



Who Uses Income-Driven Student Loan Repayment

Methodology

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I use the 2016 Survey of Consumer Finances (SCF) to estimate the use of different repayment plans across households at different income levels. In the SCF, households can report up to six student loan debts and can attribute the debt ownership to either the survey respondent, their spouse or partner, a child, a grandchild, or some other relative or household member. I use debt held only by the respondent and their spouse or partner and that has been identified as federal student loan debt.

I classify student debt as being repaid through an IDR plan if the respondent answers “Yes” to this question: “Is the payment amount (on this loan) (you/he/she/he or she) owe each month determined by (your/his/her/his or her) income, for example an Income-Based Repayment Plan, Pay as you Earn Plan, or Income-Contingent Repayment Plan?” I classify the answer “No” as being on some other repayment plan.

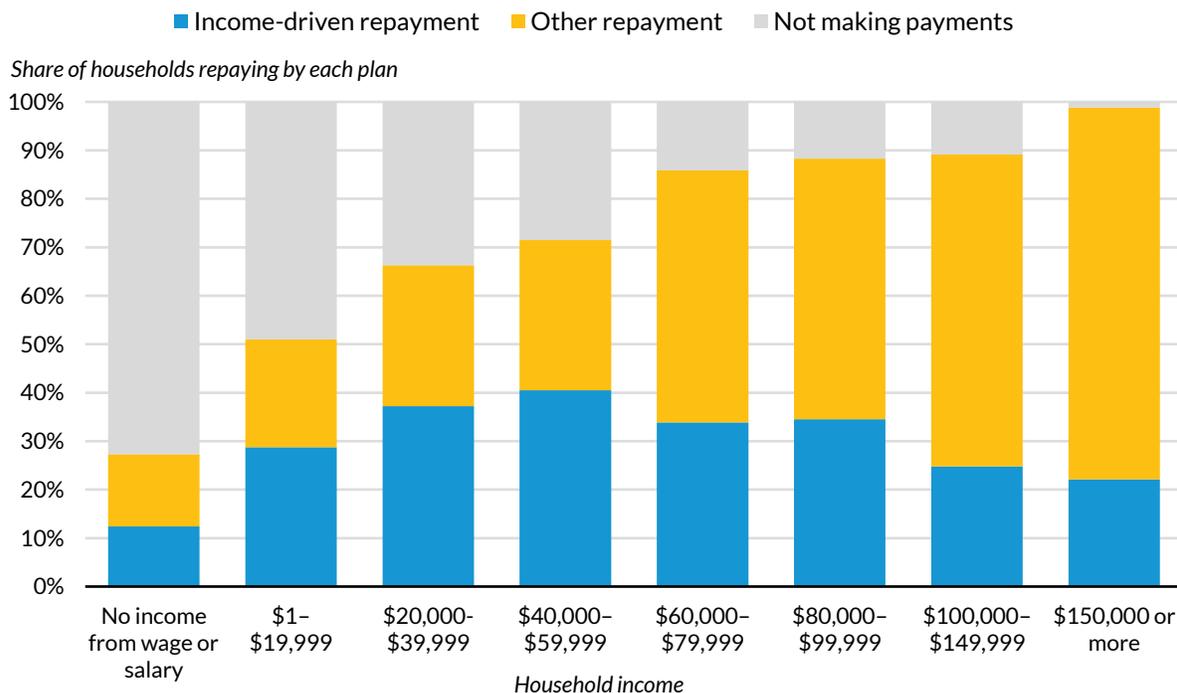
For some loans, respondents report that they are no longer enrolled in the program but are also not making payments on the loan. Respondents who affirm that they are not enrolled and not making payments are asked why they are not making payments. In the public-use data file, respondents can indicate that they are in forbearance, in a postgraduation grace period, or in a job or service-based loan forgiveness program; that there are unable to afford their payment; or some other reason. To avoid identifying individuals who might be in a grace period, I exclude borrowers from the nonrepayment group if the last date at which they were enrolled for any loan is 2015 or later.

I report household income as income from wages and salary only. The SCF includes an oversample of high-income households, and I use the revised survey weight (X42001) to adjust my estimates. Because the sample is relatively small, I cannot make further cuts to the data, such as limiting the data to only borrowers with recent loans. Because these data are self-reported, it is possible that households might misreport the type of program they are enrolled in (e.g., a borrower in a graduated repayment plan might mistakenly report that she is enrolled in IDR) or the size of their loan.

Another way of displaying my findings is to consider the share of households in each income bracket that pay via each plan (figure 1).

FIGURE 1

Household Income of Federal Student Loan Borrowers, by Repayment Plan



Source: Urban Institute analysis of Survey of Consumer Finances 2016.

Note: Households “not making payments” are households where the borrower left school before 2015 and reported not making payments on student loans because of forbearance, some other loan forgiveness program, or inability to afford payments.

About the Author

Kristin Blagg is a research associate in the Education Policy Program at the Urban Institute. Her research focuses on K-12 and postsecondary education. Blagg has conducted studies on student transportation and school choice, student loans, and the role of information in higher education. Blagg spent four years as a math teacher in New Orleans and New York City. In addition to her work at Urban, she is pursuing a PhD in public policy and public administration at the George Washington University. Blagg holds a BA in government from Harvard University, an MEd from Hunter College, and an MPP from Georgetown University.

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