



A Union of Professionals

HART
RESEARCH
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Effects of Debt on AFT Members Who Struggle Financially

*Key findings from a survey among 2,646 members who are struggling financially
Conducted May 24 to June 18, 2018, for the American Federation of Teachers*

The survey identified AFT members who struggle financially or have fallen behind and gone into debt. Their profile is similar to members generally.

	All AFT members	Members struggling financially*
Men	28%	23%
Women	72%	73%**
Age 18 to 34	16%	15%
Age 35 to 44	25%	29%
Age 45 to 54	27%	29%
Age 55/older	31%	25%
Whites	75%	66%
African Americans	10%	15%
Hispanics	9%	11%
Teachers	61%	57%
Paraprofessionals	14%	17%
Higher ED	12%	11%
Healthcare	8%	4%
Public employees	5%	4%

*Does not add to 100% because of blank responses
 ** 2% listed their gender as binary/other

Overview: Causes and Consequences of Debt

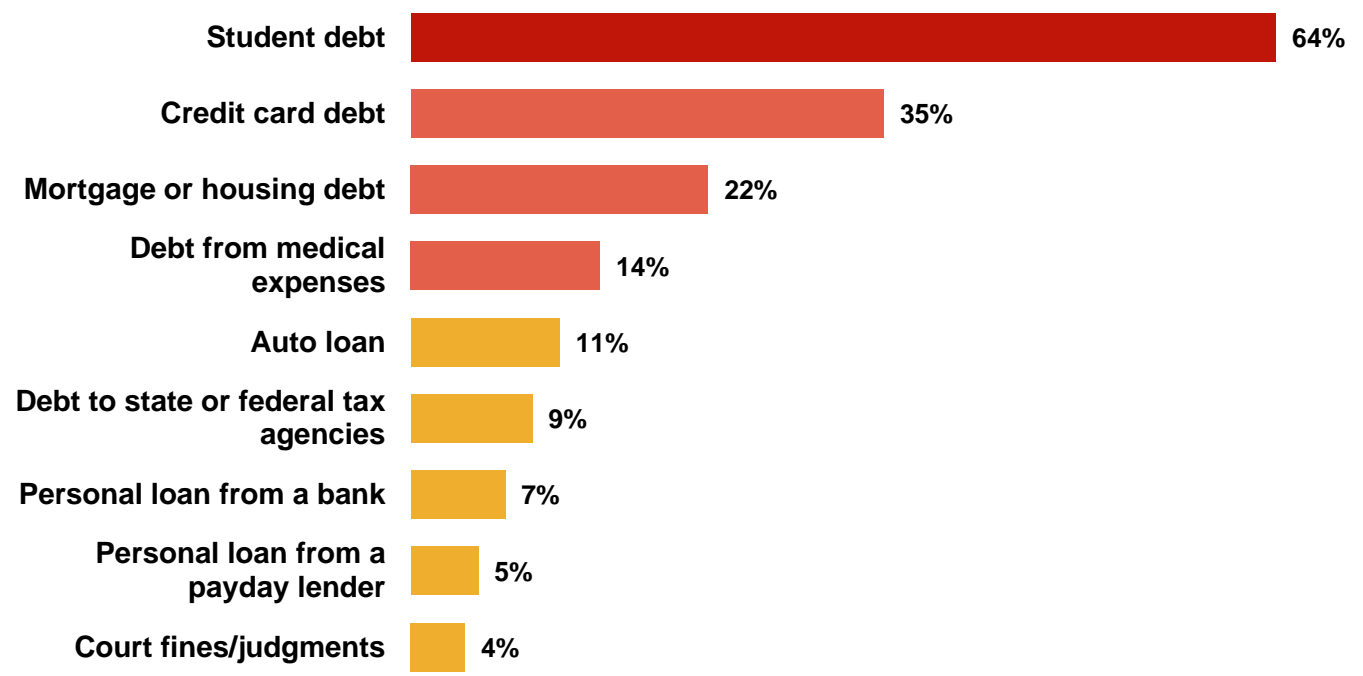
- More than any other type of debt, student debt is a major driver of financial difficulties: eight in 10 say student debt is a major burden or challenging.
- The real-world consequences for members who struggle financially are significant: saving for retirement, dealing with interest payments, and education costs are all major problems for a majority of members who are struggling financially.
- The problems of dealing with debt, primarily student debt, are compounded by the fact that many struggling members say their salaries and wages are not keeping up with the cost of living.
- The impacts of these struggles are both psychological:
 - Only 9% feel confident that they will achieve the kind of financial security they want for themselves and their families.
 - 97% say that debt has caused them to have increased stress levels, 80% say it has caused them to lose sleep, and 73% say it has caused strains in their families and households.
- And practical:
 - 78% report that they or someone in their household have fallen behind in making debt payments in the past year, and 67% say that at some point in their lives they have had their debts sent to an agency for collection; one in three say they have had their student loans go into default.
- The most common ways of coping when members fall behind on their debts include only paying the minimum balances on credit cards (71%) and delaying payments on other bills (61%), but 64% of financially struggling members also say they have had to make cuts to food and other regular household expenses, and 42% say they avoid medical treatment.

Overview: AFT's Role

- Members who are struggling financially say that the AFT can play a valuable role in helping them deal with their struggles, with many members saying the following would be helpful to them:
 - Debt consolidation loans at a low fixed interest rate
 - A clinic offering help applying for student loan debt forgiveness and resources to manage and reduce payments
 - Financial wellness training with tips to build their credit scores, manage household expenses, and plan for the future
- Many members also want the union to organize advocacy and action against the policies of the Trump administration and Wall Street that exacerbate the financial struggles of working people.

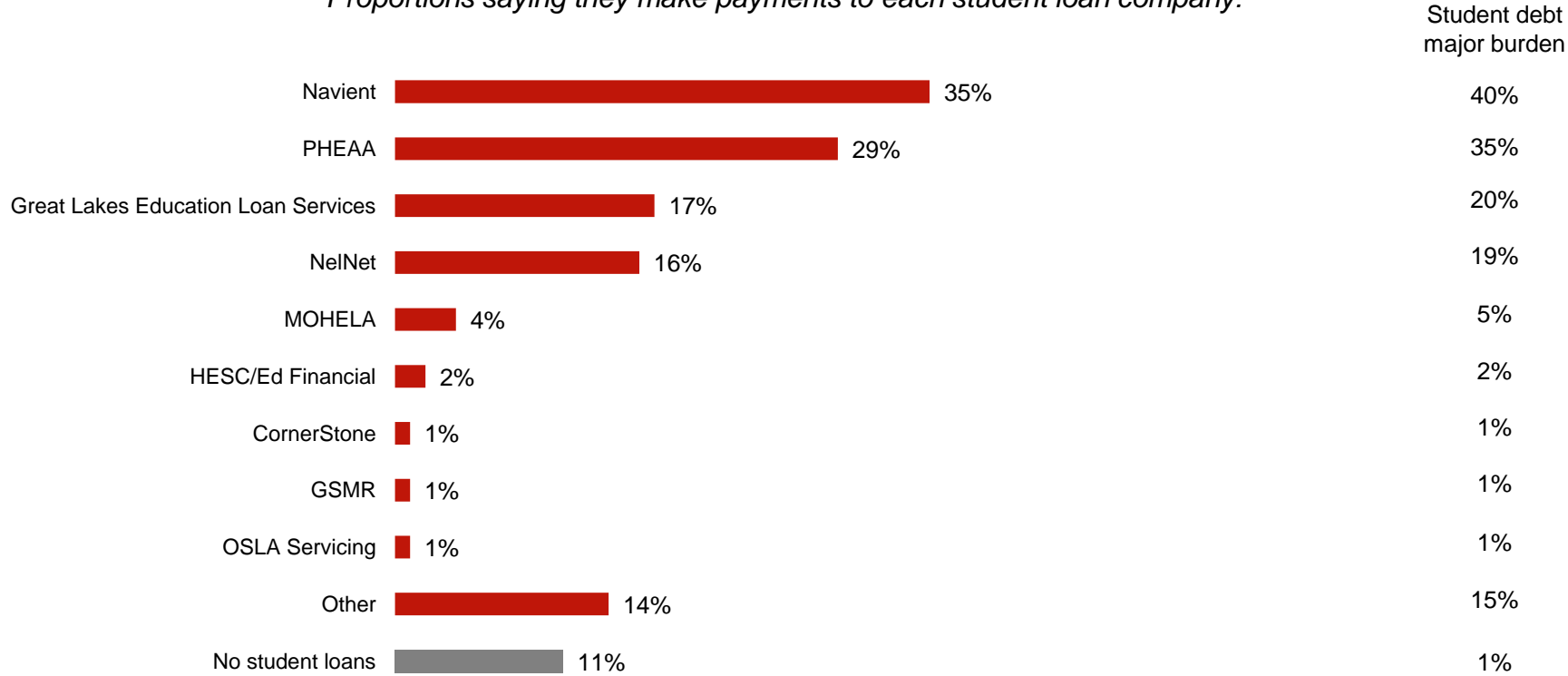
For those struggling, student debt is the major driver of their financial difficulties.

Proportions saying each is a major burden on their household:



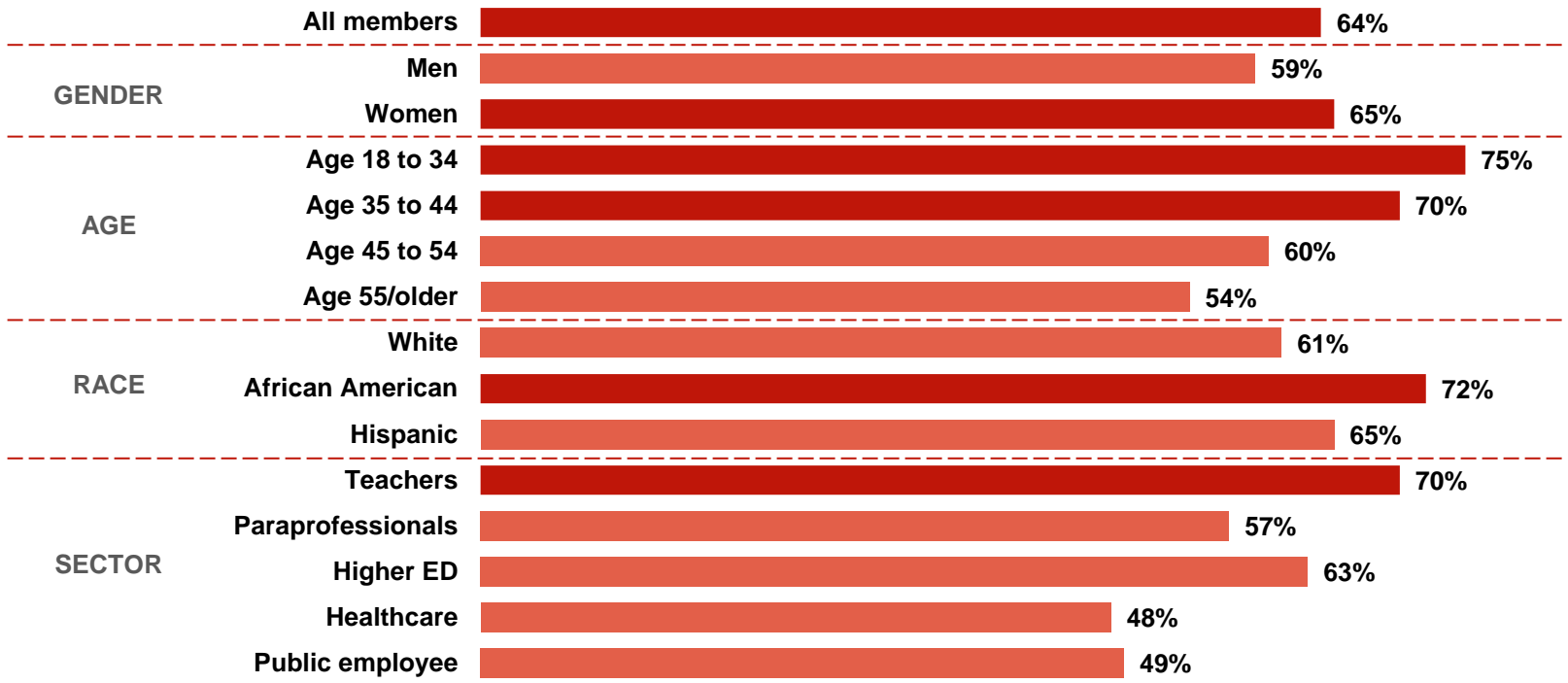
Over a third of struggling members have Navient as a student loan servicer.

Proportions saying they make payments to each student loan company:



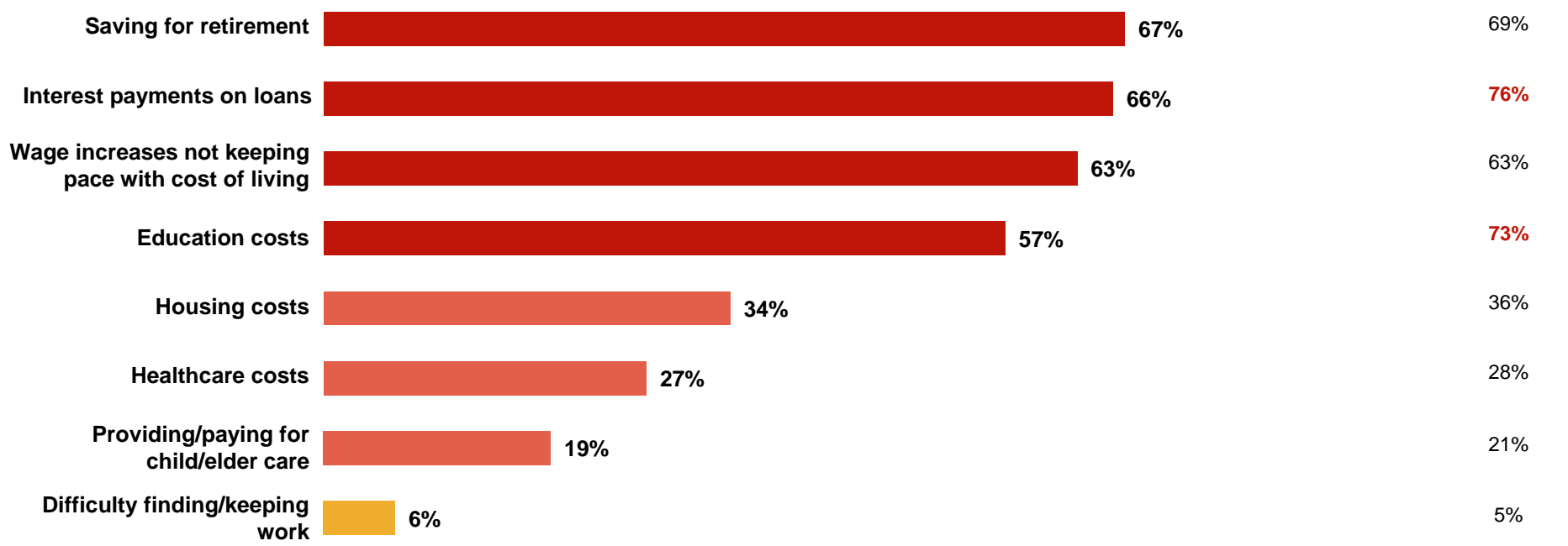
Student debt is a greater problem for younger members and African-American members.

Proportions saying STUDENT DEBT is a major burden on their household:



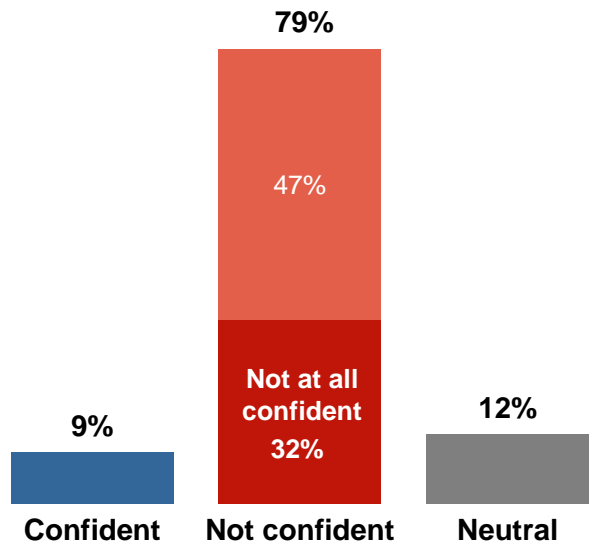
Those who struggle financially deal with real-world challenges in saving for retirement, keeping up with loan payments, and keeping up with the cost of living.

Proportions saying each is a big challenge for them or their family:



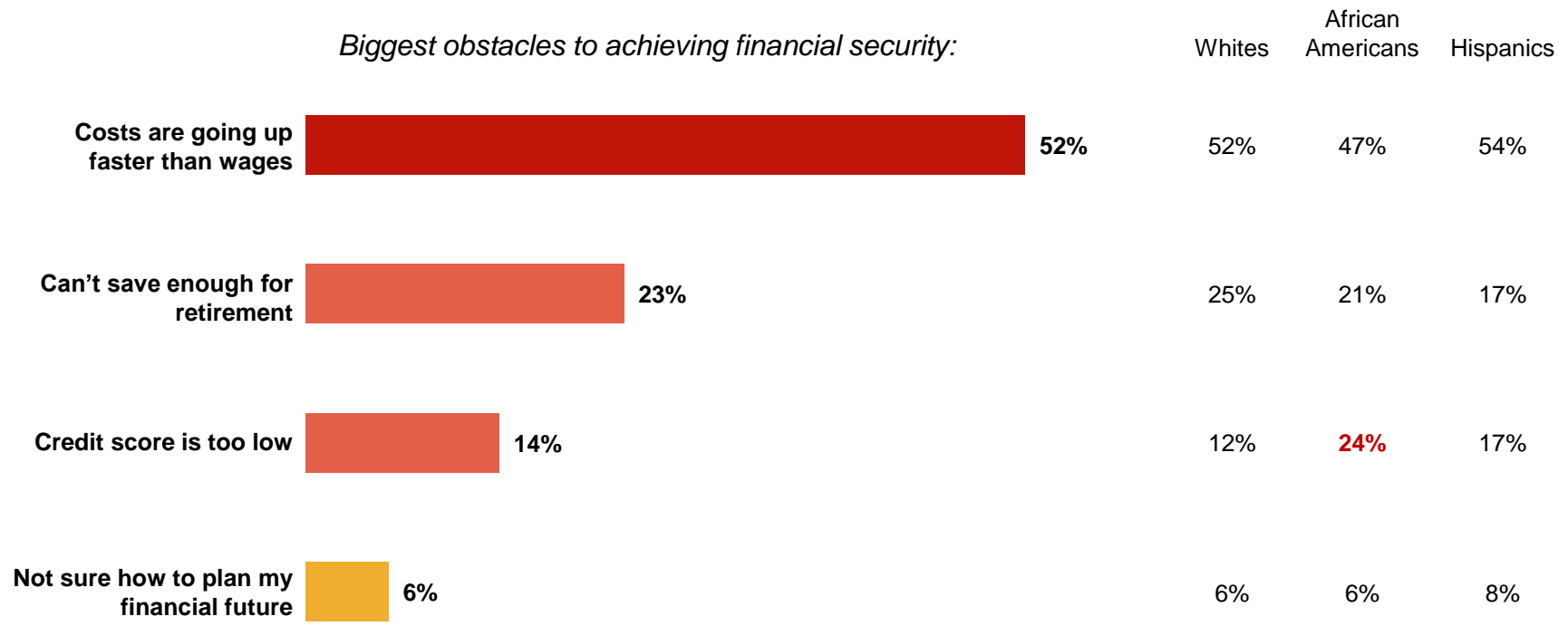
As a result of their financial struggles, very few of these members express confidence that they ever will achieve the kind of financial security they are hoping for.

How confident are you that you will be able to achieve the kind of financial security you want for you and your family?



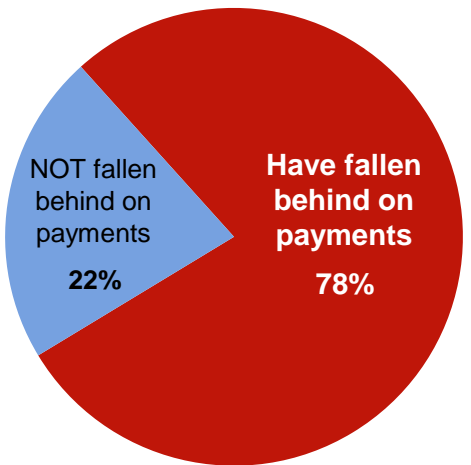
Struggling members say keeping up with the cost of living is the top obstacle to achieving financial security.

Biggest obstacles to achieving financial security:

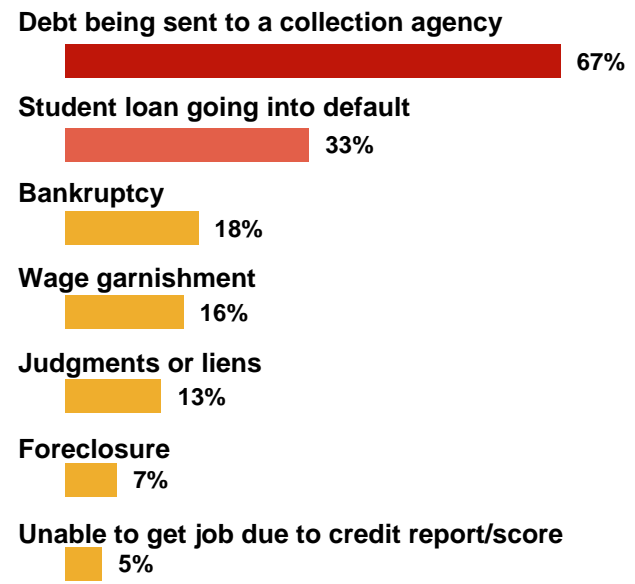


Nearly eight in 10 struggling members say they have fallen behind on monthly debt payments and two-thirds have had debts sent to collection agencies.

Over the last 12 months, have you or anyone in your household **fallen behind on making any debt payments** or been **unable to make all payments on time**?



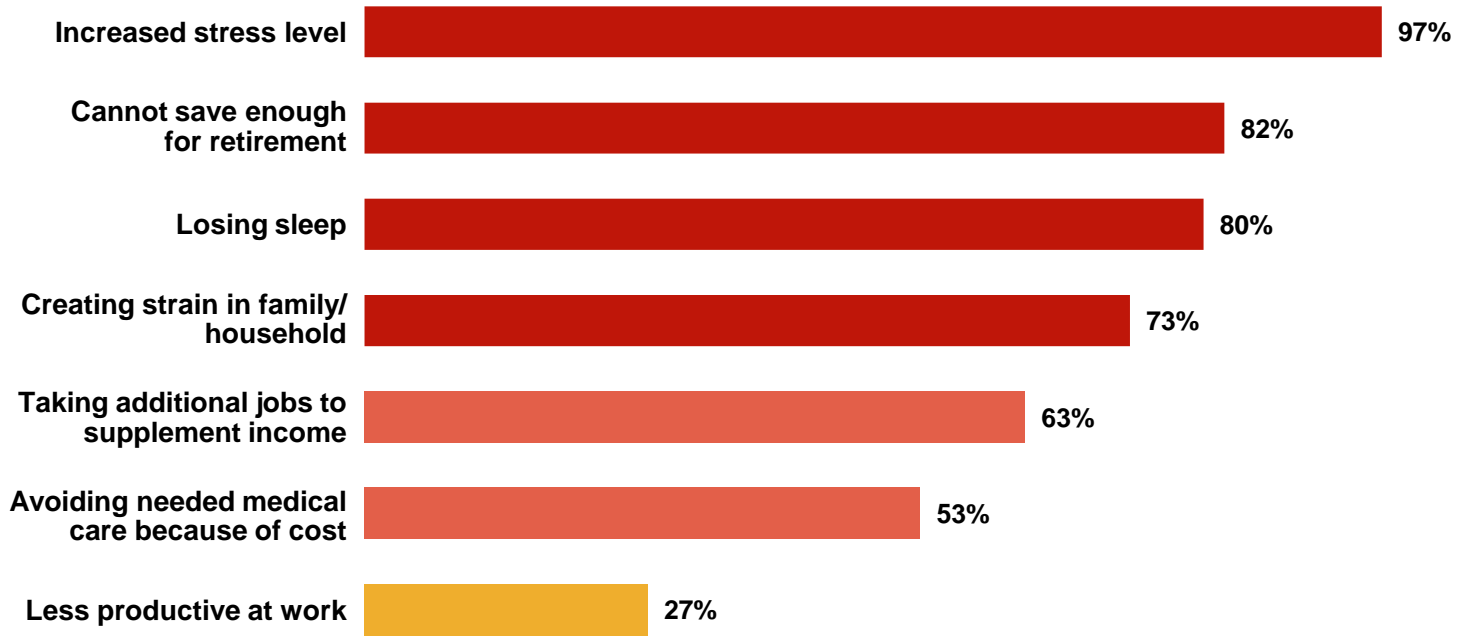
Members saying they or someone in their household has experienced:



The psychological toll of financial struggles is steep: stress, lost sleep, and strains in families.



How has debt impacted you?

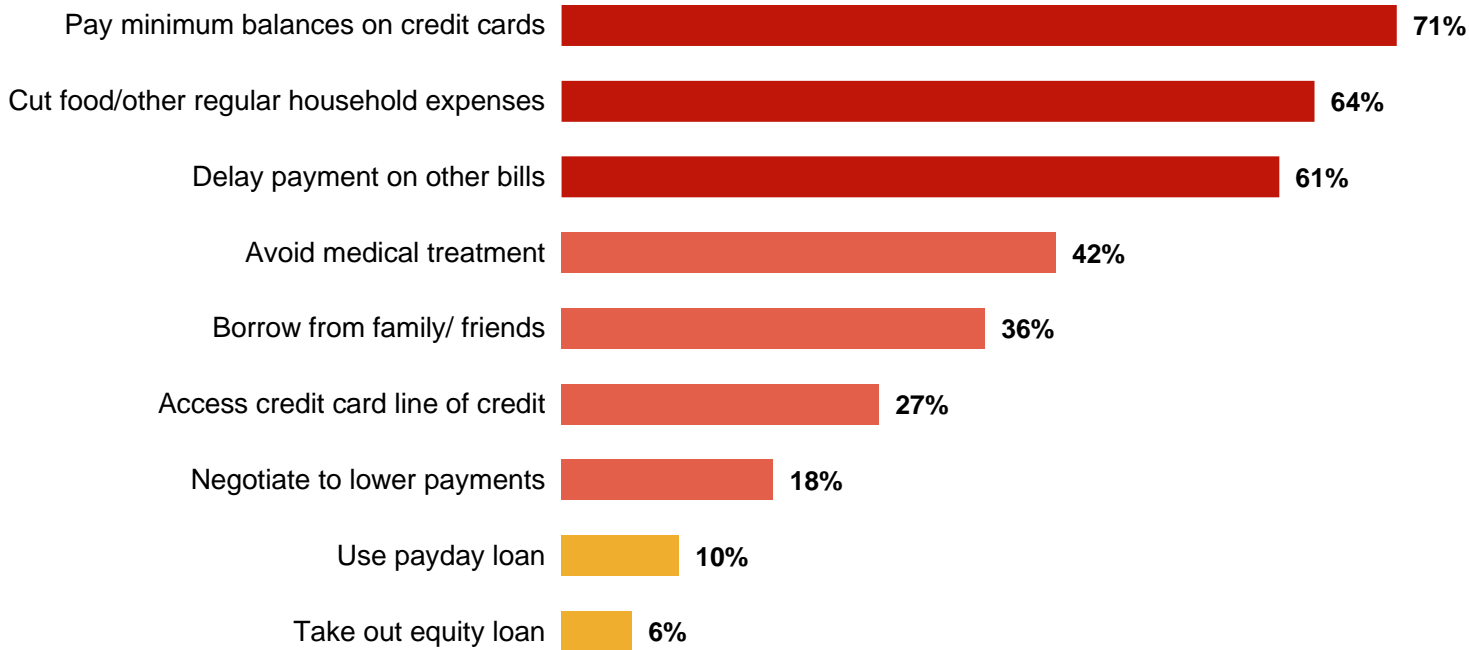


Urgent Effects of Financial Insecurity by Key Subgroups

	Taking additional jobs to supplement income	Avoiding needed medical care	Debt being sent to a collection agency
All members	63%	53%	67%
Men	69%	57%	66%
Women	60%	52%	68%
Whites	63%	56%	63%
African Americans	57%	43%	82%
Hispanics	64%	49%	69%
Teachers	67%	53%	69%
Paraprofessionals	57%	58%	71%
Higher Ed	68%	50%	55%
Healthcare	50%	49%	61%
Public employees	57%	48%	76%
Student debt is a major burden	66%	55%	70%

Members use a variety of strategies when falling behind: lowering and delaying payments, cutting expenses, and avoiding medical treatment.

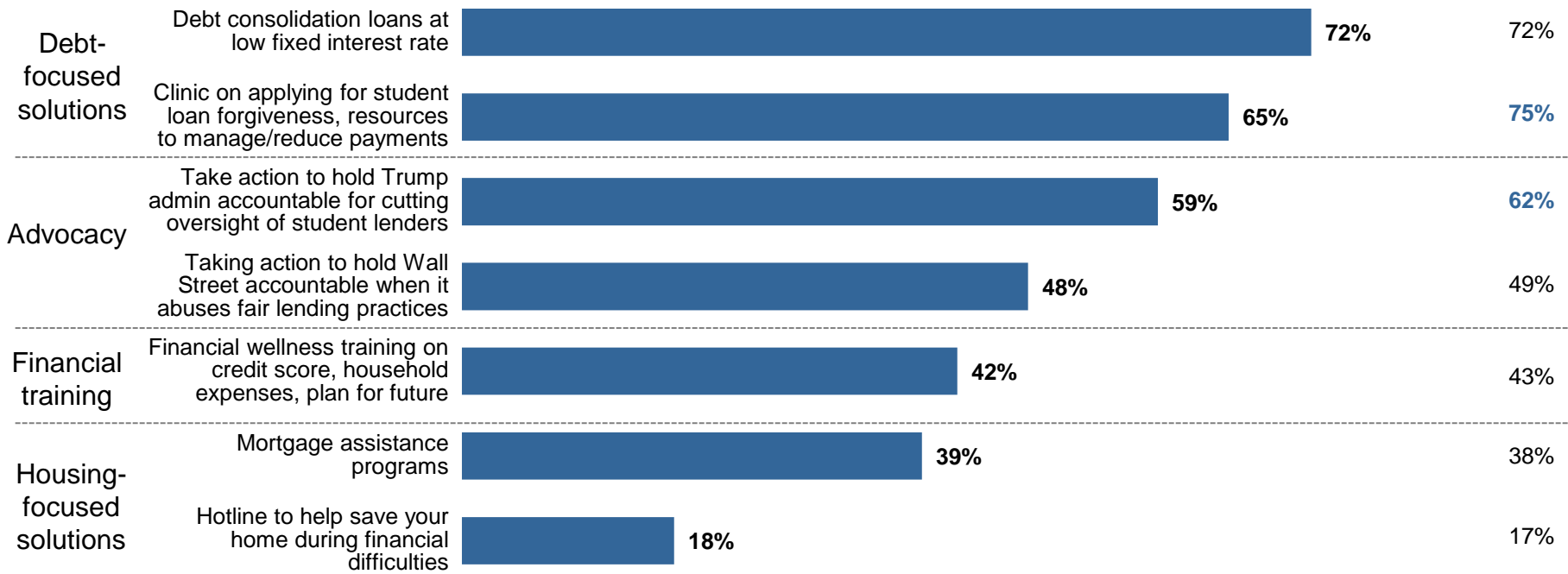
When you have fallen behind, what strategies do you or others in your household use to make ends meet?



AFT can play a vital role in helping members deal with their financial struggles.

Our union, AFT, is exploring additional tools we can provide members to help manage and reduce debt. Which of these would be helpful to you or others struggling with debt?

Student debt is major burden



Most struggling AFT members are actively engaged with union activities.

Participation in union sponsored events in the last year:

