Resilient But Deeper in Student Debt: Women of Color Faced Greater Hardships Through COVID-19

Stories of the Impact of COVID-19 on Women's Finances and Their Capacity to Repay Student Loans

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About The Center for Responsible Lending

The Center for Responsible Lending (CRL) is a nonpartisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of Asian, Black, Latino, rural, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. Our work leverages the strength of partnerships with national and local consumer and civil rights organizations.

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Executive Summary

Women carry about two-thirds of the $1.7 trillion of federal student debt, with Black women more than twice as likely as white men to owe more than $50,000 in undergraduate student loan debt.[1] The COVID-19 crisis has exacerbated the financially unstable positions of many women, furthering gender disparities.[2] The Center for Responsible Lending (CRL) commissioned four focus groups with women who voluntarily or involuntarily left the workforce during the pandemic and conducted descriptive analysis on publicly available datasets. CRL's research sought to analyze how women's finances have changed over the course of the past two years and what implications these changes have had on women's long-term financial well-being and their ability to repay outstanding education debt. This research fills in a gap in academic literature by centering the perspectives and experiences of female borrowers.

Women carry about two-thirds of the $1.7 trillion of federal student debt, with Black women more than twice as likely as white men to owe more than $50,000 in undergraduate student loan debt.

Overall, findings indicate the widespread disruption in employment due to the pandemic have had a profound impact on women, their families, and their finances. Despite demonstrating immense resiliency, the worst outcomes have disproportionately harmed women of color. Recognizing that the COVID-19 crisis has reshaped women's relationship to work and their ability to save for the future, it is essential to tailor policy solutions that will enable women to meet their short-term financial obligations and not have outstanding student loan debt encumber long-term financial planning.

While the temporary pause on student loan payments during the pandemic allowed women to focus on immediate expenses, most of the women we spoke with do not feel prepared to resume payments without difficulty. To alleviate the financial suffering of millions of women, policymakers must provide universal debt relief and improve repayment options for the millions of borrowers whose outstanding student loan debt is preventing them from building wealth.

The results of the analysis:

- Due to increased childcare responsibilities, as well as the high-contact, low-wage nature of many women's occupations, women of color and women in jobs who could not go remote have less job security today than pre-pandemic.
- The economic gains made through 2021 were not shared equally across racial groups. Women of color continue to experience financial hardship paying for necessities.
- Student loan debt burdens remain at staggering levels, despite the payment pause. Black women and Latina borrowers typically have higher student loan balances than white women, making repayment more difficult.
- Although the focus group participants found the student loan payment pause helpful, they worry about their ability to start paying again once payments resume.
- Because of the difficulties faced repaying their student loans, women are reluctant to incur more student loan debt for themselves or their children.

Section 1: Background

The COVID-19 pandemic has been especially tough on women. Millions lost jobs or saw their hours severely reduced, and many are not back in the workforce to the extent they would like to be. Mothers of young children were forced to take time off from work when schools and daycare facilities were closed during lockdowns. To reduce the financial hardship suffered by the millions of Americans who experienced joblessness due to COVID-19, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In addition to providing trillions in federal aid through economic stimulus payments, augmented unemployment insurance, and state and local relief for missed rent and mortgage payments, the CARES Act also paused payments on federal student loans, halted the accrual of interest on federal loans, and granted clemency to non-defaulted delinquencies on federal student loans through September 30, 2020.

Since President Biden entered office in January 2021, his administration has extended the payment pause twice so that student loan borrowers whose finances have not fully recovered from the pandemic will not be saddled with unaffordable student loan payments each month. A recent report by the Consumer Financial Protection Bureau (CFPB) found that more than 5 million student loan borrowers have two or more potential risk factors that make them more likely to default on their student loan payments.[3] Accordingly, many borrowers have expressed concern that while the payment pause has helped them weather the economic fallout of the pandemic, it is an insufficient policy that does little to address the fact that their current student loan debt is an insurmountable burden. Even prior to the pandemic, one in four borrowers were behind on their payments or receiving assistance to keep their payments current.[4] It is well-documented that this burden weighs heaviest on women and Black borrowers—both groups that had been promised that postsecondary education was the path to economic prosperity for themselves and their families.[5]

A 2021 report authored by the American Association of University Women found that, on average, women have $31,276 of student debt with their average monthly payment a year after graduation being $307. Average annual earning expectations with a bachelor's degree are $35,338.[6] We also note that between December 2019 and March 2022, 1.2 million women have left the labor force.[7] It is unlikely that women who have left the labor force will be better prepared to resume making monthly payments on their student loan debt. Moreover, as the costs of childcare have drastically increased since the start of the pandemic, for many women student loan debt will be the proverbial straw that breaks the camel's back.

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For the millions of student loan borrowers who are women and people of color, and are disproportionately affected by student debt, prolonged repayment plans prevent them from starting families, investing in businesses, going back to school, and buying homes. Consequently, our lack of debt-free education opportunities for borrowers of color is widening the racial wealth gap. CRL research has found that the racial and gender wealth gaps contribute to issues in repayment.[8] While a typical white male borrower pays off almost half of his balance within 12 years of starting college, the balance of a typical Black female borrower grows by 13%.[9] Black women are twice as likely as white men to currently owe more than $50,000 in undergraduate student loan debt.[10]

To ensure that women and borrowers of color can build wealth and improve their overall financial health, a permanent fix to the student loan debt crisis is necessary. This report provides insight into the effects COVID-19 has had on women's ability to repay their existing student loan debt in the future.

Section 2: Methodology and Limitations

Methodology

To provide a deeper understanding of the financial hardships faced by women who experienced a disruption in their employment during the pandemic, this mixed-methods study used a quantitative analysis of economic data and qualitative analysis of four focus groups. The focus groups included women who experienced a disruption in their employment during the pandemic and who have taken out student loans. The focus group participants also responded to two exit surveys, allowing CRL to conduct further analysis to describe the participants.

Household Pulse Survey Analysis

For the quantitative analysis presented in this report, CRL identified and analyzed publicly available datasets measuring the economic impact of COVID-19 on women across a series of attributes. We collected the data analyzed from the Census Bureau's Household Pulse Survey (HPS), a nationally representative online survey that studies the social and economic impact of COVID-19 on U.S. households. Using the Census Bureau's Master Address File, the HPS selected a sample of households across 66 different areas spanning all 50 states and Washington, D.C. Beginning in April 2020, the HPS has asked questions on topics related to financial well-being, including household spending, food security, housing, and employment.

> **For the quantitative analysis presented in this report, CRL identified and analyzed publicly available datasets measuring the economic impact of COVID-19 on women across a series of attributes.**

CRL analyzed survey results from HPS "Week 13: August 2020" and "Week 36: August 2021." We chose HPS Week 36 for analysis because it was the first sample that featured questions regarding the Child Tax Credit and was collected during a school month. HPS Week 13 allowed for a comparative snapshot for conditions such as loss of employment, food insecurity, and housing insecurity. We conducted the descriptive analysis of HPS by disaggregating respondents by race, ethnicity, and gender, and then applying the publicly available survey weights to render nationally representative results.

Focus Group Methods

In December 2021, the Farkas-Duffett Research Group (FDR), along with CRL, conducted four virtual focus groups with women across the country who had either voluntarily or involuntarily cut back their work hours or quit their jobs during the COVID-19 pandemic. The participants were recruited by Schlesinger, a professional focus group facility, through an opt-in database. Thirty-three women from across the country participated in one of the four focus group panels. Two of the focus groups included women who voluntarily left the workforce or cut back their hours during COVID-19 ("voluntary") and two included women who lost their jobs involuntarily via lay-offs or furloughs or had their hours severely cut ("involuntary").

All groups took place on the Zoom platform and were moderated by Steve Farkas or Ann Duffett, PhD, of FDR, whose analysis of the focus group participants' contributions is shared in this report. To ensure frank conversations, participants were assured confidentiality. The two-hour discussions followed a semi-structured interview protocol that generally asked a set of predetermined questions on a range of topics that included employment disruptions, financial well-being, student loan payment resumption, and changing household and family responsibilities. Moderators also allowed conversation to flow such that not all questions were asked of all participants and new lines of inquiry were pursued as necessary. The goal was to reveal first impressions, to get a deeper understanding of people's points of view and experiences in their own words, and then to probe to elicit further responses and encourage interaction among participants. FDR provided CRL with videos and transcripts of the focus groups.

In partnership with FDR, CRL researchers analyzed focus group transcripts to identify themes on subject areas including job security, ability to meet expenses, planning for long-term financial goals, financing education and job training programs, and the toll of balancing personal and professional obligations throughout the pandemic. Some of the most salient themes, along with direct quotes that support them, are presented in the Findings section of this report. The names of the women quoted have been changed to protect their anonymity.

Exit Survey Methods

Two exit surveys were administered at the end of each focus group: the CFPB Financial Well-Being Scale and a three-question survey regarding student loans. The CFPB Financial Well-Being Scale is a 10-question, multiple-choice survey. It is designed to allow practitioners and researchers to accurately and consistently quantify something that is not directly observable: the extent to which a consumer's financial situation and the financial capability they have developed provide them with security and freedom of choice.[11] For each answer choice, a number between zero and four is assigned. The sum of the numbers yields a raw score. Because participants were (a) all under the age of 62 and (b) read and answered the questions themselves, we used the "Self-Administered: 18–61" scale CFPB provides to convert the raw scores into scaled scores that fall between 0 and 100. Using the scaled score, financial well-being can be meaningfully compared between people. One participant left the focus group due to an emergency before the administration of the surveys; thus, there are 32 responses to the CFPB Well-Being Survey, rather than 33.

The second exit survey was designed specifically for this research project. It asked individuals for an approximation of the total amount of their outstanding student loans; about their readiness regarding resuming loan payments on February 1, 2022; and for whom they took their loans. Because four participants no longer have student loan debt, only 29 participants responded to this survey. The specific questions of each of the surveys can be found in Appendix A and Appendix B.

Focus Group Characteristics

CRL used three datasets to describe the focus group participants: screening information, the CFPB Financial Well-Being Survey, and a three-question student loan survey. First, Schlesinger provided screening information, including educational attainment, race, ethnicity, household income, and occupation industry. The "voluntary" groups included both women of color and white women, whereas the "involuntary" groups included only women of color. The make-up of the groups was similar in terms of demographics such as marital status, age, education, income, and state of residence, although the "involuntary" groups included several grandmothers who were raising grandchildren, whereas the "voluntary" groups did not. Twelve participants had graduated from a four-year college, 11 participants had completed some college, and seven participants had completed graduate school. The remaining participants had a certificate or associate degree (5) or a high school diploma (1). Screener information revealed the following breakdown by race and ethnicity: white only (6), Black (12), Hispanic/Latino (7), Asian (1), American Indian or Alaskan American (3), two or more races/ethnicities (3), and Native Hawaiian or Pacific Islander (1). A full breakdown of the sample by household income and occupation industry is available in Appendix D: Tables 1 and 2.

Data Limitations

The data collected by the HPS are limited insofar as survey respondents answer close-ended questions with predefined responses; responses are therefore only approximations of participants' experiences. Although HPS minimizes non-response bias by adjusting sample weights, potential survey respondents are contacted by text message or email. Thus, HPS cannot fully account for population mobility, non-response reasons, and the characteristics of non-respondents. The economic impacts of the pandemic affected people at different times. By drawing from two different weeks one year apart from one another, we attempted to mitigate some of the limitations associated with potential recency bias.

To measure disparate impact between those who left their jobs voluntarily or involuntary, CRL assigned a categorical variable to focus group participants: voluntary or involuntary employment disruption. When screening for participants, focus group candidates were asked to determine whether they had left their jobs voluntarily or involuntarily. Subjective differences in what qualifies as voluntary or involuntary meant that many women who shared similar circumstances had differing views on whether their employment disruption was voluntary. CRL found that a public health crisis complicates the notion of volition. If you are the only guardian of your 6-year-old child and cannot afford daycare, are you really leaving the workforce "voluntarily"? Because people perceive volition differently, our "involuntary" groups included women who had not been fired or furloughed. Thus, we could not reliably make distinctions between the voluntary and involuntary groups, and do not distinguish between the two groups in our findings.

The focus group findings are not intended to be interpreted as nationally representative. The comparisons of participants' CFPB Well-Being Scores to national averages suggest that the experiences of the participants could be indicative of other women's experiences.

Further, a few words of caution about the nature of qualitative research in general and the interpretation of the findings in this report: Focus groups are a valuable tool for exploring people's spontaneous views on a given topic and for uncovering underlying values that help explain why people feel the way they do. From a policy or communications strategy standpoint, they provide information on how to frame information to appeal to the values and mindsets that underlie people's beliefs. Focus groups are tremendously helpful for listening to people talk about issues, for uncovering the sources of their opinions and motivations for action, and for generating hypotheses for further research. They cannot, however, determine how many people hold a particular view, and their findings cannot be generalized to the population as a whole. Thus, the findings in this report describe the views of these particular working women and are not meant to represent the views of all working women.

Borrower Profile: **Audrey**

Although working at home enabled Audrey to supervise her daughter, who was in virtual school, it also brought new challenges: "It was very, very hard. And my daughter had all these missed assignments, and she didn't tell me. She was afraid to ask for help."

Audrey is a white female in her early 30s and a single parent of a 14-year-old daughter. She currently works remotely in customer service, but prior to the pandemic, she worked full-time at an automotive plant. When Audrey worked at the automotive plant, her parents assisted her by babysitting her daughter. Near the beginning of the pandemic, she was temporarily furloughed from her position at the factory. The factory asked her to return to work, but "they were not flexible" regarding work-from-home opportunities. Audrey did not ask her parents, both of whom are elderly, to watch her daughter because she feared they would be exposed to COVID-19. So, she stopped working at the automotive plant and found a part-time job in customer service that allowed her to work from home. At the new job, Audrey only earns half of the hourly rate she had earned working for the automotive company. Because she knew her income was going to be reduced, she opted to raid her 401(k) as she left her factory position. Cashing out her 401(k) early resulted in both a tax hit and the loss of the only retirement cushion Audrey had.

Although working at home enabled Audrey to supervise her daughter, who was in virtual school, it also brought new challenges: "It was very, very hard. And my daughter had all these missed assignments, and she didn't tell me. She was afraid to ask for help." She sought to balance helping her daughter succeed in a new learning environment with accomplishing her own occupational objectives.

Looking forward, Audrey worries about the future of Social Security and therefore feels pressure to rebuild her retirement fund. In order to earn benefits that would help her in that respect, she would need to find a new, full-time job. To Audrey, finding a new job does not seem feasible, in part because of her new caretaking responsibilities that have arisen since the onset of the pandemic.

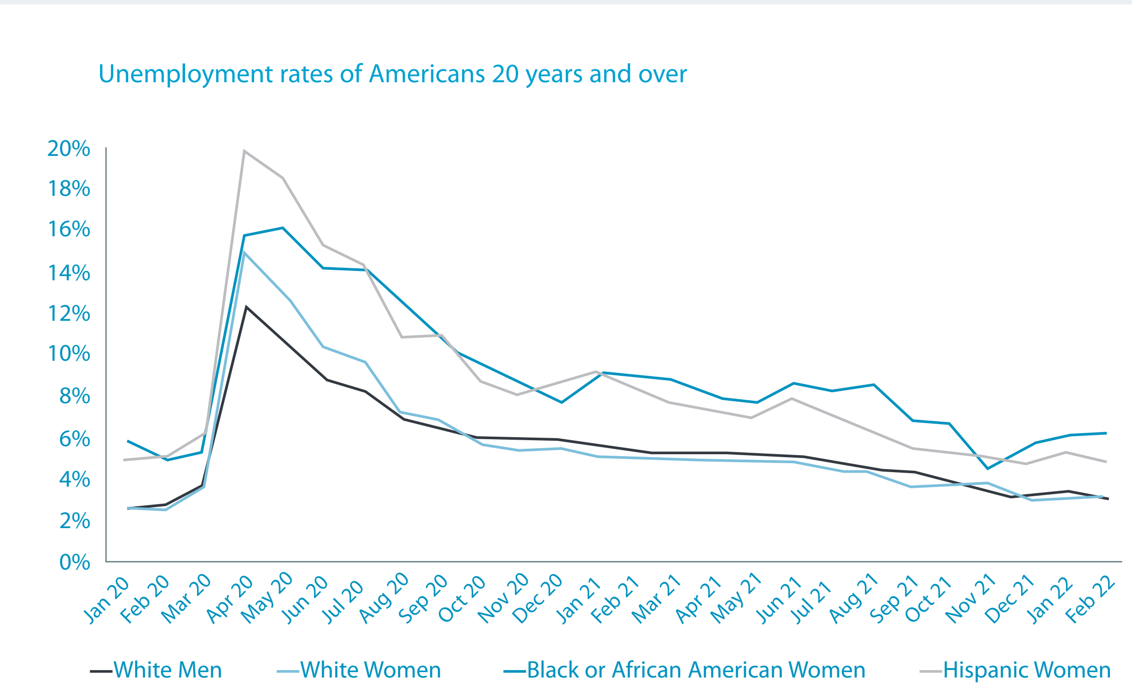
Meanwhile, Audrey owes close to $20,000 in student loans. She earned a degree online, but her degree lacks relevance to the field in which she currently works. Since COVID-19, she has deferred her payments, and once the payment pause ends, she plans to apply for an income-based repayment plan. "With my income right now, [student loan payments are] not something I can really budget in." When asked about potentially returning to school, Audrey said, "I would love to, but… I don't have the time, to be honest."

Section 3: COVID-19 and Shifting Childcare Responsibilities Have Negatively Impacted Women's Job Security

Due to increased childcare responsibilities, as well as the high-contact, low-wage nature of many women's occupations, women of color and women in jobs who could not go remote have less job security today than pre-pandemic.

At the onset of the COVID-19 crisis, public health concerns and immediate economic fallout led to immense upheaval for most workers. Individuals in jobs that could be done remotely left their offices and set up shop at their kitchen table or in their spare bedroom. For workers in industries deemed necessary through the worst of the pandemic—healthcare workers, grocery store cashiers, etc.—the concept of the "frontline worker" was born. And, for millions of workers whose jobs could not go remote or were not regarded as essential, almost overnight they became unemployed or furloughed, with the unemployment rate skyrocketing to nearly 15%.[12] Between February 2020 and April 2020, almost 22 million jobs were lost.[13]

Figure 1: At the Height of COVID-19, the Racial Gap in Unemployment Skyrocketed



Source: U.S. Bureau of Labor Statistics, Unemployment Rate, Americans 20 years and older.

While the U.S. economy added 6.7 million jobs in 2021 and the unemployment rate has nearly returned to pre-pandemic levels, the gains made in the labor force have not been shared equally across gender.

In fact, between February 2020 and January 2022, 1.1 million women left the labor force.[14] Individuals who leave the labor force are not included in the unemployed population. If these women were still considered part of the labor force, in January 2022, women's unemployment rate would be at 5%.[15] As of March 2022, the unemployment rate for women is 3.9%.[16] Further, the gap in employment is much greater for women of color. At 6.2%, Black women's unemployment rate is 63% higher than the national unemployment rate, and at 5%, Latinas' unemployment rate is 57% higher than the national unemployment rate (see Figure 1).

Women were uniquely likely to leave the workforce during the pandemic for many reasons. First, women are more likely to work in contact-intensive occupations.[17] In February 2020, 77.4% of jobs in education and health services were held by women.[18] Thus, as quarantine measures were taken to reduce the spread of the pandemic, many women lost their jobs.

Of the focus group participants, 22% reported working in contact-intensive occupations (healthcare), and 12% reported working in industries hit the hardest during the pandemic (retail and accommodation). While some participants involuntarily suffered job loss or hours reduction, others chose to leave the workforce to avoid the risk of infecting their families.

> "I was working in food service at the Olive Garden, mostly just working weekends all day long, all weekend. And I was also doing a job at Walmart for like an outside provider where I was… giving samples to folks, telling them about the product, and both of my jobs shut down, like pretty much that same week mid-March. And I was at home." (Katrina, WV)

> "A lot of my job was observing teachers in the classroom. I couldn't do that when school went remote. So my hours decreased. I went from a full-time job, 40 hours a week to maybe 15 to 20 hours a week. So that definitely impacted my finances." (Selena, NY)

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> "Who is going to watch my kids? I'm not going to expose my elderly mom to COVID. You have daycares, but even daycares are shutting down for two weeks here, two weeks there because of COVID." (Megan, MD)

> "Right before the pandemic hit, I was going to St. Paul College for the CNA program so that I could get a CNA position, knowing that healthcare is always in high demand, wanting to make sure that I have that extra income because I was expecting a baby. Pandemic hit, I wasn't able to finish taking my exam for the course. I also had to stay home because my kids have asthma and a couple other health concerns, so I didn't want to put them at risk." (Skylar, MN)

CFPB research indicates that households with a member who experienced a lapse in employment or reduced work hours were nearly twice as likely to report difficulties meeting their immediate financial obligations.

Moreover, as school and daycare closures became ubiquitous, women disproportionately assumed new childcare responsibilities. Across our focus group panels, many women struggled to find employment that accommodated their scheduling constraints. Most participants recounted struggling to juggle their careers and childcare responsibilities.

> “My 4-year-old is only in preschool three days a week, and his actual preschool just shut down this past Friday. It's a small, private preschool, and two out of six of the teachers tested positive for COVID. He's out for the whole month of December. That's throwing a kink in the plans, and I'm afraid. . . if that happens again when I go back to work and I'm working three 12-hour shifts a week.” (Megan, MD)

> “Okay. Well, I was working a great job, but by me being a single parent and they closed the schools here in Georgia, I had to quit my job, because of course, my kids come first.” (Layla, GA)

> “They had actually mandated that we get back into the office. At some point, I was able to get back eventually, but I had to stay home for a while with my son, because there was no one else that was there to watch him while I had to go back into the office. . . . I stopped working altogether at that point. . . . [T]hen we ended up moving. I didn't go back to work until we moved.” (Tammy, NC)

Many women who attended the focus group had lost income watching their children when childcare centers and schools closed due to COVID-19.

> “Daycares were not open. On top of that, my spouse and my mother-in-law caught COVID at the same time. Even though I was already working from home, I had to take FMLA. . . . Working, having four kids at home—which is automatically a full-time job—I also have an elderly father at home too, who I take care of. Those four weeks of FMLA were totally unpaid. Aside from that, I am an hourly employee. So, whenever I couldn’t work, I just didn’t get paid.” (Lauren, TX)

> “[My daughter] is 6. She is in kindergarten. I am currently at home with her. I have been trying to find a job again, but. . . it's been very difficult, and I actually just got another, 'Sorry, we're going with another candidate' letter.” (Sephora, MN)

Borrower Profile: Kay

Kay noted she is grateful for the federal pause on student loan payments. Prior to the pandemic, she paid off one loan. Still, Kay carries approximately $70,000 in public and private loans. She has continued making payments for the outstanding private loan.

Kay is a Native American female in her 30s working at a department store. When the pandemic began, she was pregnant with her first and only child. She planned to work at the department store until the week before she was due, which was set for July 2020. However, on April 1, 2020, she was furloughed and became ineligible for the health benefits she previously had access to. Her husband was also furloughed, and he eventually lost his job. So, when Kay incurred a $15,000 medical bill from pre-birth doctor appointments, she had to rely on unemployment benefits, which equaled only half of her personal income.

Shortly before the pandemic, Kay and her husband moved to the Midwest with the intention of starting a family. They purchased a house that Kay described as "a fixer-upper." The combination of losing two incomes and having a baby has left her and her family financially powerless to restore their new home. Kay mentioned having a crumbling fireplace as well as a room where "There's just nails and open plywood because we can't afford to put carpet down and finish that room. So, there's just a section of the house which is just blocked off, where no one can go."

Forgoing home improvements is not the only sacrifice Kay and her family made. To save money for prenatal vitamins and other baby supplies, Kay's husband "basically chose not to eat." His diet largely consisted of soup, ramen, and venison that he and other family members hunted. Kay went back to work shortly after giving birth. At the department store, she works unpredictably long shifts that sometimes end later than midnight. Working late is not enough; she has maxed out multiple credit cards to help make ends meet. To simultaneously work and care for her newborn, Kay said she has been "basically begging" different daycares to admit her daughter, but due to capacity, age requirements, and affordability, Kay has not found a suitable option. Instead, Kay relies upon various family members' support in supervising her young child. About her future family plans Kay said, "We wanted to have a larger family. I'm going to be honest; we had to scale back that expectation to maybe only family planning one more child."

Kay noted she is grateful for the federal pause on student loan payments. Prior to the pandemic, she paid off one loan. Still, Kay carries approximately $70,000 in public and private loans. She has continued making payments for the outstanding private loan. When asked why she took out the private loan, she said she only needed it in her last months of school to pay for "a couple of courses I had to take." Since earning her degree, she has been unable to find a job that is in the same field. Her husband also has student debt. Kay is extremely worried about the payment restart, saying, "I can either pay student loans or I can have a car."

Section 4: Women of Color's Finances Took the Biggest Hit During COVID-19

The economic gains made through 2021 were not shared equally across racial groups. Women of color continue to experience financial hardship paying for necessities.

> **Roughly one-in-four Black and Latina women reported a loss in household income in 2021, and they were nearly twice as likely as white men to report income losses.**

As women continue to navigate what it means to work and provide for a family amidst a global pandemic, staying financially afloat has become more difficult. The HPS data CRL analyzed indicate that, between 2020 and 2021, women of color disproportionately report having experienced lost income and housing insecurity; they consequently are struggling to save for the future. There were considerably fewer reports of losing income in 2021. Roughly one-in-four Black and Latina women reported a loss in household income in 2021, and they were nearly twice as likely as white men to report income losses (see Table 1). Moreover, women of color reported high levels of difficulty with expenses—similar to those reported in 2020—suggesting that the long-lasting financial ramifications of the pandemic are disproportionately harming women of color. For instance, in August 2021, 15.3% of Black, non-Hispanic women and 12.1% of Latinas were struggling with putting food on the table; this is only a three and four percentage point improvement from August 2020, respectively. Meanwhile, only 6.2% of white men reported food insufficiency in August 2021 (see Table 1). Equally concerning, in 2021, Black and Latina women were twice as likely as white men to report being behind on rent or mortgage payments (see Table 1).

Table 1: Analysis of Household Pulse Survey Data from August 2020 and August 2021

Household Pulse Survey Analysis Week 13 (August 2020) and Week 36 (August 2021)	Loss of Employment Income		Difficulty with Expenses		Food Insufficiency		Behind on Rent		Behind on Mortgage	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
White Men	41.0%	12.9%	46.0%	41.3%	6.9%	6.2%	10.2%	8.2%	6.5%	5.1%
White Women	40.4%	12.8%	50.8%	46.8%	7.4%	6.5%	11.3%	11.1%	7.5%	5.9%
Black Women	53.6%	23.4%	74.0%	71.8%	18.2%	15.3%	24.2%	23.8%	15.7%	13.5%
Latinas	57.1%	25.9%	75.1%	69.0%	16.7%	12.1%	15.7%	18.4%	13.3%	13.8%

Like the HPS findings, focus group participants shared that making rent or mortgage payments became difficult. Many of the women who were renters were no longer able to make their existing rental payments. Others were surprised by an increase in the cost of rent. Unable to negotiate a reduction in rent or payment arrangement with their respective landlords, some women had to move mid-pandemic. One woman had her car repossessed as a result of being behind on rent and other expenses.

> "What was stressful is that I was forced to move in the middle of the pandemic. . . . I could no longer afford to stay where I was. . . . And the landlord was not willing to reduce the rent." (Claudia, GA)

> "My rent went up in price—seems like a lot of things, food. . . . I'm a single mom. All of that has gone up in price, and that's really affected me over the last couple months. It's been a bit of a struggle since the beginning." (Jeanelle, GA)

> "We prioritized rent, but like I said, our rent got behind at one point. The different programs that rolled out helped us with some of those different things. We'd look at rent, we'd look at car, car insurance, those kind of things. I did have a car repossessed during COVID." (Sophia, NC)

Further, the women in our focus groups, like women across the country, battled food insecurity during the pandemic due to reduced income. These women exercised immense resilience to keep food on their tables. Some of the participants reported that they visited food pantries or other community resources available in their area. Many participants discussed needing to reduce the cost of meals, being unable to afford groceries, and simply eating less.

Further, the women in our focus groups, like women across the country, battled food insecurity during the pandemic due to reduced income.

> "Eating was a struggle. I didn't eat out. I was eating very simply at home. Most dishes had rice to it. I started drinking more water than ever, which is probably healthy, 'cause I'm more of a cafe latte and go out to eat twice a week. It was no eating out. It was cooking at home. Then wondering how the lights, mainly the lights, how the lights were going to get paid. 'Cause those bills were high." (Erykah, GA)

> "Our church started giving groceries through the pandemic. Instead of buying food with the credit cards, like I used to, we started getting groceries from the church; every week after service, we would just get food from the church." (Rosemary, TX)

> "It's about a 20-minute drive—it's like a food pantry, but you pay $10 for a basket full of groceries. It changes every week, what you get. That helps a lot. I could just pick up some meat at the store, that sort of thing. Just finding different organizations, finding a way to make ends meet. A lot of what others said, shopping at the Goodwill. That sort of thing." (Jeanelle, GA)

Section 5: Despite the Payment Pause, Student Loan Debt is Unmanageable, Especially for Women of Color Who Typically Carry Higher Levels of Debt

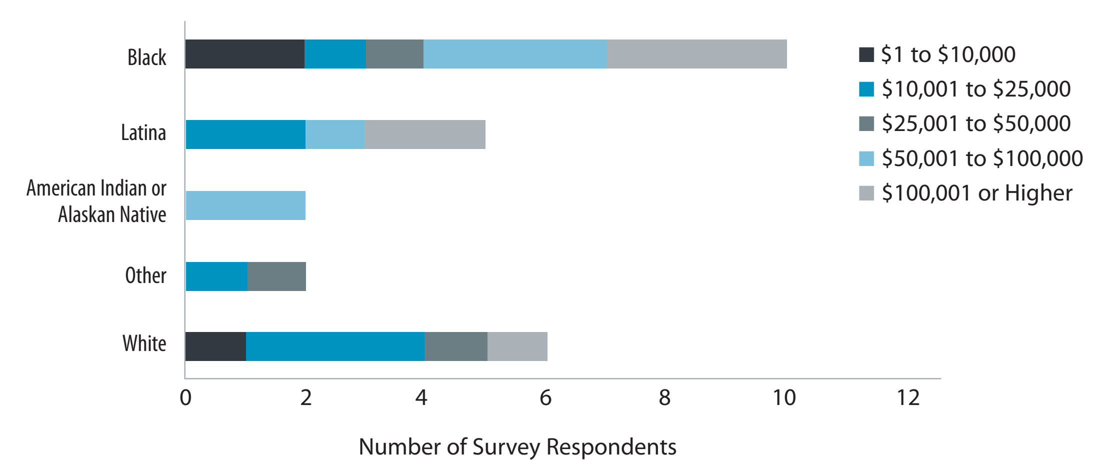
Student loan debt burdens remain at staggering levels, despite the payment pause. Black women and Latina borrowers have higher student loan balances than white women, making repayment more difficult.

For many women, student loan repayment was nearly impossible even before COVID-19 took a wrecking ball to their long-term financial planning. Of the 29 focus group participants who estimated their amount of student debt still owed, 86% reported owing over $10,000 and 48% reported owing over $50,000. Half of the women who reported having more than $50,000 in student debt said they have more than $100,000.

For many women, student loan repayment was nearly impossible even before COVID-19 took a wrecking ball to their long-term financial planning.

Further, within the focus group, Black and Latina borrowers were more likely than white borrowers to have a student loan balance greater than $50,000. When asked how much they still owe for their student loans, 60% of Black and 40% of Latina participants with student loans had more than $50,000 in student debt, whereas only 29% of white participants with student loans had more than $50,000 in student loan debt (see Figure 2).

Figure 2: Focus Group Participants' Student Loan Burden by Race of Participant



Source: CRL analysis of focus group exit survey data.

When asked about the affordability of their monthly student loan payments, many of the women explicitly stated that if asked to resume monthly student loan payments now, they would be unable to do so.

> "They were talking about $350, and I was like $350 who? I'm not paying y'all no $350 because most of it is compounded interest anyway. When I graduated from college, I only owed $30,000. The rest of that is all interest. . . . Those student loans, I would die with those." (Brittany, FL)

"I have to pay it back at some point, and it's stressful that I know that this is on my shoulders, and how am I going to get rid of this? And every time they call me, they're like, 'Well, can you pay?' [I say,] 'Nope. I can't do that right now. I can't afford it.' My student loan payments were almost $2,000 a month. I can't afford that. I can't afford it." (Destinee, SC)

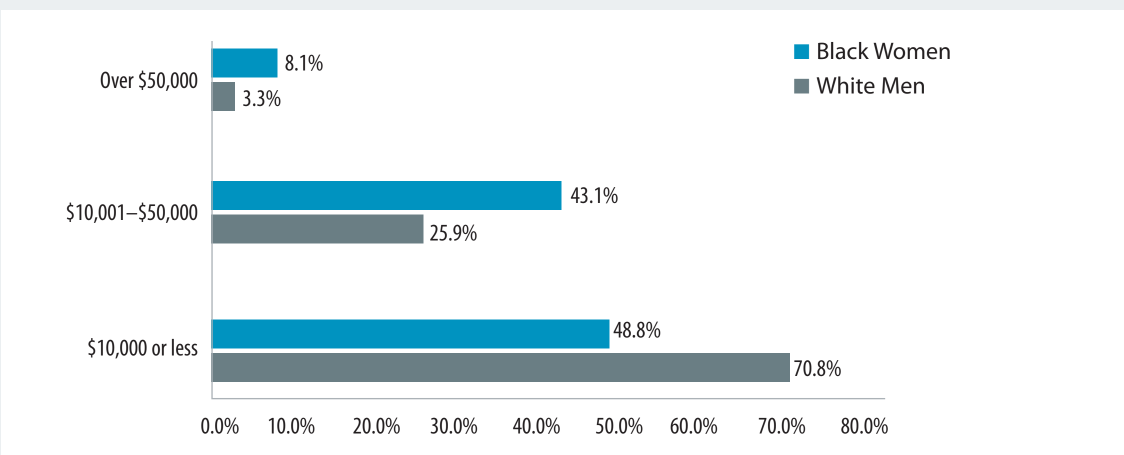
"My student loan payments were almost $2,000 a month. I can't afford that."

> "I wish I could have been in a position to continue to pay them and take advantage of paying down without the interest adding up. But it was just. . . . I feel good about what I did. . . . [W]e were down a salary in the home, so it definitely got allocated to other [bills]. " (Eveleen, GA)

> "I made a lot less money last year, which means that my repayment will be a lot less. However, regardless of what they're going to expect me to pay or want me to pay, I don't think I will be able to afford it." (Jasmine, NY)

The racial disparity in student loan debt across our focus group findings aligns to an immense body of evidence showing that, because of the racial wealth gap, Black individuals are less likely to rely on family and friends to help them pay for school and more likely to finance their education using student loans. Using data from the 2016 National Postsecondary Student Aid study, CRL researchers found that Black women are more than twice as likely as white men to owe more than $50,000 in undergraduate student loan debt (see Figure 3).[19]

Figure 3: Black Women Are More than Twice as Likely as White Men to Owe Over $50,000 in Undergraduate Student Loan Debt



Source: U.S. Department of Education, National Center for Education Statistics, National Postsecondary Student Aid Study: 2016 Undergraduates (NPSAS:UG).

The key to understanding why the student loan crisis disproportionately impacts Black families is recognizing how intergenerational wealth transfers enable young people to attend college without accumulating debt. Black borrowers have less familial wealth, which limits their ability to receive a debt-free education. To finance their education, Black individuals take on more debt than white individuals. Even with an earnings boost from their degree, Black borrowers have higher debt-to-income ratios, making it more likely for them to struggle during repayment. Higher amounts of education debt make it harder to repay student loan balances quickly, which means that these loans will accrue higher levels of interest in addition to the initial amount borrowed.

After 20 years in repayment, the typical Black borrower still *owes* 95% of their cumulative borrowing total, while similarly situated white borrowers have *reduced* their debt by 94%—with nearly half of white borrowers holding no student debt at all.

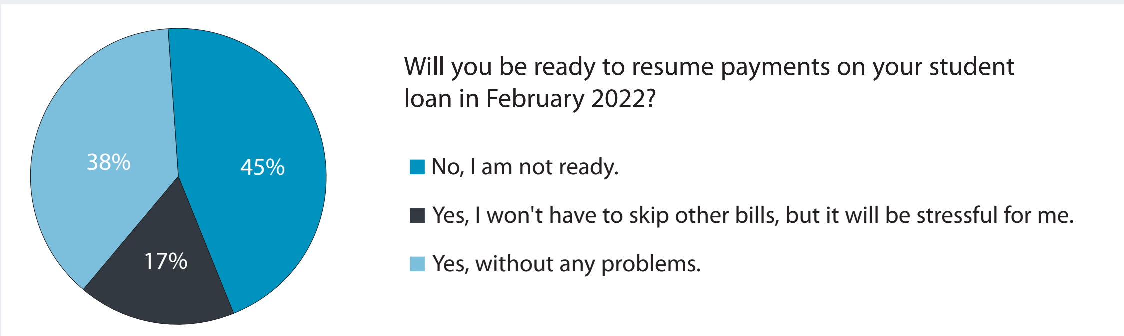
After 20 years in repayment, the typical Black borrower still *owes* 95% of their cumulative borrowing total, while similarly situated white borrowers have *reduced* their debt by 94%—with nearly half of white borrowers holding no student debt at all.[20]

Section 6: Women are Unprepared to Resume Making Student Loan Payments

The payment pause provided vital relief amidst an economic crisis, but most of the women do not feel prepared to resume payments.

The burden of student loan debt loomed large for 88% of the focus group participants who still have outstanding student loan debt. Every focus group participant reported taking advantage of the student loan payment pause. When asked about their student loans, most of the women expressed relief that they were able to take a break on their monthly payments, while also lamenting their inability to pay off what seems like an insurmountable amount of debt. Notably, fewer than two in five of our focus group's participants reported being capable of resuming payments without any problems.[21] For many of these women, the concept of ever being able to fully repay their student loan debt seems impossible.

Figure 4: Pause on Federal Student Loan Repayments



Source: CRL analysis of focus group exit survey data.

While many of the focus group participants found the payment pause to provide vital relief amidst an economic crisis, they did not feel that their finances could support repaying student loans soon. For many of these women, lost income and rising household expenses have diminished their ability to resume student loan payments once the payment pause ends.

> "The one that I have not been paying is the government subsidized loans, the Staffords, basically. . . . To be honest, that is terrifying me that that's going to have to start over again, especially since we need to try and find a daycare and everything for our daughter. I'm probably going to end up enrolling in some form of income-based program for it." (Kay, OH)

> "I'm grateful that I haven't worried about the interest, but it's just things are so slow that it's just another bill to stress out about when they do say you have to pay this. It's just another thing to worry about right this second until things pick up employment wise." (Kenzie, CA)

> "My student loans are almost $500 a month. The fact that I haven't had to pay those for months now has been great, but they start January 22nd and I'm not working. They also changed my loan provider. Now I have to figure out who is my loan provider. Does it already transfer for not having to pay for a bit until I'm working again?" (Sephora, MN)

Borrower Profile: **Shreya**

In her new remote position, Shreya struggled to navigate what she described as "[Having to] mom in addition to being a worker as well, without any work-life separation. It was all melted into one pot."

Shreya is a Black female in her mid 30s who works in the financial services industry. She is also the mother of a 9-year-old boy. Due to the pandemic, her son's school transitioned to virtual learning. Shreya said that despite the ongoing public health crisis, the financial firm where she worked was "quite rigid on having people come in." The firm even suggested she bring her son with her to the office. Shreya found the safety standards at her office to be lacking, and she did not want to risk her son's well-being. "I decided to move away from [that firm] because our moral compasses didn't align. And so, I found another firm that was willing to adjust to the way life was happening." While she transitioned to her new job, she was forced to rely on her savings and cut her family's expenditures.

In her new remote position, Shreya struggled to navigate what she described as "[Having to] mom in addition to being a worker as well, without any work-life separation. It was all melted into one pot." Speaking further on the effects of working in the same house in which her son was virtually attending school, she noted, "The amount of time that I was able to devote to my job was drastically reduced because my son was home. . . . I wasn't accustomed to having him all day. [I] had to be the second set of eyes for teachers to make sure that he remained on task." She stated that mothering took priority over her job.

Shreya aspires to work in an executive position at her current firm. In order to rise through the ranks, she would like to gain more managerial experience and build longevity at the new firm. She graduated from a prestigious public university; in doing so, she accrued approximately $50,000 in student debt. At the notion of returning to school to help her accomplish her professional goals, Shreya said, "I don't have the luxury right now to get back in school." She has paused her student loan payments during the pandemic. Her student debt experience has prompted her to "make sure" her son will not take out student loans.

During the pandemic, Shreya noticed an increase in the number of lenders looking to take advantage of her situation. "There were tons of mailers and emails or even text messages from people that I didn't even know, 'Hey, apply for this loan. It's really easy. You have to apply really soon or the offer disappears.' It was that rush tactic." She mentioned observing a similar phenomenon while interacting with her clients: "There were lots of sharks preying on the elderly, and it was terrifying for them." Shreya leaned on her professional background in finance to avoid these predatory, short-term loans that often carried "ridiculous" interest rates.

Section 7: Women of Color Are More Averse to Taking Out Future Student Loans for Themselves or their Children

Women expressed frustration regarding their degree and aversion toward taking out student loans in the future—for themselves and their children.

Although IDR promises cancellation of student debt after 20 or 25 years of repayment, among the millions of borrowers who have participated in the program, fewer than 200 individuals have ever received the student debt forgiveness promised by the program.

For many of these women, overwhelming negative experiences with crippling education debt have made them weary of taking out student loans in the future. The women who mentioned pursuing further degrees said they were doing so through means that would help lower, avoid, or repay debt. These include scholarship grants, employer-funded programs, Public Service Loan Forgiveness, or Income Driven Repayment (IDR). However, few of these women seemed aware of the numerous barriers making it difficult to receive forgiveness through programs. For example, IDR promises cancellation of student debt after 20 or 25 years of repayment, but among the millions of borrowers who have participated in the program, only 157 individuals have ever received the student debt forgiveness promised.[22] While the Biden administration has announced promising reforms to address these issues, it remains to be seen if these changes will be effective for those who need the most assistance.

Moreover, for many of the women, the degree they pursued did not pay off financially. Some of the women could not find any jobs aligned to their field of study, while others could not find jobs with incomes high enough to make the debt worth it.

> "Here I was fresh out of college with all these student loans, and I couldn't even get a job making $10 an hour because they were like, 'You don't have experience.' And I was like, 'What the hell did I go to school for?'. . . I really do regret my decision." (Claudia, GA)

> [In answer to the question "Is anybody still doing what they went to school for?"] "Nope, I got my degree in accounting, and I'm doing totally opposite." (Lakendra, NY).

> "And so here I am with all of this debt, and education was supposed to change that. It didn't do that for me. Didn't do that for me." (Destinee, SC)

> "I've done nothing with that degree. The industry I'm in isn't even anywhere near it." (Brittany, FL)

> "I'm probably going to end up enrolling in some form of income-based program for it, but my degree was completely. . . there wasn't anything that opened for me to get a job in that field. And even if I were to have a job in that field now, it doesn't pay what I'm getting paid now." (Kay, OH)

The women's aversion towards student loans extended to their plans for their children. While some women said their children would not take out loans to attend private or out-of-state institutions, other women conveyed adamant opposition to any student loans.

“My son's getting older. . . . [H]e has some goals that he's made very clear that he wants to make, and we're going to make sure he gets there without student loans. Let's just put it there. So I don't have the luxury right now to get back in school. I need to really pull in that money because we're not doing loans. . . . [My son]’s not having student loans and that's just what it is. It's not happening. No.” (Shreya, MI)

“And, quite frankly, my husband and I have both had this conversation about how we're going to raise our kids. And we're going to say you can either go to a local college instead of going to a private college, which is what I did, or we can get you a down payment on a house because everything else is not worth your time.” (Kay, OH)

“Sorry, my son, he can only apply to a New York state school. If he goes out of state, he's completely on his own. I'm not helping him. . . . He can't go. He knows. We've been going on to college tours. He's very smart. He's looking forward to going to college. My only condition is, because of the debt I accumulated for myself, I'm trying to prevent that for him.” (Jasmine, NY)

“I'm definitely training my daughter in a different way. I'm making her involved with all my bills. . . . [I]'m more conservative with my spending, I'm definitely more frugal than I was before. And with the school thing, because I've had to take so many loans out, that's kind of just what I've dealt with, I took them out. But I don't want my daughter to do that. And so she's in her online school. Now, we're looking at high schools, and she can stay in her current online school and graduate with a free degree, like an associate degree from high school. . . . And I even told her, “You don’t have to go to college unless it’s something that you’re going to need when you graduate. Other than that, you don’t need to go to school.” (Elaine, MA)

Conclusion

Women have been profoundly impacted by the COVID-19 pandemic and the associated economic crisis. They have largely been negatively impacted by both decreased earnings and increased amounts of unpaid labor required at home. As their financial health has been hit hard with the double whammy of increased debt and decreased savings, many women's personal and professional priorities shifted. Women's responsibilities and financial anxieties have ballooned through the pandemic. For all the women who participated in the focus group, the greatest hardship they all shared over the past two years has been the mental toll of living through a global pandemic and economic crisis with limited financial security for themselves and their families.

Throughout the focus group, the women often discussed the prospect of paying off their student loans as a nearly impossible fantasy. They consider their education debt to be an albatross perpetuating a baseline of financial anxiety and impacting most of their financial decisions.

Recommendations

1. **Student Debt Cancellation. Across-the-board student debt cancellation of $50,000 per borrower is an equitable and comprehensive solution to alleviate the disproportionate burden of student debt on women, especially women of color.**

Not only would $50,000 of cancellation stimulate the economy, provide new jobs, and increase GDP, but it would also make progress toward bridging the racial wealth gap. Government assistance, including the payment pause on federal student loans, was instrumental in keeping families afloat at the height of the effects of the pandemic. As the expiration of the payment pause looms, however, many women feel ill-prepared to resume payments. Student debt cancellation will pave the way for families to recover and empower women to focus on immediate concerns, such as utility bills and groceries. President Biden promised student debt cancellation during his campaign, but he has yet to fulfill this promise more than a year into his term. The President has the authority to cancel student debt through executive action.

2. **Implement a Retroactive Income-Driven Repayment (IDR) Waiver. Implemented in 1992, IDR was touted as a path for borrowers to avoid lifelong debt, but as of June 2021, fewer than 200 borrowers have attained cancellation through IDR.**

Enrolling in IDR as it stands is a notoriously tedious and difficult process. Moreover, loan servicers do not provide the support necessary for borrowers to navigate this complex process. Some focus group participants mentioned they had heard of and considered enrolling in IDR but had not yet done so. Women should not face further bureaucratic obstacles to attain the relief they are entitled to receive.

The Biden administration recently announced reforms to the IDR program, including an automatic audit of borrower accounts to consider borrowers who have been in long-term deferments as qualifying for Income Driven Repayment. The audits will automatically qualify borrowers who have been in repayment for 20 years or more for forgiveness and will put millions of others on the path to seeing their loans forgiven. However, the administration can and should go further. This retroactive accounting does not apply to the millions of borrowers who have spent time in default, which includes many of the borrowers who are most impacted by predatory for-profit colleges, economic downturns, and personal crises that require them to leave the workplace.

3. **Improve the Collection and Monitoring of IDR and Public Service Loan Forgiveness Data and Make that Data Publicly Available.**

Before the Department of Education announced changes to its IDR plans, borrowers struggled to receive the forgiveness to which they were entitled. The department needs to address past failures and ensure that they are not repeated by collecting and monitoring data that could be used to track qualifying payments and older loans that are at higher risk for payment tracking errors. Moving ahead, the department should also consider collecting demographic data, borrower progress, and time in repayment. Moreover, the Department of Education should publish more publicly available data about borrowers in IDR and PSLF and provide borrowers with reports of their own payment history and loan status. Publicly available data will empower researchers to identify issues in real time, and personal histories will help individual borrowers track their progress.

4. **Support Women Borrowers of Color. Women borrowers of color have suffered the worst long-term financial impacts of the pandemic and have historically had fewer pathways to a debt-free postsecondary education.**

Federal and state governments must invest in public and private Historically Black Colleges and Universities (HBCUs). Despite representing only 3% of the nation's colleges and universities, HBCUs graduate 10% of all Black undergraduate students and award 17% of all bachelor's degrees received by Black students in the science, technology, engineering, and mathematics (STEM) fields.[23]

The federal government must double the Pell grant, which is the primary source of funding for higher education for communities of color. Offering federal contracts for the institutions to conduct research and federal internships to students will help both the student and the institution. Further, state governments must invest in HBCUs to match the level of funding at Predominantly White Institutions (PWIs). At the federal level, financial investment in research, infrastructure, and student services at public and private HBCUs must be prioritized.[24]

Appendix A: Exit Survey Materials

CRL Student Loan Debt Survey

I estimate that the total amount I currently owe on all my outstanding student loans is:
$1 to $10,000
$10,001–$25,000
$25,001–$50,000
$50,001–$100,000
$100,001 or higher
Will you be ready to resume payments on your student loan in February 2022?
Yes, without any problems
Yes, I won't have to skip other bills, but it will be stressful for me
No, I am not ready
I have taken out student loans for: (check all that apply)
Myself
My child or children
My spouse
Other relative

Appendix B: CFPB Well-Being Scale[25]

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
I could handle a major unexpected expense.	❐	❐	❐	❐	❐
I am securing my financial future.	❐	❐	❐	❐	❐
Because of my money situation, I feel like I will never have the things I want in life.	❐	❐	❐	❐	❐
I can enjoy life because of the way I am managing my money.	❐	❐	❐	❐	❐
I am just getting by financially.	❐	❐	❐	❐	❐
I am concerned that the money I have or will save won't last.	❐	❐	❐	❐	❐

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
Giving a gift for a wedding, birthday, or other occasion would put a strain on my finances for the month.	❐	❐	❐	❐	❐
I have money left over at the end of the month.	❐	❐	❐	❐	❐
I am behind with my finances.	❐	❐	❐	❐	❐
My finances control my life.	❐	❐	❐	❐	❐

Appendix C: Household Pulse Survey Findings

Variable	Year	White Men	White Women	Black Men	Black Women	Asian Men	Asian Women	Latinos	Latinas
Loss of Employment Income	2020	41.0%	40.4%	51.1%	53.6%	46.2%	48.3%	56.0%	57.1%
	2021	12.9%	12.8%	24.2%	23.4%	17.5%	14.6%	26.2%	25.9%
Food Insufficiency	2020	6.9%	7.4%	20.4%	18.2%	5.8%	7.0%	17.1%	16.7%
	2021	6.2%	6.5%	15.2%	15.3%	4.3%	4.0%	14.7%	12.1%
Difficulty with Expenses	2020	46.0%	50.8%	68.1%	74.0%	57.1%	56.8%	68.2%	75.1%
	2021	41.3%	46.8%	63.3%	71.8%	46.2%	46.6%	65.0%	69.0%
Behind on Rent	2020	10.2%	11.3%	22.4%	24.2%	22.5%	14.7%	23.7%	15.7%
	2021	8.2%	11.1%	20.1%	23.8%	19.8%	17.9%	18.5%	18.4%
Behind on Mortgage	2020	6.5%	7.5%	17.9%	15.7%	18.9%	16.7%	15.2%	13.3%
	2021	5.1%	5.9%	16.0%	13.5%	18.0%	11.4%	14.1%	13.8%
Ability to Pay Mortgage or Rent	2020	28.1%	32.0%	51.7%	59.0%	47.1%	44.0%	50.9%	59.0%
	2021	22.9%	27.8%	47.2%	51.0%	45.2%	36.1%	47.5%	53.2%
Eviction Likelihood	2020	43.9%	44.8%	55.4%	53.6%	21.9%	23.1%	49.7%	46.3%
	2021	46.3%	57.6%	61.6%	57.6%	3.7%	7.3%	50.6%	46.4%
Foreclosure Likelihood	2020	21.6%	17.6%	31.6%	19.1%	10.8%	10.2%	24.4%	22.6%
	2021	22.8%	21.2%	24.9%	23.3%	13.5%	9.4%	19.8%	12.3%
Frequently Anxious	2020	54.9%	68.3%	54.1%	64.0%	49.3%	69.1%	58.2%	73.2%
	2021	49.0%	64.1%	46.1%	60.8%	44.0%	56.3%	58.9%	65.1%

Appendix D: Focus Group Participants' Characteristics and Main Job Sectors

Table 1: Distribution of Focus Group Participants

Characteristic	Percentage
Age	
Less than 40	45%
40 and Over	55%
Race/Ethnicity	
Black	34%
Latinas	22%
White, Non-Hispanic	22%
Multiracial or Other	22%
Marital Status (%)	
Married or Living with a Partner	50%
Separated	3%
Widowed	6%
Divorced	9%
Never Married	31%
Household Income	
Less than $25,000	16%
$25,000–$50,000	28%
$50,000–$75,000	28%
$75,000 or More	28%
Student Loan Balance (%)	
Less than or equal to $10,000	14%
$10,001–$25,000	25%
$25,001–$50,000	14%
$50,001–$100,000	25%
$100,001 or Higher	21%
Education (%)	
High School or Less	3%
Certificate or Trade School	3%
Some College	26%
2-ear Degree	10%
4-year Degree	39%
Graduate Degree	19%

Appendix D: Focus Group Participants' Characteristics and Main Job Sectors (continued)

Table 2: Focus Group Participants' Main Job Sectors

NAICS CODE	Description	N	%
56	Administrative and Support Services	8	25%
62	Healthcare and Social Assistance	7	22%
61	Educational Services	4	13%
45	Retail Trade	3	9%
54	Professional, Scientific, and Technical Services	2	6%
52	Finance and Insurance	1	3%
53	Real Estate	1	3%
71	Entertainment	1	3%
72	Accommodation and Food Services	1	3%
	Not Currently Employed	4	13%
		32	100%

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Center for Responsible Lending

www.responsiblelending.org

The Center for Responsible Lending (CRL) is working to ensure a fair, inclusive financial marketplace that creates opportunities for all responsible borrowers, regardless of their income, because too many hard-working people are deceived by dishonest and harmful lending practices.

CRL is a nonprofit, non-partisan organization that works to protect homeownership and family wealth by fighting predatory lending practices.

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