The Student Loan Debt Crisis Might Be Worse Than We Think

How Credit Report Data May Be Masking the True Scope of the Problem

By Eric Espinoza, Associate Director of Programs and Strategic Advocacy
August 2019

Executive Summary

The following memo outlines two systematic phenomena in consumer credit reporting that have major implications for all analysis on student loan debt done using credit bureau data. In short, the issue lies in the fact that the Department of Education's student loan servicers completely stop reporting outstanding loan balances to the credit bureaus in two common, mostly predictable, sets of circumstances: (1) when loans go into default; and (2) when loans are mistakenly deemed to have expired past their statute of limitations under the Fair Credit Reporting Act, creating a gap in reporting that can be detected by cross referencing a borrower's loan information as listed in the federally owned National Student Loan Data System (NSLDS).

The implications of these findings are deeply troubling since so much of what we know about consumer debt in the United States is informed by research whose data is sourced directly from consumer credit reports. If consumer credit reports obfuscate important truths about the debt balances of student borrowers in default, so too will any research that relies on this data. The risk here is that policymakers who depend on this research will be insufficiently equipped to design informed and effective interventions.

Our concern is compounded by the fact that student loan default in particular is extremely common among borrowers. Approximately 9 million borrowers are currently in default status, with over 1 million defaults occurring every year—this translates into nearly one in every five borrowers defaulting, with one student loan default occurring every 30 seconds.[i] The prospect of this large a segment of borrowers getting left out of key data analysis was the impetus for this piece.

The Evolution of Student Loans: From National Security Instrument to Systemic Economic Threat

On September 2, 1958, President Dwight D. Eisenhower signed the National Defense Education Act. With a few strokes of his pen, the first federal student loan program in the United States was born. The principle purpose of this legislation was to fortify American national security by enabling the United States to compete with the Soviet Union in areas of science and technology. The law funded improvements to American schools, promoted postsecondary education, and offered federal student loans to the country's most promising high school students.[ii]

Over 60 years later, the higher education landscape in the United States has shifted dramatically. To the likely dismay of the original authors of the National Defense Education Act, current realities surrounding student borrowing and debt are more commonly associated with systemic threats to American prosperity than with its origin as a means to bolster national security.

Today, we are facing a national student loan debt crisis thanks in large part to harsh macroeconomic factors such as wage stagnation, eroding job quality and the ever-increasing cost of higher education. Currently, 43 million student borrowers[iii] owe nearly $1.6 trillion[iv] in student loan debt. Students and their families are borrowing unprecedented sums of money to pursue their degrees and struggling more than ever to pay it back. The United States government is far and away the largest provider of student loans in the country – as a result, they (i.e. taxpayers) own a fast growing portfolio of student debt whose prospects of being paid back in full are increasingly grim.

Perhaps most detrimental to our consumer-based economy, however, is the fact that the financial health of many student loan borrowers is deteriorating rapidly. Millions of Americans with student loans are less financially secure,[v] less likely to be saving substantially for retirement,[vi] less likely to start their own small businesses,[vii] less likely to become homeowners,[viii] and more likely to delay major life decisions such as getting married.[ix] Prominent business leaders and consumer advocates are aligned in their assessment that student debt has become a "significant issue" affecting the American economy,[x] with at least one former CFPB official calling it, "perhaps the most significant consumer finance issue threatening our nation at this time."[xi]

The Origin of Neighborhood Trust's Strategic Advocacy Initiative

For over two decades, Neighborhood Trust has witnessed firsthand the kind of burden that outstanding student loan debt can have on borrowers. Every year our dedicated Financial Counselors achieve real results with our low- to moderate-income (LMI) clients, working tirelessly to help them reduce their debt burden and increase their savings, while leveraging behavioral theory to ensure the improvement of their overall financial health. Annually we reach more than 9,000 LMI workers across the country, and our counselors can draw from a deep reserve of experience helping student borrowers navigate a troubled landscape. The stories our counselors have to tell are both tremendously illuminating and deeply troubling: issues can range from clients grappling with tax return seizures and wage garnishment orders, to clients who borrowed money to attend schools that permanently close their doors mid-semester, leaving them with the debt but no degree.

As Neighborhood Trust's operation has grown in size, scope and sophistication, we have recognized that our expanding client dataset presents a rich cache of consumer insights ripe for more nuanced analysis. As we sift through our data and reflect on counselor experiences, it is clear that we, as direct practitioners, have a tremendous opportunity to scale our impact far beyond our current reach. By distilling our data, stories and unique insights, we can influence research, government policy, the

financial services market and many other facets of the broader financial ecosystem that touch our clients' lives. To this end, we launched our Strategic Advocacy initiative with the objective of using our data and insights to bolster existing advocacy efforts that are already doing critical work; elevating the voices of everyday workers braving the perils of financial insecurity, supporting consumer protections and cultivating a more affordable and accessible financial services marketplace.

Phenomenon 1: The "Default Gap" with Federal Student Loans

Since our service delivery model involves pulling individual consumer credit reports for clients, over the years our team has identified a few troubling patterns when it comes to defaulted student loans. Take the real client example of "Joe" (whose name has been changed for privacy purposes). Joe had defaulted on his federal student loans and was looking for a quick remedy to his problem. As is customary with all outstanding debts (loans, lines of credit, collections), each of Joe's federal student loans were listed as individual tradelines. However, while each of the federal student loans appeared on the credit report, their outstanding balances were each listed as $0. The trained practitioner eye could nevertheless detect some telltale indicators that his loans were in default rather than paid off or discharged. These indicators are consistent across all three credit reporting bureaus and credit report formats. Federal student loan tradelines in default will display the following characteristics:

1. Content in the "Remarks" or "Comments" section indicating that the loans have been "Transferred" or taken over by another servicer.
2. Most recent credit history showing extended delinquency (usually 9 or more months of consecutive missed payments).
3. **Balance fields reporting $0.**

Below is a screenshot of a defaulted student loan tradeline that exhibits all of the aforementioned characteristics. The screenshot is sourced from an actual (redacted) credit report that a client obtained for free through www.annualcreditreport.com. We have inserted arrows, text boxes and numbering to the help readers readily identify each of the most relevant characteristics of the "Default Gap":

Figure 1: Example of How Consumer Debt in Collections Typically Appears on a Credit Report

DEPT OF ED/NAVIENT [redacted]****
123 JUSTISON STREET3RD FLOOR
WILMINGTON, DE 19801
(888) 272-5543

Date Opened:	07/02/2012	**Date Updated:**	07/08/2018	**Pay Status:**	>Account 120 Days Past Due Date<
Responsibility:	Individual Account	**Payment Received:**	$0	**Terms:**	$0 per month, paid Monthly for 131 months
Account Type:	Installment Account	**Last Payment Made:**	07/12/2016	**Date Closed:**	07/08/2018
Loan Type:	STUDENT LOAN				

>Maximum Delinquency of 120 days in 12/2016 and in 07/2018<

High Balance: High balance of $4,000 from 02/2017 to 04/2017; $4,000 from 06/2017 to 07/2018
Remarks: ACCT CLOSED DUE TO TRANSFER
Estimated month and year that this item will be removed: 06/2024

	07/2018	06/2018	05/2018	04/2018	03/2018	02/2018	01/2018	12/2017	11/2017	10/2017
Balance	$0	$5,700	$5,671	$5,641	$5,612	$5,582	$5,555	$5,602	$5,571	$5,541
Scheduled Payment	$0	$61	$61	$61	$61	$61	$61	$61	$61	$61
Amount Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Past Due	$0	$803	$741	$679	$618	$556	$494	$432	$370	$309
Rating	120	120	120	120	120	120	120	120	120	120

	09/2017	[illegible]	[illegible]	[illegible]	05/2017	04/2017	03/2017	02/2017	01/2017	12/2016
Balance	[illegible]	$5,480	$5,449	$5,418		$5,358	$5,330	$5,301		
Scheduled Payment	$61	$61	$61	$61		$36	$36	$36		
Amount Paid	$0	$0	$0	$0		$0	$0	$0		
Past Due	$247	$0	$0	$0		$327	$291	$255		
Rating	90	OK	OK	OK	OK	120	120	120	120	120

1 Content in the Remarks section indicate the loans have been transferred.

2 Most recent credit history shows extended delinquency (late payments for +9 months)

3 Balance goes from **$5,700** in 06/2018 to **$0** in 07/2018.

The phenomenon outlined above could easily—but erroneously—be confused with typical reporting behavior when consumer debt is transferred from an original creditor to a third-party collection company in response to prolonged delinquency. However, in order to ensure that debt is not double-counted on consumer credit reports the original creditor, upon transfer, will report a balance of $0, and the third-party collection company will begin reporting the full balance. For example, if T-Mobile transfers a $350 debt to Portfolio Recovery Associates (a collections company), then T-Mobile should change their previously reported balance from $350 to $0 – at the same time, Portfolio Recovery Associates should now appear on that consumer's credit report with a reported balance of $350 (see Figure 2 for a visual representation of this explanation).

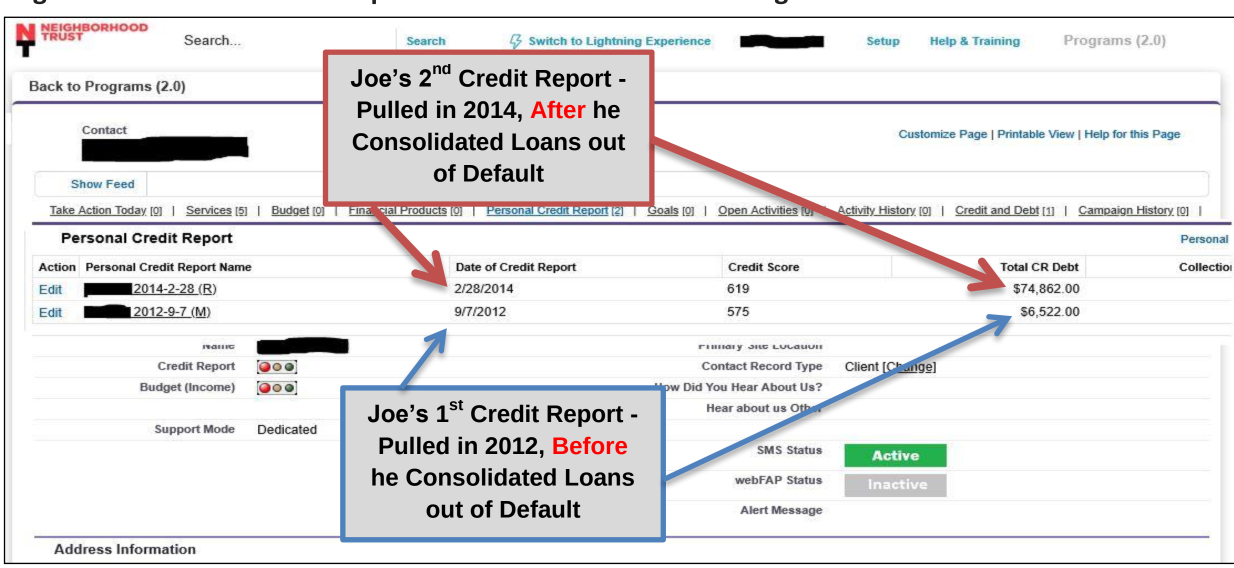
Figure 2: Example of How Consumer Debt in Collections Typically Appears on a Credit Report

	Credit Report Scenario #1	Credit Report Scenario #2
T-Mobile (Original Creditor)	$0	$350
Portfolio Recovery Associates (Debt Collector)	$350	$350
Total Debt Shown on Credit Report	✔ **$350** ✔	X **$700** X
Conclusion	**Accurate Reporting**	**Inaccurate reporting**

The crux of the issue with the default gap is that, when it comes to federal student loans, the collections company (contracted by the Department of Education to service the loan while it is in default) does **NOT** appear on consumer credit reports, ***at all***. That is, while a client's federal loans are in default, it appears as if the loan balances have disappeared from the credit report altogether. Our counselors are trained to recognize this phenomenon and cross reference the client's credit report with their National Student Loan Data Systems (NSLDS) account, which is much more reliable since it is the Department of Education's own central database for all student aid.[xii] Once the loans are brought *out* of default status, however, the "cured" student loan debt will show back up on the credit report. (See Figure 3 for Joe's total credit report debt summary before and after having student loans in default status).

- Sept 2012: Joe's federal student loans are in default, causing his student loan balances not to appear on his credit report. His report reflects a total consumer debt burden of only $6,522.
- February 2014: Joe's federal student loans are "cured" (brought out of default), causing his student loans to once again appear on his credit report; His report reflects a total consumer debt burden of $74,862.

Figure 3: Joe's Total Credit Report Debt Before and After Having Student Loans in Default Status



Another Federal Student Loan Default Gap Example at a Glance

- December 2018: Tom receives a collection notice (nearly $30k outstanding) for his defaulted student loan debt.
- April 2019: Tom meets with his financial counselor, who pulls his credit report showing $0 balances next to all of his student loan tradelines. *Note: Neighborhood Trust could not include screenshots of his actual credit report due to contractual restrictions.*
- July 2019: Tom takes a screenshot of his National Student Loan Data Systems (NSLDS) account to verify that he does, in fact, have outstanding student loan debt (over $20k outstanding).

“Tom’s” Collection Notice for Defaulted Student Loans: Page 1 of 1

Dept 24038
PO Box 1259
Oaks PA 19456

Alltran
Alltran Education, Inc.
6506 S LEWIS AVE STE 260 • TULSA OK 74136-1091 • 888-377-5000 • Fax 630-574-0199

Dec 7, 2018

ED Number:	[redacted]
Principal Balance:	$21225.56
Interest:	$2154.69
Penalty Charges:	$0.00
Fees & Costs:	$5690.10
Total Balance:	$29070.35

23803 - 35482

036601

[redacted]

Department of Education
National Payment Center
PO Box 790336
Saint Louis, MO 63179-0336

[redacted]

Make payments payable to U.S. Department of Education. Include your ED Number & Detach upper portion with your payment.

This notice is from Alltran Education, Inc. The U.S. Department of Education (ED) has placed your defaulted student loan or grant overpayment debt with this agency for collection.

We have reviewed your account and have determined that you are eligible for a repayment plan featuring reasonable and affordable payments relative to your financial situation.

We are offering you an opportunity, depending on your loan, family size, and financial status, where you may be eligible for a payment plan for as little as $5.00 per month.

This is a great opportunity for you to get your loan into repayment status.

You may also qualify for other options such as a settlement or consolidation.

Please contact an Alltran Education, Inc. account representative as soon as you receive this notice and we will be happy to assist you in obtaining a reasonable and affordable repayment plan.

For your convenience, we offer payment by the following methods:

- Check by Phone
- Debit Card

Please call or write our office regarding this matter at: Alltran Education, Inc.
P.O. Box 702220, Tulsa OK 74170
888-377-5000

Sincerely,

Toll Free

This communication is from a debt collector. This is an attempt to collect a debt. Any information obtained will be used for that purpose. To ensure professional service and legal compliance, all incoming and outgoing telephone calls to this facility are subject to recording and/or monitoring.

As of the date of this letter, you owe the total balance due reflected above. Because of interest, late charges, and other charges that may vary from day to day, the amount due on the day you pay may be greater. As a result, if you pay the amount shown above, an adjustment may be necessary after we receive your payment, in which event we will contact you. For further information regarding your balance or interest charges, write the undersigned or call 888-377-5000.

See Additional Pages and/or Reverse Side for More Information

1 of 1

Alltran Education, Inc. • 6506 S LEWIS AVE STE 260 • TULSA OK 74136-1091 • 888-377-5000 • Fax 630-574-0199
8AM to 9PM (CST) Mon. - Thurs. • 8AM to 5PM (CST) Fri. • 8AM to 12PM (CST) Sat.

23803-DOE-11-35482

Tom’s defaulted student loan balance of nearly **$30,000** as of 12/7/18

NEIGHBORHOOD TRUST FINANCIAL PARTNERS

"Tom's" NSLDS Summary: Page 1 of 1

7/23/2019 Financial Aid Review – [redacted]

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
PROUD SPONSOR of the AMERICAN MIND™

National Student Loan Data System (NSLDS) f[illegible]r Stu[illegible]

NSLDS is a repository of information from many sources. Changes to the data are made by those sources. Collecting the data into one central location such as NSLD[illegible] gives [illegible] convenience and saves you time. If for any reason you disagree with the information reported to NSLDS, please contact one or more of the sources of your data liste[illegible] on the [illegible] on this site. The Department is also available as a resource at 1-800-4FEDAID if you need additional assistance. Your comments and corrections will help improve th[illegible] service[illegible] provides.

NSLDS Reviewed 7/23/2019

Aid Summary for [redacted] **Your enrollment status is** GRADUATED **, effective** 12/14/2012.

MyStudentData Download

Loans

Please click on numbers in first column to see details including point of contact.

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD UNSUBSIDIZED	$4,000	07/02/2012	$4,000	$0	$5,209	$833
2	DIRECT STAFFORD SUBSIDIZED	$3,500	07/02/2012	$3,500	$0	$3,959	$320
3	DIRECT STAFFORD UNSUBSIDIZED	$6,000	10/10/2011	$6,000	$0	$8,165	$1,305
4	DIRECT STAFFORD SUBSIDIZED	$3,500	10/10/2011	$3,500	$0	$3,893	$315
Total DIRECT STAFFORD UNSUBSIDIZED						**$13,374**	**$2,138**
Total DIRECT STAFFORD SUBSIDIZED						**$7,852**	**$635**
Total All Loans						**$21,226**	**$2,773**

Tom's NSLDS record confirms over **$20,000** of student loan debt not appearing on credit report

Grants

Pell Lifetime Eligibility Used: 140.680%

Please click on numbers in first column to see details including point of contact.

	Award Year	Type Of Grant:	School	Disbursed Amount
1	2012 - 2013	FEDERAL PELL GRANT	AMERICAN ACADEMY MCALLISTER INSTITUTE	$5,550
Total All Grants				**$5,550**

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility, loan payoffs, overpayment status, or tax reporting. Please consult the Financial Aid Officer at your school or the specific holder of your debts for further information.

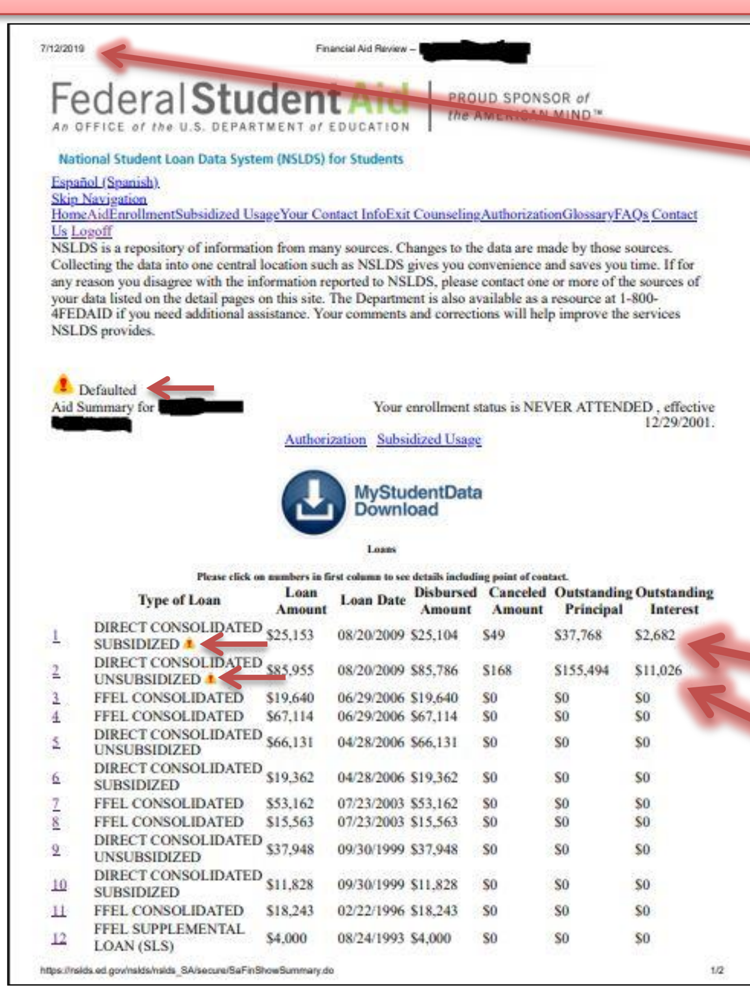
Phenomenon 2: The Statute of Limitations Gap

Another (less common) instance where our counselors see discrepancies between client credit reports and NSLDS accounts is when derogatory credit report information is removed from a report—presumably in compliance with the Fair Credit Reporting Act (FCRA). The FCRA states that accounts placed for collection, or any other adverse information (other than records of convictions of crimes) must be excluded from consumer reports after 7 years.[xiii] Although these reporting periods were expressly lengthened for federal student loans in the Higher Education Act of 1965,[xiv] our counselors have nonetheless seen discrepancies (see below for an example where nearly $200k in student loan was obfuscated by this phenomenon):

A Statute of Limitations Gap Example at a Glance

- July 8th, 2019: Ana meets with her financial counselor who pulls her credit report showing $0 balances next to all of her student loan tradelines. *Note: Neighborhood Trust could not include screenshots of his actual credit report due to contractual restrictions.*
- July 12th, 2019: Ana takes a screenshot of her National Student Loan Data Systems (NSLDS) account to verify that she does in fact, have outstanding student loan debt **(nearly $200k outstanding)**.

Exhibit B – Ana's NSLDS Summary: Page 1 of 2


7/12/2019 Financial Aid Review – [redacted]

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National Student Loan Data System (NSLDS) for Students

Español (Spanish)
Skip Navigation
HomeAidEnrollmentSubsidized UsageYour Contact InfoExit CounselingAuthorizationGlossaryFAQs Contact Us Logoff

NSLDS is a repository of information from many sources. Changes to the data are made by those sources. Collecting the data into one central location such as NSLDS gives you convenience and saves you time. If for any reason you disagree with the information reported to NSLDS, please contact one or more of the sources of your data listed on the detail pages on this site. The Department is also available as a resource at 1-800-4FEDAID if you need additional assistance. Your comments and corrections will help improve the services NSLDS provides.

Defaulted
Aid Summary for [redacted]

Your enrollment status is NEVER ATTENDED , effective 12/29/2001.

Authorization Subsidized Usage

MyStudentData Download

Loans

Please click on numbers in first column to see details including point of contact.

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT CONSOLIDATED SUBSIDIZED	$25,153	08/20/2009	$25,104	$49	$37,768	$2,682
2	DIRECT CONSOLIDATED UNSUBSIDIZED	$85,955	08/20/2009	$85,786	$168	$155,494	$11,026
3	FFEL CONSOLIDATED	$19,640	06/29/2006	$19,640	$0	$0	$0
4	FFEL CONSOLIDATED	$67,114	06/29/2006	$67,114	$0	$0	$0
5	DIRECT CONSOLIDATED UNSUBSIDIZED	$66,131	04/28/2006	$66,131	$0	$0	$0
6	DIRECT CONSOLIDATED SUBSIDIZED	$19,362	04/28/2006	$19,362	$0	$0	$0
7	FFEL CONSOLIDATED	$53,162	07/23/2003	$53,162	$0	$0	$0
8	FFEL CONSOLIDATED	$15,563	07/23/2003	$15,563	$0	$0	$0
9	DIRECT CONSOLIDATED UNSUBSIDIZED	$37,948	09/30/1999	$37,948	$0	$0	$0
10	DIRECT CONSOLIDATED SUBSIDIZED	$11,828	09/30/1999	$11,828	$0	$0	$0
11	FFEL CONSOLIDATED	$18,243	02/22/1996	$18,243	$0	$0	$0
12	FFEL SUPPLEMENTAL LOAN (SLS)	$4,000	08/24/1993	$4,000	$0	$0	$0

https://nslds.ed.gov/nslds/nslds_SA/secure/SaFinShowSummary.do 1/2

NSLDS Reviewed 7/12/2019

Ana's NSLDS record confirms nearly **$200,000** of student loan debt not appearing on credit report

Exhibit B - Ana's NSLDS Summary: Page 2 of 2

7/12/2019 Financial Aid Review – [redacted]

13	FFEL STAFFORD SUBSIDIZED	$3,629	08/24/1993	$3,629	$0	$0	$0
14	FFEL STAFFORD SUBSIDIZED	$3,871	06/15/1993	$3,871	$0	$0	$0
15	FFEL STAFFORD SUBSIDIZED	$5,111	10/20/1992	$5,111	$0	$0	$0
16	FFEL STAFFORD SUBSIDIZED	$500	07/01/1992	$500	$0	$0	$0
17	FFEL STAFFORD SUBSIDIZED	$293	05/27/1992	$293	$0	$0	$0
18	FFEL STAFFORD SUBSIDIZED	$2,625	10/18/1989	$2,625	$0	$0	$0
19	FFEL SUPPLEMENTAL LOAN (SLS)	$4,000	10/18/1989	$4,000	$0	$0	$0
20	FFEL STAFFORD SUBSIDIZED	$206	10/08/1988	$206	$0	$0	$0
21	FEDERAL PERKINS	$1,500	04/19/1987	$1,500	$0	$0	$0
22	FFEL STAFFORD SUBSIDIZED	$2,500	09/13/1985	$2,500	$0	$0	$0
23	FFEL STAFFORD SUBSIDIZED	$2,500	10/17/1984	$2,500	$0	$0	$0
24	NATIONAL DIRECT STUDENT LOAN (PERKINS)	$560	01/01/1900	$560	$0	$0	$0
Total DIRECT CONSOLIDATED SUBSIDIZED						$37,768	$2,682
Total DIRECT CONSOLIDATED UNSUBSIDIZED						$155,494	$11,026
Total FFEL CONSOLIDATED						$0	$0
Total FFEL SUPPLEMENTAL LOAN (SLS)						$0	$0
Total FFEL STAFFORD SUBSIDIZED						$0	$0
Total FEDERAL PERKINS						$0	$0
Total NATIONAL DIRECT STUDENT LOAN (PERKINS)						$0	$0
Total All Loans						$193,262	$13,708

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility, loan payoffs, overpayment status, or tax reporting. Please consult the Financial Aid Officer at your school or the specific holder of your debts for further information.

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End of Page

Ana's NSLDS record confirms nearly **$200,000** of student loan debt not appearing on credit report

Implications of Our Findings

Individual Consumer: The Visibility Gaps Have Limited Impact on Most Borrowers

In our experience, clients meeting with our Financial Counselors do not experience the same visibility gap. That is, even if their credit reports do not show outstanding student loan balances, clients will often say something to the effect of, "Well, I know they're out there—they take my tax refund every year!" or ask skeptically, “So are you saying I don’t owe my student loans anymore? They froze my bank account a few years ago.”

From an individual consumer perspective, the most dangerous combination of factors would be a borrower who has lost track of their student loans, has not experienced student loan collection activity in some time, and whose loans are obfuscated by the ‘Statute of Limitations Gap’. This is a particularly problematic combination because our counselors would not have any indication that the client ever borrowed student loans, and thus, a review of the client’s credit report would not prompt the client to recall the existence of this debt. The client profile described above is one that Neighborhood Trust sees less often, but is most typical of those who attended school decades ago (often at a for-profit institution), dropped out fairly quickly (leading them to believe that since they did not attend any classes, they did not owe any money), and have been unemployed for an extended period of time (putting them out of reach of traditional collection efforts such as tax refund offsets or wage garnishment).

Policy Implications: The Visibility Gaps Have Greater Impact and Can Lead to Misdirected Policy
If one interrogates credit bureau data without the aforementioned “default gap” insight, neighborhoods with high concentrations of defaulted student loans may appear to exhibit curiously low, or below average student loan balances. A policymaker could analyze the data for such a neighborhood and conclude that these borrowers have student loans with relatively manageable balances. As a result, this policymaker may prioritize solutions that address flaws in the administration of the loan program such as more effective communication of due dates and repayment plans for students graduating or leaving school. When taking our insights into account, however, one might begin to suspect that these balances are not necessarily small at all—in fact, it is entirely possible that the full picture of a given borrower’s student loan burden is simply being obfuscated by the federal student loan “default gap”. As a result, the solutions needed may need to address the overall affordability of the loans, given the chasm between typical earnings and growing debt burden.

Conclusion & Call to Action

Neighborhood Trust does not possess nearly enough data to speculate regarding the magnitude of the gap between student loan balances as reported by the credit bureaus and those reported by NSLDS data sources. However, given the approximately 9 million borrowers currently in default, and the over 1 million borrower defaults occurring every year, it would be a mistake to disregard this insight. The student loan reporting discrepancies outlined above merit the attention of anyone using credit bureau data to analyze the realities of student borrowers.

We call on researchers to incorporate these findings into their future data analysis and use them to release more accurate reports to the public. As our analysis indicates, taking credit reports at face value when it comes to student debt may lead to inaccurate conclusions. Student debt in America may be a bigger problem than many think and underestimating it could lead to well-intentioned, but poorly designed policy interventions.

Neighborhood Trust is seeking partners and is eager to share direct practitioner insights on student loan debt and other consumer financial challenges facing low-to-moderate income workers. To collaborate, please contact Eric Espinoza at eespinoza@neighborhoodtrust.org and tell us more about your area of interest.

About Neighborhood Trust Financial Partners

Neighborhood Trust Financial Partners is a nonprofit social enterprise that empowers workers to take control of their finances. We provide financial counseling and access to carefully curated products focused on the challenges confronting most working households today: cash-flow shortfalls, budgeting, emergency savings, and debt management.

To maximize our impact, we deliver our counseling in settings that are convenient to workers, including the workplace, financial institutions, and community nonprofits, and we link our clients to safe, affordable financial products. The end result is workers who are more confident and less stressed about their finances, who build healthy balance sheets and work towards wealth creation goals like starting a new business or helping their child go to college.

As a mission-driven organization deeply committed to the financial health of its clients, we seek to disseminate our practitioner insights to ensure that stakeholders gain a more nuanced and informed understanding of the lived realities facing LMI workers. Since our clients' financial lives are inevitably affected by a broader ecosystem of policies and practices, we believe it is crucial for researchers, policymakers, and other stakeholders to access data and insights that facilitate enhanced comprehension. We fervently believe that addressing any problem, particularly one as daunting and multifaceted as the student debt crisis, requires a sound understanding of its scope.

Neighborhood Trust has made it part of its mission to leverage our data, insights and real client examples to elevate the voices of everyday workers navigating the harsh realities of financial insecurity. We are eager to share more of our work through our Strategic Advocacy initiative and look forward to hearing more from you about your consumer finance area of interest.

About the Author

Eric Espinoza is Associate Director of Programs and Strategic Advocacy at Neighborhood Trust Financial Partners where he leads the organization's efforts to purposefully surface and distill data, stories, and expert insights that detail the perils and realities of financial insecurity faced by every day workers. This initiative focuses on partnering with other advocates to influence policy, business practices, financial products and services in ways that improve worker financial health. Eric is also a lead provider of

Technical Assistance to other financial counseling providers via the Cities for Financial Empowerment Fund.

Previously, Eric managed a team of Neighborhood Trust counselors and played a central role in writing and delivering Neighborhood Trust's proprietary New Counselor Training Curriculum. He spent four years as a Financial Counselor, working directly with over 700 clients to improve their economic stability and mobility through a combination of individualized personal financial counseling sessions and facilitated group learning workshops. Eric holds a BA from Dartmouth College, graduating Magna Cum Laude with a double major in Geography and Latin American, Latino and Caribbean Studies.

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