government agencies, others view the government with "trauma and distrust," and thus fail to respond to its messages, said an interviewee at MDC, a nonprofit dedicated to advancing social and economic equity in Southern states.

Local organizations may be able to reach some of the borrowers disconnected from official communication channels. Many nonprofit and faith-based organizations have already built trust and connections in communities. Unlike ED and its contractors, staff from these local organizations or groups are able to connect with people in person. Our interviewees suggested several creative ways to provide local outreach, including locations such as public transit stops, food pantries, libraries, and prisons. Once local organizations find struggling borrowers, they can refer them to their servicers.

ED has recently engaged local partners in student loan outreach. Last year, it launched the "SAVE on Student Debt" campaign, partnering with 100 national and grassroots organizations to reach borrowers and encourage them to take advantage of the new SAVE IDR plan repayment plan.[51] Organizations that partnered with ED in this campaign said they sent out social media posts and hosted several in-person events, some of which received promising engagement. Building on this campaign, the White House launched the "SAVE Day of Action," in which membership associations, unions, nonprofit organizations, and government agencies committed to amplifying the SAVE plan through events, emails and texts, and social media.[52]

ED's focus on engaging community groups is a step in the right direction, but ED can do more to make these groups a permanent part of student loan outreach, beyond time-limited campaigns. ED could create long-term partners and greatly

expand the reach of initiatives like the "SAVE on Student Debt" campaign by compensating community-based organizations for their outreach efforts. They should also host regular webinars offering technical assistance to local organizations, and provide unique URLs to each local partner, a practice that interviewees said allows partners to track their impact and feel more engaged.

Messaging

"What's the one actionable thing that you want someone to do when they're reading your communication? Do you want them to go to a website? Do you want them to sign up for a service?"—Interviewee at Civilla, a nonprofit focused on improving the user experience for government programs

Messaging Themes

Even after ED, its servicers, other government agencies, and community-based partners put in place effective outreach strategies, they should ensure the wording of their messages works for student loan borrowers by using the following three strategies.

Tailor Messages to the Target Audience.

Before launching an outreach campaign, ED, servicers, other government agencies, and community-based organizations should identify the target audience so they can tailor their messages more effectively. For instance, several interviewees working at nonprofits agreed that reaching a Spanish-speaking community is about more than translation; it requires adapting the message to fit the groups' cultural context and communication preferences.

Write Short and Action-Oriented Messages.

Interviewees stressed the importance of highlighting just one key takeaway when crafting messages, which is usually the next step the recipient should take. The message should be short, written in plain language, and use design and color to highlight the key point.[53] Interviewees also noted that messengers must remember to double-check the basics, including the presence of up-to-date information, key dates, and a list of any paperwork needed to verify eligibility. Messages should also always identify the sender in order to establish credibility.

Beyond crafting a clear, accurate, and action-oriented message, several framing techniques may increase message effectiveness. Recipients may be more likely to take the prompted action when the stakes are highlighted and explained in concrete and personalized terms. For example, government researchers who partnered with the Department of Education in 2016 found that emphasizing the

consequences of student loan default is particularly effective in encouraging borrowers to sign up for plans to get out of default.[54] Another 2016 experiment by the same group found borrowers were more likely to reapply to an IDR plan when shown how much their monthly payments would increase if they did not reapply.[55]

→ **MESSAGING CHECKLIST**

☐ Focus on one call to action

☐ Use clear, jargon-free language

☐ Keep the message short

☐ Use color and form to highlight key points

☐ Ensure the information is accurate and up-to-date

☐ List any material needed for the next step

☐ Identify the sender

☐ Give concrete information about the consequences of not taking action

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Test Messages with Recipients.

Even if ED, servicers, government agencies, or community-based organizations believe that the messages they are sending are clear and motivating, those receiving them may feel differently. As several outreach experts explained, the only way to confirm how a message will land is to test it with its intended recipients.

The typical communications process at Civilla, a nonprofit that helps public institutions design better experiences for people using their services, lends insight into an effective user testing strategy.[56] After crafting a message internally, Civilla team members conduct one-on-one interviews with potential message recipients. They ask recipients to explain the message in their own words, which helps Civilla identify any areas of confusion. Civilla staff members edit their message to incorporate feedback from the interviews. They then repeat the process until it is clear that interviewees understand the message. Civilla

officials said that they put so much emphasis on message testing because they "do not want to rely on our own assumptions of what we think is understandable."

People working at other organizations, including servicing companies and Code for America, said that once they refine the wording, they send out slightly different messages to randomized groups of recipients. The messages may vary in the details of framing, word choice, design, or message cadence. The organizations then evaluate the effectiveness of each message by comparing differences in key performance indicators, such as email open rates, the number of applications submitted, or website traffic from a unique URL code. Some interviewees told us that they also keep an eye on analytics outside the context of experiments, such as the amount of time readers spend on sections of forms and websites.

Messaging Lessons for Education Department and Servicers

ED and student loan servicers, who are borrowers' main sources of information on the loan program, should devote significant time and resources to message targeting, design, and testing.[57] Servicers and FSA should use their data on borrowers to give targeted, personalized advice on handling loans. For example, when interest rates are low, servicers could email borrowers with variable rate loans about the benefits of refinancing their loans through the consolidation program. Servicers should also send messages to borrowers nearing the end of their eligibility for payment pauses about IDR enrollment.

Ideally, both servicers and ED would test the messaging on all of their communications, including mass text messages, advertising campaigns, call center messaging, website wording, and application form instructions. By making such testing routine and iterative, servicers and ED would ensure each communication is vetted for effectiveness while accruing a body of knowledge about best practices.

ED and servicers already conduct some message testing, but both could do more. Several people familiar with operations at ED said FSA has only a small user design team.[58] The team, which covers the design of all FSA products from the financial aid application form to the guidance FSA provides colleges, does not have the capacity to test all student loan communications. Interviewees who are familiar with servicers and FSA agreed that, compared to ED, servicers more often tested their messages with their audience. But servicers have historically been more focused on encouraging monthly payments than on conducting outreach for relief programs. Misaligned compensation structures and unclear guidance from ED, rather than a lack of messaging skill, may explain why servicers have failed to screen struggling borrowers for loan forgiveness or to direct them to IDR plans.

Enrollment Processes

"These outreach pieces are only as good as the tool you're sending somebody to or the call to action."—Interviewee at Code for America, an organization focused on making government services more accessible

Enrollment Processes Themes and Lessons

As several interviewees noted, there is a limit to the power of effective outreach and clear messaging. No matter how clear the call to action, fewer people will complete a confusing, onerous process than a simple, quick one. In our interviews, we heard many examples where the government increased enrollment in a program by simplifying program eligibility criteria, automatically enrolling eligible people using data matches, testing and redesigning the application experience, or providing one-on-one assistance filling out application forms. ED and services can use the following strategies to improve enrollment processes in the student loan system.

Simplify Program Design.

One of the most effective ways to streamline an application process is to make the underlying program rules less complex. For example, the White House worked to create a simplified tax filing process during the pandemic so that many more low-income families could claim the expanded CTC. The student loan system is far from simple, and several interviewees, including a legal aid professional and a person familiar with FSA operations, felt that the program's complexity created many of the difficulties with communication and implementation. Congress and ED should work to simplify the loan system and ensure any new forgiveness options, repayment plans, or repayment exceptions are simple and can be automated.

Automate Enrollments Using Data Matching.

Even a complicated program can be streamlined with the help of automatic enrollment processes. For instance, many states automatically enroll Supplemental Security Income (SSI) recipients in Medicaid, a data match that significantly increases overall Medicaid enrollments.[59] Recently, both Congress and ED have made progress in automating aspects of student loan processing.

Thanks to the 2019 passage of the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act, ED will be able to use IRS tax data to streamline IDR enrollment and recertification so that borrowers do not have to reapply each year to remain part of the program. ED will also be able to automatically enroll some delinquent borrowers in SAVE so they can make lower monthly payments.[60] In addition, ED is using data matches with colleges and the Social Security Administration to provide some automatic closed school and total and permanent disability discharges.[61] There may be other opportunities to use data to simplify or automate forgiveness applications. For instance, two interviewees suggested that the PSLF program, which offers nonprofit and public sector employees loan forgiveness after 10 years, could be automated by matching with state unemployment insurance or IRS data on eligible employers.

Test the Application Experience with Users.

Just as government agencies should evaluate outreach strategies and message wording, they should observe how participants navigate different aspects of programs, from enrollment to benefits receipt, in a process called user testing. Agencies should then make design improvements based on the participant feedback they collected.[62] Without learning about participants' experience, agencies may fail to detect technical problems or cumbersome parts of the process that can prevent eligible people from accessing their benefits. For instance, during the Obama administration, many veterans were unable to receive health care assistance, because staff at the Department of Veteran Affairs did not realize that the health care application form did not load on most computers.[63]

FSA already conducts some user testing, such as observing borrowers as they interact with pages on the studentaid.gov website to learn if the site is easy to navigate.[64] Despite the ongoing efforts of the small user design team, interviewees who work with borrowers—including people affiliated with servicers, legal aid, and nonprofits in the SAVE coalition—expressed concern over the design of many FSA products, such as student loan entrance and exit counseling, loan-related application forms, and ED's student loan website and loan screening tools.

FSA's user design team should apply user testing to understand borrowers' experiences, from receiving loan entrance counseling to applying for and receiving forgiveness. For example, observing college students navigating loan entrance and exit counseling may help FSA redesign the counseling, if it finds that modules are too easy to click through without helping students retain information or that the modules are delivered when students are too busy. FSA should also observe borrowers as they navigate the entire application process for IDR or forgiveness programs, including those who rely on their phones to fill out

forms, since several of our interviewees stressed the importance of designing forms for mobile use.

Provide Application Assistance.

When enrollment processes are complex and not automatic, our interviewees and our research suggest that one-on-one assistance helps. For example, federal funding for health insurance navigators, who provide individualized application assistance to the Affordable Care Act marketplaces and Medicaid, has increased health insurance coverage among low-income Americans.[65] When tax preparers helped potential college students fill out the Free Application for Federal Student Aid Application (FAFSA) form, the number of applicants filing the FAFSA form increased by 40 percent.[66] Student loan servicers should offer borrowers the same kind of intensive help. ED should require call center staff to help borrowers fill out application forms, thoroughly explain options for repayment plans, and screen borrowers for loan forgiveness eligibility.

Borrowers also need access to other assistance options in case they encounter intractable issues with their servicers. Congress should increase resources for FSA's Ombudsman's Office, which provides informal dispute resolution to solve borrowers' issues with federal student aid, so its staff can help more borrowers who are charged payments incorrectly or rejected erroneously for loan forgiveness.[67] Legal aid offices also help borrowers with these types of problems, and with additional federal funding, they could extend their support to more borrowers.

Looking Forward

Many of the ways ED and servicers need to improve communication will not be possible without additional funding. Servicers need funding to hire more staff, so their call centers can provide prompt responses to incoming calls, personalized advice, assistance with applications, and referrals to other benefit programs. ED, specifically FSA, needs increased funding so it can user-test and revamp more of its products, from its forms to its website.

Community-based partners also need more resources to ensure effective, direct support for struggling borrowers. For example, without dedicated funding from ED, community-based organizations on the "SAVE on Student Debt" campaign need to rely on fundraising or private philanthropy for outreach activities. As a result, the organizations say they have no choice but to incorporate SAVE promotion into their current work, rather than expanding outreach activities for SAVE specifically.

Unfortunately, FSA does not have the resources needed for large-scale outreach improvements, since the agency has not received the amount of money it requested from Congress for several years. Funding for student aid administration activities has remained relatively flat since 2022, staying at around $2 billion. And while Congress increased funding for student aid administration by $25 million for the 2024 fiscal year, that amount was nowhere near the $600 million increase that President Biden requested.[68] The inadequate amount of funding creates challenges for FSA, as the agency is trying to implement significant reforms to the student aid system, including the simplification of the FAFSA, the new servicing contracts, and updated loan programs in the midst of the return to repayment.[69] If Congress is invested in ensuring that borrowers experience smooth servicing and effective outreach, it must prioritize investments in FSA.

Conclusion

When we asked Jason how he feels about his debt today, he compared himself to Sisyphus, the man of Greek mythology condemned to push a giant boulder up a hill every day, only to have it roll back down the hill as soon as it reached the top. Jason's almost decade-long effort to repay his student loans felt similarly insurmountable. "You pay for years and the balance doesn't go down, so it feels like a burden that's never going to go away," he said.

Vulnerable borrowers like Jason will benefit from effective outreach from the Department of Education (ED) and servicers, which can guide them to affordable repayment options. As borrowers will soon be at risk of default when the on-ramp period ends, ED and servicers need to step up efforts to inform borrowers of existing relief options and new programs, such as the Saving on a Valuable Education Plan. This will not only help avoid defaults, but also help borrowers lower their monthly repayment amount and get them to forgiveness faster, so that loan repayment is no longer a burden that feels like it is "never going to go away."

Appendix

We spoke to people at the following organizations (listed in alphabetical order):

- American Association of Retired Persons (AARP);

- Benefits Data Trust;

- CASH Campaign of Maryland;

- Civilla;

- Greater Philadelphia Coalition Against Hunger;

- Code for America;

- ideas42;

- Legal Aid Foundation of Los Angeles (LAFLA);

- MDC;

- National Consumer Law Center (NCLC);

- National Council on Aging (NCOA);

- National Urban League;

- North Carolina Department of Health and Human Services;

- North Carolina Office of State Budget and Management;

- New America's New Practice Lab;

- Puentes de Salud;

- Savi;

- South Carolina Appleseed Legal Justice Center;

- Student Loan Servicing Alliance (SLSA);

- UnidosUS;

- University of Southern California's Center for Economic and Social Research (CESR); and

- Young Invincibles.

Notes

1   Jason (not his real name) participated in New America's 2022 focus groups, which included 47 borrowers who had defaulted on their student loans. To learn more about our findings and methods see: Sarah Sattelmeyer and Tia Caldwell, *In Default and Left Behind* (Washington, DC: New America, November 30, 2022), http://newamerica.org/education-policy/reports/in-default-and-left-behind/.

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