# Reducing Barriers to Enrollment in Federal Student Loan Repayment Plans: Evidence from the Navient Field Experiment

# (with Holger Mueller)

To reduce student loan delinquency and default, the federal government provides income-driven repayment (IDR) plans in which monthly student loan payments depend on the borrower's discretionary income. However, take-up of IDR plans remains incomplete despite federal subsidies and outreach efforts by student loan servicers and the government. This study reports evidence from a randomized field experiment conducted by a major student loan servicer, Navient, in which treated borrowers received pre-populated IDR applications for electronic signature. As a result, IDR enrollment increased by 34 percentage points relative to borrowers in the control group. Using treatment assignment as an instrument for IDR enrollment, we furthermore present LATE estimates of the impact of IDR enrollment on new delinquencies, monthly payments, and consumer spending. Our estimates imply a drop in monthly payments of $355 and a reduction in new delinquencies of seven percent. At the same time, credit card balances increase by $343, implying that the freed-up liquidity is almost entirely used for consumer spending.

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