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Indebted to My Education: Examining College Graduates' Perceptions of Student Loan Repayment

By Vincent D. Carales, University of Houston and Mauricio Molina, Rice University

In this paper, we examine college graduates' perceptions of entering student loan repayment and how they navigated this process. Findings highlight the importance of helping students make informed borrowing decisions, particularly as they begin repaying their student loan debt. Policy makers wishing to hold institutions accountable for keeping college affordable while enhancing financial aid policy will gain further insight.

Keywords: *student loan debt, financial aid, financial literacy, loan repayment*

Student loan debt in the United States has become one of the most polarizing and politicized issues in addressing college affordability. This debate has largely been driven by recent loan forgiveness and free-college proposals (Jabbari et al., 2022). In fact, in August 2022, President Biden announced the Department of Education will cancel up to \$20,000 in federal student loan debt to Pell Grant recipients and up to \$10,000 to other eligible borrowers who meet certain income thresholds (The White House, 2022). This initiative also proposes to reduce monthly payments for all current and future borrowers and introduce other repayment and forgiveness opportunities for low-income borrowers (The White House, 2022). Regardless of where one stands on this initiative and other proposals, student loans continue to be an important tool for increasing postsecondary access and attainment (Carales et al., 2020; Perna et al., 2017). For example, in 2019–2020, 55% of bachelor's degree recipients from public and private nonprofit four-year colleges and universities graduated with debt and had borrowed an average of \$28,400 (Ma & Pender, 2021).

While many students continue to struggle to pay down their student loan debt (Furquim et al., 2022), some good news does exist in terms of student loan default. National cohort default rates (CDR)—the U.S. Department of Education's standard institutional accountability repayment metric—fell from 13.7% in 2011 to 7.3% in 2018 (Federal Student Aid, 2021). This decrease in default will likely continue because of the federal student loan repayment pause that began at the onset of the COVID-19 pandemic in March 2020. However, it is important to note that prior to the pandemic, more than half (55%) of borrowers who had entered repayment in 2010 and 2011 had failed to reduce their loan balances after three years (Council of Economic Advisers, 2017). Further, while student loan delinquency rates have dropped from 7% to 0% since the repayment pause, it is estimated that nearly 7.8 million Americans will struggle to make payments when repayment resumes (Ghoshal-Datta et al., 2022) in January 2023 (The White House, 2022).

Given the historic default struggles and recent inability to pay down debt, it is not surprising that research indicates that borrowers have a general misunderstanding of both their debt and monthly repayment amounts (Akers & Chingos, 2014; Andruska et al., 2014; Fox et al., 2017). Notably, very little research exists that has examined how student borrowers navigate loan repayment. More importantly, scholars have indicated a need to understand how students' accrual of student loan debt influences their transitions into and through repayment and beyond (Baker, 2019; Castleman et al., 2015; Cho et al., 2015; Harper et al., 2021).

A large body of literature on student loans provides us with a broad understanding of their general impact. Student loan debt research has provided insight into students' rationale for borrowing (McKinney et al., 2015), undergraduate students' misunderstandings of the amounts they borrow (Simpson et al., 2012), and the risks of borrowing endured by students from disadvantaged backgrounds (Pyne & Grodsky, 2020). Researchers have also highlighted how repayment periods have lasted many years after graduation for most borrowers (Velez et al., 2017), but there is scant research on students' experiences with repayment

(McKinney et al., 2015). We contribute to this research gap by focusing specifically on pre-pandemic recent college graduates who were on the cusp of entering repayment to understand how their perceptions of repayment have influenced their graduate school enrollment plans, employment, and other goals after college. Addressing this gap in the literature will give insight to administrators and institutions looking to provide repayment guidance to students before they leave their institutions. Our study is guided by the following research questions:

1. To what extent do recent college graduates understand the student loan repayment process?
2. How does this understanding of student loan repayment shape their postgraduate plans?

Prior Research on Student Debt and Repayment

Much of the research on student debt has focused on the impact student loans have on traditional educational outcomes such as persistence and graduation (e.g., Avery & Turner, 2012; Dowd & Coury, 2006; Kim, 2007; Museus, 2010). However, only a few studies have directly addressed how knowledgeable students are of their own debt and the repayment process (e.g., Akers & Chingos, 2014; Andruska et al., 2014; Hira et al., 2000). These studies concluded that students either did not fully understand or underestimated the amount of debt they had. Consequently, scholars have called for more work on unpacking the intricacies of the loan repayment process (Cho et al., 2015). More recently, scholarship has pointed out the nuances in student borrowers' decision-making and experiences after graduation (e.g., Baker, 2019) and the various ways that students obtain information about financial aid and student loans (Harper et al., 2021).

Related student loan research has explored the influence of student debt on a variety of financial literacy and health-related outcomes (e.g., Archuleta et al., 2013; Kim & Chatterjee, 2019; Norvilitis & Batt, 2016). In fact, Kim and Chatterjee (2019) found that student loan debt still negatively affected a person's life satisfaction even after considering other major debts, such as medical and credit card debts. However, research that explores how student borrowers understand loan repayment is limited. Of the work that does exist, some evidence suggests that certain groups face more difficulties in repayment than others. For example, Akers and Chingos (2014) found that high-debt borrowers faced repayment difficulty at higher rates than borrowers with less debt. In addition, Black students were more likely to report difficulty with loan repayment when compared with White students (Addo et al., 2016; Fox et al., 2017). Other factors related to difficulty in repayment include a lack of information about repayment, being from a minoritized or low-income background, and lacking financial-related management skills or communication with parents (Andruska et al., 2014; Baker, 2019; Baum & O'Malley, 2003; Fox et al., 2017; Hillman, 2014; Johnson et al., 2016; Norvilitis & MacLean, 2010).

Student Perceptions Regarding Their Debt

Borrowing and repayment are separate yet associated parts of the student loan process. While taking on student loan debt occurs at the onset and throughout the duration of college enrollment, the repayment process typically does not start until six months after graduation for most student borrowers. It is important to note that repayment might begin immediately after graduation if students had borrowed loans at previous institutions or left school for more than six months prior to completing their degree. Some of our study participants had confirmed this was the case for them. Given these different contexts for the accumulation and repayment of debt, student perceptions are likely to be different for both experiences. Moreover, existing research on student loan debt tends to take a quantitative approach focused on the impact that the amount borrowed has on measurable factors such as persistence (Bettinger, 2004; McKinney & Burrige, 2015; Noopila & Williams Pichon, 2020), retention (Britt et al., 2017), and advanced degree enrollment (Pyne & Grodsky, 2020).

Research on the residual effects of student loan debt at the onset of graduation provides us with some additional context as to the struggles that students face. Studies have linked having student debt to lower future financial net worth (Zhan et al., 2016); experiencing more household financial difficulties alongside the existing educational debt (Bricker & Thompson, 2016); a decreased likelihood of pursuing graduate degrees regardless of ethnic/racial background (Malcom & Dowd, 2012); and associations with lower life satisfaction and higher psychological stress (Kim & Chatterjee, 2019). Conversely, Archuleta et al. (2013) found that the amount of student loan debt, when isolated from overall total debt amounts, did not singularly predict heightened financial anxiety in college students. The discrepancies that arise from differing studies present a need for more subjective approaches afforded by qualitative methods to better understand borrowers' perceptions of their debt and its repayment.

The existing qualitative research on student loan debt perceptions is limited and does not typically encompass the postgraduation period when repayment starts (Baker, 2019; Zerquera et al., 2017). Instead, studies have focused on debt levels at yearly points after graduation (Velez et al., 2017), the amount of financial knowledge students have when borrowing decisions are made (Akers & Chingos, 2014; Andruska et al., 2014; Markle, 2019; McKinney et al., 2015), and choices made specifically about graduate studies in light of student loan debt (Zerquera et al., 2017). Studies that are focused on student demographic differences also have concluded that more examination is needed to better understand borrower behaviors across racial and ethnic groups (McKinney & Burrige, 2015; Perna et al., 2017; Pyne & Grodsky, 2020).

Student Perceptions Regarding Repayment

While some literature provides us with important insights into the impact of student debt, we know generally less about how students make sense of the repayment process after graduation. One certainty is that loan repayment is a complicated facet of the student loan process, and in dealing with student loans, repayment involves one of the few debts that have stern obligations that cannot be dismissed via bankruptcy (Walsemann et al., 2015). The stresses of repayment are further exacerbated for students who borrowed money to pay for a degree they did not complete (Dalal & Thompson, 2018), on top of the missed opportunities typically brought on by not having a degree (Huelsman, 2015; Ratcliffe & McKernan, 2015). This pattern is worsened when borrowers default on loan repayments, which has been found to be associated with students' racial backgrounds (Hillman, 2014). Nonetheless, many students see loan debt as a necessary means of getting a college degree, which ostensibly should bring about job benefits that would ease the repayment burden (Carales et al., 2020). This perceived notion of upward mobility, resulting in a better future and psychological well-being, is often made possible because of student loans (Bettinger, 2004; Walsemann et al., 2015). Students who acknowledge the concept of upward mobility understand that college is an opportunity to improve on their parents' situational contexts, and they often demonstrate a sense of hope that the trade-off of debt will work in their favor (Carales et al., 2020; Barnard et al., 2018).

Research around student attitudes toward repayment of student loan debt has generally looked at borrowers across demographics and their individual characteristics (Fox et al., 2017; Zerquera et al., 2016). Studies have also noted institutional financial wellness initiatives for college students of different financial literacy levels (Montalto et al., 2019), with repeated recommendations of allocating more government and institutional grant aid to ease the burden of postgraduate repayment (Dalal & Thompson, 2018; Simpson et al., 2012). Recent studies examining the repayment process have started to fill the existing gap between students' final college semesters and postgraduate phase. While Fernandez and colleagues' (2015) qualitative work found that students conveyed firm confidence in their ability to repay their student debt during their exit counseling, Baker (2019) found that the confidence lessened as the commencement of repayment neared. Baker's (2019) study emphasized the importance of following students with student loan debt—particularly those of color—through their repayment process. In fact, the burden of student debt, particularly for Latinx students, was found to show a negative effect on their well-being over time (Kim & Chatterjee, 2019). This finding further supports the importance of studying the overall process of

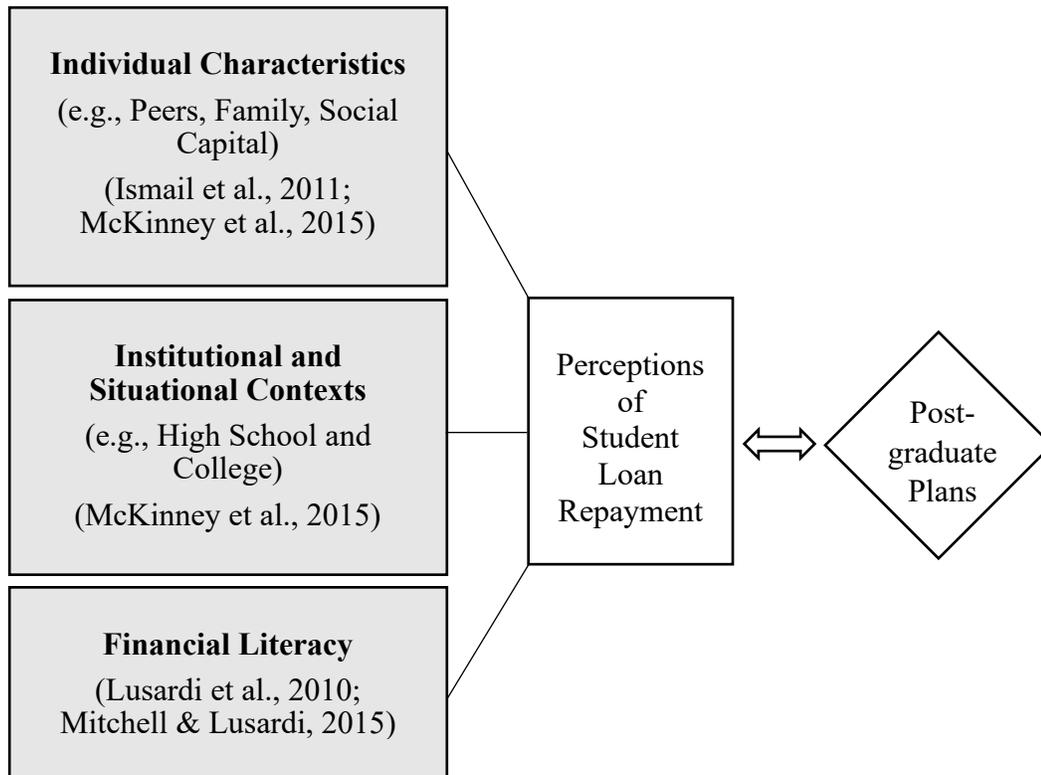
repayment, specifically during the time when students expect to start realizing the investment returns of their degrees in the form of earned wages. Witteveen and Attewell (2019) described this issue as loan pressure and found that numerous factors, including family background and major, affected the type of pressure student borrowers experienced from repayment in relation to their career earnings. However, there remains a gap in the literature examining how students engaged with the repayment process and even less research focused on specific subpopulations (Carales et al., 2020).

Conceptual Framework

Students' borrowing decisions are situated within the context of a complex federal financial aid system (Furquim et al., 2017). The focus of the current study was to understand how borrowers make sense of the end aspect of this system: loan repayment. In developing our conceptual model, we considered findings from our literature review presented above as well as a few scholarly perspectives that have explored how borrowers perceive student loan debt (Carales et al., 2020; Baker, 2019; Ismail et al., 2011; McKinney et al., 2015). Figure 1 presents a visualization of our conceptual framework, which is grounded in these perspectives and guides our data analysis and interpretations. For example, McKinney et al. (2015) identified multiple individual and institutional factors (see Figure 1) important to understanding students' perceptions about borrowing. Factors such as social and cultural capital and the availability of financial aid resources in high school and college can influence where and how borrowers gather loan information and make decisions about borrowing (McKinney et al, 2015).

Figure 1.

Conceptual Model of Loan Repayment and Postgraduate Decision-Making



Our conceptual model also draws from Ismail et al. (2011), who incorporated various dimensions of students' attitudes toward loan debt to understand their student loan repayment intentions. A student's attitude about loan repayment—or their intention to repay the loan debt—depends on their evaluation of

repayment, which is often influenced by peers, family, and the media (Ismail et al., 2011). In addition to Ismail et al. (2011), other researchers found that students' attitudes toward student loan debt and their intentions to repay are shaped by their work, families, social networks, and financial values (Baker, 2019; Carales et al., 2020; McKinney et al., 2015; Ziskin et al., 2014). Findings from these studies serve as a starting point for unpacking students' knowledge and perceptions of repayment and guides our interpretations of how their understanding (or lack of understanding) of the loan repayment process influenced their decisions after graduation. To further guide our analysis and interpretation of our findings, we included financial literacy as a third element to our conceptual framework (Figure 1), which we defined as assessing how capable an individual is at understanding and using in-depth financial information (Huston, 2010). In applying this definition, we sought to understand financial literacy's role and influence on the perceptions of loan repayment (Artavanis & Karra, 2020; Fan & Chatterjee, 2019).

Financial Literacy

To help make sense of a student's general understanding of the student loan repayment process, we considered the relationship between financial literacy and students' college-going decisions—a major financial endeavor (Lusardi, 2015). Research has indicated that financial literacy becomes important starting in high school (Mitchell & Lusardi, 2015), as it then plays a critical role in students' college financial decision-making (Fan & Chatterjee, 2019) and can then continue to impact individuals' lifelong financial decisions (Alhenawi, 2013; Lusardi et al., 2010). Huston (2010) presented financial literacy as a dual-sided concept that involves the financial knowledge an individual possesses and the way they apply this knowledge to financial decisions. Financial knowledge, obtained through educational or personal experiences, influences the individual's ability to make constructive financial decisions (Huston, 2010). Students with low financial literacy, which tend to mainly include students from disadvantaged groups, were found to have a higher chance of underestimating their future loan payments, which then diminished their abilities to better handle repaying their student loan debt (Artavanis & Karra, 2020). Furthermore, in their review of financial literacy work, Mitchell and Lusardi (2015) highlighted considerable evidence of lower financial literacy leading to more mismanagement of debt payments that in turn can affect those individuals' financial well-being well into adulthood and retirement.

In the current study, we speculate that student borrowers who have insufficient financial literacy—whether because of individual characteristics, institutional contexts, or a combination of both—may make uninformed borrowing decisions that ultimately could influence their experiences with repayment. In other words, the level and type of financial knowledge student loan borrowers bring with them upon entering college can directly drive these critical financial decisions in different directions (Alhenawi, 2013; Artavanis & Karra, 2020; Fan & Chatterjee, 2019; Lusardi et al., 2010; Mitchell & Lusardi, 2015).

Research Methods

Given the limitations of existing knowledge regarding loan borrowers' understanding of the student loan repayment process, the use of a qualitative approach is appropriate to provide a detailed analysis of this experience. In qualitative approaches, the researcher collects data from a smaller number of participants to identify and describe shared human experiences based on reflective and inductive analysis and the interpretation of the participants' accounts (Creswell & Poth, 2018; Maxwell, 2012). In addition, the use of qualitative methods was useful for exploring and understanding the complexities of student loan debt and repayment through the voices of the students (Bhattacharya, 2017).

Study Site and Participant Recruitment

Gulftown University (a pseudonym) is a large, diverse, urban university located in the southwestern United States. The total enrollment at Gulftown University for the 2018–2019 academic year was approximately 46,000 students, of which approximately 37,000 were undergraduates. The racial/ethnic

breakdown was as follows: 33% Hispanic, 23% White, 22% Asian American, 10% Black, 7% international students, and 5% other. The diverse student population at Gulftown University has led to it being federally classified as both a Hispanic-Serving Institution (HSI) and an Asian American and Native American Pacific Islander-Serving Institution (AANAPISI).

After receiving approval from the institutional review board (IRB) at the study location, the researchers recruited study participants through a collaboration with Gulftown's financial aid office. In spring 2019, the office sent out a mass email to students who were graduating that semester and who had accrued at least \$20,000 in debt. This amount was selected because the average federal loan debt for undergraduate borrowers who completed their programs at Gulftown University was \$20,000 (rounded to the nearest thousand) at the time of the study, according to the U.S. Department of Education's College Scorecard Data. Our target participants were college graduates, and not the average borrower; selecting \$20,000 allowed us to exclude students with lower debt amounts than the study institution's average to get a sense of borrowers who graduated with near or more than the average debt for all college graduates, which is approximately \$25,000 (The White House, 2022). Eligible participants who received the recruitment email were informed of the existence of the study and notified they would receive a \$25 gift card upon completion of their interview as an incentive to participate. In total, 34 potential participants responded to the recruitment email. Of the 34 respondents, the researchers were able to schedule interviews with 17 individuals. Table 1 includes demographic information of the participants, including their pseudonyms.

Table 1.

Participant Demographics

Name	Major	Sex	Race/ Ethnicity	Age	Par ent	Income
Albert	Political Science	Male	Black	22	N	\$60,001–\$100,000
Brook	Exercise Science	Female	Black	24	N	\$20,000 or <
Cece	Business Marketing	Female	Hispanic	33	Y	\$60,001–\$100,000
Cristobal	Kinesiology	Male	Hispanic	25	N	\$20,001–\$60,000
Christopher	Psychology	Male	Hispanic	22	N	\$100,001 or >
Doug	Philosophy	Male	Hispanic	25	N	\$20,001–\$60,000
Giselle	Religious Studies/ Psychology	Female	Hispanic	39	Y	\$60,001–\$100,000
James	Computer Science	Male	Hispanic	22	N	\$20,001–\$60,000
Joe	Chemical Engineering	Male	Asian/ Indian	24	N	\$20,000 or <
Laura	Nutrition	Female	Black	23	N	\$20,001–\$60,000
Len	Chemistry	Male	Asian	23	N	\$20,000 or <
Lisa	Technology— Digital Media	Female	Hispanic/Wh ite	36	N	\$20,000 or <
Marissa	Economics	Female	Hispanic	45	Y	\$20,000 or <
Patty	Psychology	Female	Hispanic	24	N	\$20,001–\$60,000
Roberto	Computer Engineering	Male	Hispanic	24	N	\$60,001–\$100,000

Ty	Management	Male	Black	48	Y	\$20,001–\$60,000
Veronica	Public Health	Female	Black	22	N	\$20,001–\$60,000

Data Collection

Qualitative approaches and the exploration of participants' lived experiences primarily rely on interviews for data collection (Seidman, 2006). Data collection occurred through semi-structured, face-to-face interviews that lasted between 45 and 75 minutes. The interview protocol focused on asking questions pertaining to the students' borrowing experiences during their college careers. Questions were designed to (a) solicit participants' perceptions regarding the information they received when they borrowed loans, (b) assess their knowledge of how much debt they incurred, and (c) explore their expectations and knowledge of the student loan repayment process. Sample questions included the following:

- How well do you understand your loan repayment rights and obligations?
- How much do you expect to earn after graduation?
- How well do you understand how much your monthly payment will be after graduation?

During interviews, students reflected on their decisions to borrow while in college and how they intended to navigate repaying their loans. The semi-structured interview process allowed participants' responses and subsequent questions to guide the remainder of the discussion about their perceptions and knowledge of repayment.

Data Analysis and Trustworthiness

Interviews were recorded, and audio clips were transcribed verbatim. Audio transcriptions were then reviewed by comparing the text against the audio. Once the data was confirmed, transcriptions were uploaded into Dedoose qualitative software to be used for coding and analysis (Salmona et al., 2019). The analytic process involved identifying and open-coding significant statements from the transcription data (Strauss & Corbin, 1998). We developed initial deductive codes, which were informed by our conceptual framework and prior research. In the next phase of the data analysis, we met as a group to categorize and place our codes into themes (Saldaña, 2015). To address interrater reliability, each researcher worked individually to code responses from the data transcriptions. We then met multiple times to discuss and revise codes to resolve discrepancies in the coding scheme. During these meetings, our goal was to come to a consensus on their meaning. We reviewed and compared statements across participants, then the most representative quotes were agreed upon and chosen to support emergent themes identified during the initial coding process. A description and presentation of those themes are presented in the findings.

Limitations

A few limitations warrant consideration when interpreting the findings. First, the following findings are contextualized within the study institution and cannot be generalized to other types of institutions; however, qualitative research does not seek generalizability but rather credibility of the findings. Another potential limitation of our study is that students may have responded to the invitation to be interviewed because they felt comfortable discussing their debt and finances more generally. Selection bias is also prevalent as most of the participants in the sample identified as students of color, with one identifying as both White and Hispanic; this was despite our efforts to recruit a more representative sample based on the institution's student population. It is important to note that we did not consider race or racial/ethnic identity as a factor in our data analysis. However, we felt it was important to acknowledge that our study participants were mostly students of color perhaps given the study institution's dual Minority Serving Institution status as an HSI and AANAPISI. With a more representative sample of racial/ethnic groups, our

study's findings may have yielded different results and other student groups may have given different perspectives regarding how they understand and make sense of student loan debt and the repayment process.

Findings

Our study was guided by our conceptual model (see Figure 1), which was developed from prior research on student perceptions of and contexts with student debt and the role of financial literacy on students' repayment and postgraduate plans. Specifically, we explored how recent college graduates made sense of student loan repayment and the role that entering repayment played in shaping their educational and career decisions after graduation. We organized our findings by discussing the following:

- 1) The perceptions and knowledge of loan repayment (RQ1).
- 2) The influence of loan repayment on postgraduation plans (RQ2).

What follows is a description of the themes that aligned within these foci.

Perceptions and Knowledge of Loan Repayment

Prior Experiences with Debt. Participants who had prior experiences with debt other than student loans demonstrated a knowledgeable sense of financial literacy. They displayed this prior knowledge when discussing repayment and the financial actions they took, such as budgeting while in school or putting money away for savings. Since several of the study participants were older in age, many of them had learned about loans via other forms of borrowing (credit cards, house loans, etc.) or at their jobs. Participants shared their confidence toward repayment because they had previously thought about the debt or were very aware that repayment was approaching. Roberto, for example, explained that the first time he learned about loans was while working at a payday loan company:

Well, I know a lot about APR and financing and all that. Repayment, acceleration, all that. I would call people constantly about that. So I am familiar with this. Though that was the first time I had kinda learned heavily about loans.

Roberto's quote highlights his prior situational context and how that helped him apply those learned financial literacy skills toward borrowing for school and thinking about repayment.

While prior contexts varied, several participants noted institutional-specific experiences where they had to borrow loans at their previous institutions (e.g., community college), as many of the participants had transferred to Guilford University. Doug described such an experience with this type of borrowing:

I have been through debt before, and I've been in this situation, and it has its worth, and obviously I'm still trying to pursue graduate school. I'll study philosophy because it's so much of who I am, but in terms of worth, it's a lot of money.

Prior encounters with debt provided participants with a sense of familiarity and comfort as they entered repayment. Cece, for example, pointed out how her prior debt obligations provided her the confidence that she would be able to repay her loans:

We own our house and cars now; everything is paid off there. But, like I said, we've got credit card debt and then we've got my school loans. So once we pay those things off, then we'll be solid. The idea is to live debt-free from here on out. Like I just ... you get to a point where you're just tired of interest.

Cece's reflection about her ability to pay off the prior house and car loans shows that she was not bothered by the upcoming responsibility of student loan repayment. She continued this sentiment in the following statement:

I don't feel overwhelmed by [repayment]. I think I would if I hadn't been paying other things in the process. If I didn't have the real-life concept of what loans do to people, I think that, yeah, I would probably feel overwhelmed, but I don't. I feel very optimistic. I feel ready to do it.

Roberto, Doug, and Cece demonstrated an ability to handle the looming repayment process simply because they had past experiences with paying off other types of debt. While some participants did share feelings of uncertainty that are discussed later in the findings, it is important to note those who did not. These participants demonstrated a beneficial aspect of prior debt from previous contexts that manifested into a sense of self-assurance toward their student loan debt. The understanding that participants had because of their prior experiences with debt also translated into a heightened awareness surrounding the repayment process.

Awareness. Having had experiences with debt from prior institutional or situational contexts provided participants with a sense of awareness toward the repayment step. Specifically, participants were generally well-informed about their student loan debt or monthly repayment amounts. Christopher's general awareness of his loans was expressed through his desire to pay off his debt as soon as possible: "So I'm not having to, like, ... live my life off of these loans. I know that they follow me. I'm just trying to get rid of them." Along the same lines, Doug, who had yet to complete exit counseling, demonstrated his knowledge of how interest affected the repayment amount: "I know there's some capitalizing interest thing; I think it just really seems like the more time you take to pay it off, it could double on you." Doug's acknowledgment of interest accumulation and his understanding of the benefits of a timely payoff reinforced his awareness of the debt.

We found that most participants also exhibited a general understanding of how interest rates worked and the consequences of not paying back their loans. For example, after speaking with the university's financial aid office and Federal Student Aid (FSA) staff, Ty started paying off the interest on his loan while he was in school so it would not accumulate. Thinking further out into his postgraduate plans, Joe thought about his debt as he weighed both his college and career options, inclusive of the salary that would allow him to repay it:

I looked at kind of the salaries that chemical engineers make throughout the country [and] I looked at just the student loans that most students get. Not just at [Gulftown University] but through most schools, and [Gulftown University] turned out to be way cheaper than everyone else's. I don't know where I got the idea, but I said if I pull out enough ... I won't pull out more money than one year's salary. I said then that's doable and that's reasonable. Here I am, and it's kind of spot on to that, and it worked out.

Joe's quote about limiting how much money he would borrow demonstrated his understanding of how his decisions during school would impact his repayment amount and the potential long-term effect it could have on his postgraduate plans.

During the initial process of borrowing money, Laura considered not paying her loans off; ultimately, she committed to trying because she understood the repercussions it would have on her postgraduate plans if she did not:

At first, I was willing to put myself in so much debt without being sure, but now I'm sure and I'm still willing to put myself in a lot of debt, and I don't know if I'm ever going to pay it off. It's not

that much of a concern to me, kind of, but it is because defaulting, it's going to become a reality. So it's just kind of like, I don't know, but I'm just going to keep trying.

Several other participants expressed sentiments like Laura's, revealing the duplicitous nature of loan debt awareness. Being aware gave some participants enough confidence and a general understanding of their loan debt to prepare for the repayment process. Others, like Laura, were merely aware of the consequences that come with borrowing money (getting into debt) and the future responsibilities it brings (repaying the debt). The reality of paying back student loans is an aspect of the borrowing process that all participants were aware of regardless of if they held the financial knowledge or experience to help them do so. Moreover, it was a reality that they would not have to face until the moment that the student loan repayment was expected to start.

Out of Sight, Out of Mind. As they reflected on their reasons for borrowing, our participants confronted the reality of starting repayment in different ways, but generally, they didn't plan on thinking about repayment until graduation. Veronica stated:

I did have a rough estimate, but I kind of didn't want to think about it. I was just like, "Okay, I'll just wait 'til the end and see the final amount." That way, I'm not stressing about it during my time here. I was just like, "Okay, I'll wait." You know? I don't think I'm stressed about it. I feel that there are people who have had to pay for housing all four years, so theirs is probably significantly more, so I feel that even if I was to get a stable job and work a year or two, I feel that it could be paid off if I just manage my budget well.

Like several other participants, Veronica was confident in her ability to repay her loan as long as she was working and budgeting appropriately. Similarly, Laura described her apathy toward repayment while still in school:

I don't know what it is—it's the way they present debt, is it only hits you after or something. During, you just, I guess you have a one-track mind. I just need to go to school, that's all that matters. Then you graduate and your whole focus shifts, and it's like, oh wait, I've got to pay that back. And it's like, oh, I actually, really have to pay that back. It's not like ... it's now, not later. It's an effect of later that kind of makes you take more than you need.

Laura's sentiment about putting off the thought of repaying loans until later was also felt by several of the other participants. Some, like Roberto, thought very little about their loans: "I did kind of go over the basic information when you first get a loan, which you kind of gloss over, I'll be honest. And I was young, so I just kinda glossed over it." This could be because many students, like Roberto, only get exposure to their loan information during entrance counseling when they first borrow a loan.

Students may not think about repayment or how much they have borrowed until they complete the required exit counseling, which typically does not occur until six months after they drop below half-time enrollment or they complete their program of study (Klepfer et al., 2015). Consequently, those who have transferred to another institution or are enrolled in school for several years may not receive loan counseling or repayment information again until they eventually graduate, which leaves missed opportunities to educate them about the debt they are incurring. Additionally, the materials used to cover such student debt information are generally extensive and complex (Webster et al., 2017). It is important to note that some institutions require students to complete entrance counseling each year they borrow a loan as part of their cohort default management plan, but federal student loan counseling is only mandatory twice: for entrance and exit counseling sessions (Klepfer et al., 2015). In addition, loan servicers are also responsible for reaching out to help students understand the various repayment or postponement-of-payment options. However, this might be too late to ensure students are making informed decisions about repayment.

In our study, participants described how easy it was to accept and borrow the loans, but the thought of repayment rarely crossed their minds while they were in school. For example, Roberto stated:

I'll just worry about it [when repayment starts]. I imagined it's going to be some sort of fixed payment plan, about 10 years, and I calculated that I wouldn't have to pay more than about \$400 [a month], depending how much I borrow.

Many of our participants shared Roberto's perspective of thinking about repayment as a future problem to worry about later. Laura stated:

I don't even know the specifics of the loan. I don't know. I don't know. I feel like I get the emails, but they're so daunting, I don't even click on them. It's kind of like that. I especially didn't click on them while I was in school, but now I might click on them to see what's going on. ... It's like, during college, I definitely didn't give it serious thought because I had four or five years. Now I have six months, and I'm still just kind of cruising along.

Laura described what many of our participants said they were feeling about repayment while still in school: the notion of out of sight, out of mind. As they continue to take classes and accumulate student debt, many don't fully comprehend how much they have borrowed. Not understanding the enormity of student debt is an issue that has been ongoing for decades and the subject of multiple studies (Akers & Chingos, 2014; Andruska et al., 2014; Hira et al., 2000; Holland & Healy, 1989). Without a clear understanding of their student debt, students' postgraduate financial well-being can suffer, which in turn can affect their anxiety (Norvilitis & Linn, 2021).

Emotional Weight of Repayment. Students exhibited a mixture of emotions when it came to discussing their feelings toward repayment. Participants expressed both anxiousness and stress, which contributed to negative feelings about repayment. Some participants expressed disappointed because their debt deterred them from helping their parents financially or from making large purchases. Others were less concerned overall but still worried about how their debt would impact their postgraduate lifestyles. Marissa, for example, acknowledged the potential negative effects of having student loan debt yet viewed the repayment of it optimistically:

I know that having this much debt is going to cause some level of stress and it's going to hinder some of our leisure activities. But, again, I don't anticipate it taking us very long to pay it down, and I think we're going to be okay.

She then went on to say:

When you have that large of a debt looming over you, it definitely hinders some of your freedoms in terms of what you can do. Are we gonna be able to take a bunch of vacations the first couple years? No. Probably not.

In contrast to Marissa's outlook, Veronica acknowledged the pressure that comes from dealing with repayment as well as the multiple years it may affect her postgraduate decisions—which aligns with the longstanding timeline that most undergraduate borrowers face to pay off their student loan debt (Velez et al., 2017). Veronica added:

If I stressed out about debt ... I mean, what can I do, right now, to take care of that debt? Nothing, right? So why would I let it impact my mood, impact my life, right now, you know? So eventually, I have an end goal and I know the steps that I need to take to be able to handle that debt. As long as I have a plan in place, I feel that it's okay, you know?

Veronica's take on debt was steeped in acknowledging the reality of her current situation while continuing to plan for the postgraduate future. She purposely made a point to not let the strain of repayment impact her mental health, nor let the debt overwhelm her.

Albert reiterated this viewpoint but with a higher sense of anxiety, as he had chosen to avoid reviewing important repayment information about his loans. "So I haven't looked at my interest rates, I'm not going to lie to you. I really haven't done much, yeah ... I don't feel like getting myself worked up now." Similarly, other participants exhibited anxiousness as they discussed the limited information given to them about repayment. Len shared how he had to research information about loan repayment on his own:

I felt like the entrance counseling wasn't enough, that there would be something behind it and more to it. So I started looking on all sorts of news articles about how much students borrow. And then I also read blogs and from Reddit as well, from students borrowing money, like how they plan to repay it or what they knew about it.

For Len, loan repayment meant that he couldn't support his mom in the way he had anticipated: "I guess that money, instead of me paying off the student loan debt, it probably could have been more money I sent to my mom to support her."

Much of the anxiety exhibited by participants about loan repayment was also tied to whether their postgraduate plans included secure full-time employment. Lisa described this further as she addressed her concern over her starting salary:

I was expecting to come out at a higher pay, and I'm at a much lower pay than I thought, so that's really rough. That feels like not worth it at the moment, but the company is supposed to be growing. And if I grow and my pay grows quickly, then I'll be like, oh, it was totally worth it.

Patty, who had yet to secure full-time employment, expressed similar fears regarding her and her father's ability to repay, since he took out a parent loan to help her pay for college. She explained that anxiety:

I'm worried right now I won't be able to pay it back, and my dad took on that responsibility as well, and I know he's, you know, he doesn't want that responsibility, so I don't want to disappoint him in that way. So, yeah, I do have a lot of anxiety and I do get a little bit stressed out ... maybe I shouldn't take out these loans, and I would talk to my dad, and he'd just say, "Okay, know what? Take them all because what if you don't find a job after college and you need to pay for rent or whatever, you can have that money to back you up."

Despite her uneasiness with taking on the debt, Patty leaned on her father's advice to consider using student loans as a means of postgraduate support in case she could not find a job to cover living expenses—a situation she found herself in at the time of this study. Not surprisingly, other participants who had not yet secured employment expressed feelings of stress from their debt. In contrast, those who had landed full-time jobs were ambitious about paying back their loans, which we discuss in the next section.

Influence of Loan Debt on Post-Graduation Plans

Confident (or Optimistic) Payoff Plans. As seen in prior research (e.g., Fletcher et al., 2015), several participants expressed confidence regarding their ability to pay back their loans. This confidence was closely tied to salary and full-time employment upon graduation. For example, James stated: "Once I finish my bachelor's, I already have a job—a pretty well-paying job, and it's, like, it's not overwhelming whatsoever. I'm pretty confident I'll be able to pay it back pretty quickly." He pointed out that having a

well-paying job does not make the thought of repayment overwhelming. Roberto, who also had a full-time job lined up, expressed similar feelings:

Once my car payment is gone, I'm going to start immediately making payments on my student loans, which would be about a month, a month and a half from now. ... I'll be able to just focus on my student loans. ... Every paycheck, I'm going to be putting a thousand directly towards my pay loans.

Marissa, who shared that she and her husband had already talked about their postgraduate repayment plans, exhibited similar views:

My husband and I have actually discussed what we're going to do ... we've decided that we are going to live very modestly. Maybe even in a trailer somewhere. And pay it all off as fast as possible in the beginning. And then once we've paid it off, we can easily secure a loan through the VA and get ourselves a nice little house somewhere, but not until we've slayed the student loan dragon.

Marissa stated that she and her husband, who had already secured lucrative employment but had yet to graduate, planned to live frugally for the sake of paying down their debt. These participants had a perception of repayment that was heavily influenced by their established postgraduate employment plans, leading them to view repayment as both a possibility and a priority.

Postponing Personal Goals. All of our participants spoke about how their postgraduate goals had been stymied due to repayment. Whether it was the desire to buy a house (Roberto and Joe), live abroad (Christopher), attend medical school (Brook), or save for retirement (Cece), students' aspirations had to be put on hold. Lisa had expressed a desire to start her own business but acknowledged that she might have to hold off on that goal for a few years—a consequence of student debt found in other research (Baum, 2016). Joe said he had to reconsider making any big purchases until his student debt was paid off:

One thing is now I'm graduating, I have this big salary offered to me, and I'm thinking like, man, I should go buy a boat, we should buy a new car, this and that. But then after looking at my loans, I'm like, I gotta wait a few more years before I can do all that. But that's okay. It's not really a big deal. But other than that, I don't think my actual life goals have changed in that sense.

Some participants (Roberto and Lisa) said they had to move back in with their parents or were not able to move out because of looming repayment. Christopher, who took a job with Teach for America to take advantage of loan forgiveness, revealed that he would have to rely on his family to help with repayment. Similarly, other participants (Doug, Laura, and Veronica) discussed the possibility of joining AmeriCorps or the Peace Corps just so they could reduce their loan debt.

Delaying Graduate School. All of our participants mentioned the desire to seek advanced education, and prior research has shown that many students have to delay going to graduate school because of their student loan debt (Baum, 2016). Giselle wanted to pursue graduate school but had to reconsider after she learned of the costs. Because of loan repayment, she had to prioritize work over graduate school, as she explained:

Now that I know, but even dealing with the debt that I already have and with just stuff that kind of gets put on the back burner while I was finishing this degree, if I had extra, extra money, I would totally be able to start soon and just, "I don't need to work, I'll just go straight [to graduate school]." But I do need to.

James expressed similar educational aspirations but said the costs of paying for an advanced degree on top of his existing loan debt paused those ambitions. He decided to start working so he could first pay back his undergraduate student loans:

I wanted to go to grad school right away. But I can't afford it, and I know grad school's more expensive, and I didn't want to take out more loans. So I decided to just start working right away. Because I want to get my PhD, ultimately, but I can't afford it. And I can't have my mom keep just paying off my education.

Similarly, Brook was adamant about her desire to pursue medical school but was discouraged by her loan debt along with the costs associated with applying. All of this meant that she would have to delay applying:

I know I for sure will pursue medicine, I just don't know when. I think the biggest factor in debt is when, because I might have to spend time working. My goal is to apply next year. The biggest reason why I wouldn't apply next year is, one, if my medical stuff is not good, and then, two, if I physically don't have the means to apply because most people spend maybe \$1,500 or more on applications and that's even if you don't apply to a lot of schools. And then, if I'm paying off student debt, then it's going to be difficult to save up that amount of money, if that makes sense. Those are the factors, and then I have to take the MCAT, and that test is \$800.

Like Brook, Giselle, and James, several of our other participants expressed their concerns about the costs associated with attending graduate school. Many stated that they did not want their parents to help them nor were they willing to take on more loan debt for graduate school. Laura contemplated if it was worth going to graduate school because of how much debt she already had:

I'm thinking about graduate school, but it's, like, the amount of debt, is that smart? I don't feel like it is. I don't feel like it's smart for me to go to graduate school because of the amount of debt I have. If I had no debt, maybe I would go right away. ... I'm incurring this debt, I'm here now, and going back to school is only going to put me into more debt.

Laura's fear of prolonging when and how much she would borrow is a shared trepidation among our participants, with specific concern surrounding the increased debt needed to continue into graduate school (Johnson et al., 2016). With an increased need for and access to additional student loans, students will borrow more; however, there is a low likelihood that more student debt will lead to better academic outcomes (Denning & Jones, 2021). Therefore, our participants' foresights on delaying graduate school to avoid taking on more student debt were well founded.

Discussion

The data analysis from this study reveals several important takeaways and insights into the mindsets of college students entering the repayment phase of student loan debt. Collectively, our study participants gave a spectrum of feelings around repayment, including fear, acceptance, and confidence in facing the debt. The mixed reactions came from both known experiences with debt, particularly from prior debts that participants had faced, and unknown experiences with debt. Having prior experience of varying contexts with debt has been shown to promote a strong sense of financial ability and acceptance, whether it's from some degree of parental guidance (Fox et al., 2017; Johnson et al., 2016; Norvilitis & MacLean, 2010) or encounters with other noneducational debt (Zerquera et al., 2016). Markle (2019) found a similar relationship between financial literacy and borrowing, noting that students with higher financial literacy perceived their student debt accrual as a positive financial strategy.

As participants shared their experiences with general debt and their awareness of their own student loan debt, most did not mention getting assistance from the institution or loan servicers. Even though participants perceived student loans as obligatory debt, that belief was obtained in a convoluted manner from their institutional context. This finding touches on two points present in the literature: very few college students can attend college without some form of grant aid or student loans (Webster et al., 2021), and the

services available to assist students in taking out loans, including loan servicers, are generally unclear and complicated (Darolia, 2021). The lack of understanding that students exhibit regarding their own student debt includes not knowing how much they borrowed nor the price of college as related to the earning potential of their degree (Akers & Chingos, 2014; Andruska et al., 2014; Johnson et al., 2016; McKinney et al., 2015). The mismatch highlighted between financial literacy and student debt is typically founded on negative stereotypes associated with borrowing for college (Markle, 2019), potentially supporting the generally negative perceptions that students have toward their student loan debt (Archuleta et al., 2013; Britt et al., 2017; Noopila & Williams Pichon, 2020).

In seeking to determine whether this sentiment has changed over time, Callender and Mason (2017) found that students of low-income backgrounds remain more debt-averse than students of higher socioeconomic statuses. Such studies revealed an information gap that certain student groups have based on their individual characteristics when making or avoiding decisions to take on necessary student debt. Our participants knew and made clear that loans were necessary to go to college, and they also understood that these loans must be paid back. As referenced in the literature, the requisite nature of student debt typically results in a heightened sense of worry toward repayment (Norvilitis & Linn, 2021). Yet, these factors do not often restrict a student from continuing their degree path nor from borrowing more if needed. The typically easy entry into acquiring loans paired with little guidance given to students on how much to borrow (Barr et al., 2021) often ends with a sudden large bill that brings about well-documented financial stress and anxiety (Montalto et al., 2019).

For many of our participants, repayment was viewed as a distant preoccupation that became more worrisome as graduation approached. Previous research has found that students' reported confidence or emotional state can change as repayment draws closer (Baker, 2019), and we found our participants reported a similar pattern. The anxiety was related to the amount of debt and how that debt could or already did affect their postgraduate plans. However, there were a few contradictions worth noting regarding feelings of repayment, such as responding to the anxiety with confidence while also acknowledging their difficult situation. Participants clearly expressed their anxiety over repayment, but they also exhibited a resilient attitude toward tackling their debt.

It is important to note that our participant sample consisted mostly of adult learners. This nontraditional college student group reflects the diversification of age in the college-going—and thus borrowing for college—population (Osam et al., 2017). Adult learners face a unique mix of challenges in their pursuit of and borrowing for higher education. Such challenges include managing time and college costs alongside family and job demands, which can at times lead to difficulties accessing federal student aid due to requisites like full-time enrollment (Bowers & Bergman, 2016; Osam et al., 2017). The challenges this nontraditional group faces entering a higher education system geared toward traditional students has resulted in millions of indebted adult learners who may or may not have a college degree (Scobey, 2020). In fact, the increase in the number of nontraditional borrowers, inclusive of adult learners, has been found to be associated with an increase in student default rates (Looney & Yannelis, 2015). At the same time, adult student borrowers tend to have more experiences with financial matters, greater financial literacy, and potentially more financial resources from having time in the workforce to help them with repayment (Gross et al., 2009).

Findings from the current study suggest that information on and assistance with financial aid and college affordability should include a sociocultural approach that acknowledges a student's level of financial literacy (Fan & Chatterjee, 2019; McDonough & Calderone, 2006), particularly starting in high school (Mitchell & Lusardi, 2015). In doing so, socioeconomic differences and the varying perceptions of borrowing for college that come from those differing socioeconomic positions (e.g., Perna, 2008) can all be considered. Having proper programming in place that heightens focus on the transition into repayment can help students successfully handle their student debt and maintain their postgraduate goals. Programming

that is meant to offer financial assistance or alleviate the financial burden caused by loans can affect students' postgraduate decisions and career choices (Smith, 2021). With more qualitative methods in use to explore the power of perception on student borrowing, similar methods can also be used to better understand how students perceive their relationship with and repayment of their student loan debt.

Conclusion

In this study, we explored how recent college graduates made sense of student loan repayment and how this process influenced their educational and career decisions after graduation. Although the federal government has long provided access to college via student loans and other Title IV financial aid programs, postsecondary institutions have an obligation to empower students to make educated financial decisions while they are enrolled and upon completion of their degrees. Our findings underscore the need for financial aid administrators to continue providing and improving financial aid education and literacy programming in college while students are accumulating debt, especially as these students enter student loan repayment. This is particularly important when considering that effective services, such as in-person counseling and loan education sessions, are often the first types of resources targeted by budget cuts (Fernandez et al., 2016).

Research indicates that society benefits both socially and economically when students can successfully repay their loans (González Canché, 2017). However, once these students leave their institutions, regardless of whether they graduate or not, the question remains: What is the institution's responsibility for the consequences of the loan debt that their students accrued? Holding institutions accountable for adequately preparing students to pay down their loan debt starts when they increase their awareness of how finances influence student behavior (Montalto et al., 2019). Moreover, increasing our understanding of the decisions students make regarding incurring student debt is essential in keeping college accessible and affordable (Castleman et al., 2015). This knowledge can also aid both colleges and policymakers in improving the complex financial aid system already in place. Simplifying loan repayment is a principal goal in the Biden Administration's student loan relief plans (The White House, 2022).

This study adds to current knowledge by calling attention to student perceptions, feelings, and understandings about student debt repayment and the potential long-term influence the repayment could have on borrowers' postgraduate lives. Repayment is the final stage of the student borrowing process that occurs long after initial college enrollment, and it therefore tends to be overlooked when discussing the student loan debt crisis. Research on student debt can also paint a bleak picture of how students fare without giving space to the resilient attitudes expressed by this study's participants when facing student loan repayment. By better understanding the perceptions of repayment that college students have, inclusive of being capable or fearful of transitioning into that phase of the student debt process, the better and earlier institutions and policymakers can prepare to assist student borrowers with a manageable and successful repayment process.

Nexus: Connection to Practice

- Deciphering and understanding how the student loan repayment process works, along with borrowing and all the details involved, requires external support (e.g., financial aid office assistance, entrance and exit counseling, financial literacy programs). A lack of support means borrowers must rely on their prior experiential knowledge with loans or exhibit a willingness to find the information themselves.
- Implementing on-campus financial wellness programs is an important strategy that could help students develop skills for making wiser financial decisions that can influence their lives after graduation (Montalto et al., 2019), specifically those that include discussions around employment

opportunities and federal loan forgiveness program options as related to the student debt amount borrowers graduate with.

- Institutions must be more proactive in creating and providing financial aid programming that targets the entirety of the student loan process, especially the transition into and through repayment and the importance of debt repayment as a metric of student success.
- Institutions should also develop loan counseling initiatives with the goal of informing student borrowers of graduate school options that are made accessible without student loans via graduate assistantships and fellowships that cover tuition costs.
- Given the recent student loan relief announcement by the Biden Administration, it is critical that borrowers reach out to their loan servicer or the Department of Education to better understand the various repayment plans, requirements, and potential loan cancellation options available to them.

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