

Discussion of: Refinancing Student Debt: Borrower Outcomes and Policy Implications

by Jacob Goss (University of Wisconsin–Madison)

André Victor Doherty Luduvicé

Federal Reserve Bank of Cleveland

MEA 2026

The views and findings expressed here are those of the author's and do not necessarily reflect the views of the Federal Reserve Bank of Cleveland or the Federal Reserve System.

Basic Idea and Main Results

- ▶ The paper studies the effects of student loan refinancing on borrower outcomes:
 - ▶ Public-to-private refinancing: federal student loan borrowers refinance with private lenders (e.g., SoFi) at lower interest rates
 - ▶ Uses Equifax Analytic Dataset (credit bureau panel) with a novel algorithm to identify refinancing events
 - ▶ Employs modern difference-in-differences ([Callaway and Sant'Anna, 2021](#)) with AIPW estimator
- ▶ Main results:
 - ▶ Refinancing reduces student loan delinquency by $\sim 6\%$
 - ▶ Mechanism: improved liquidity, not accelerated repayment
 - ▶ Spillovers: higher credit card (CC) limits, fewer missed CC payments, modest mortgage uptake
 - ▶ Benefits accrue to low-risk, relatively advantaged borrowers

Takeaway Lessons and Strong Suits

- ▶ Takeaway Lessons:
 - ▶ Refinancing is a market-tested mechanism with positive effects on financial health
 - ▶ Liquidity channel dominates: borrowers pocket savings rather than pay down faster
 - ▶ Private refinancing market is selective — “cream-skimming” from federal portfolio
- ▶ Strong Suits:
 - ▶ Novel algorithm to detect refinancing in credit bureau data
 - ▶ Policy-relevant: informs forgiveness vs. refinancing debate
 - ▶ Upfront and transparent about limitations

Main Figure:

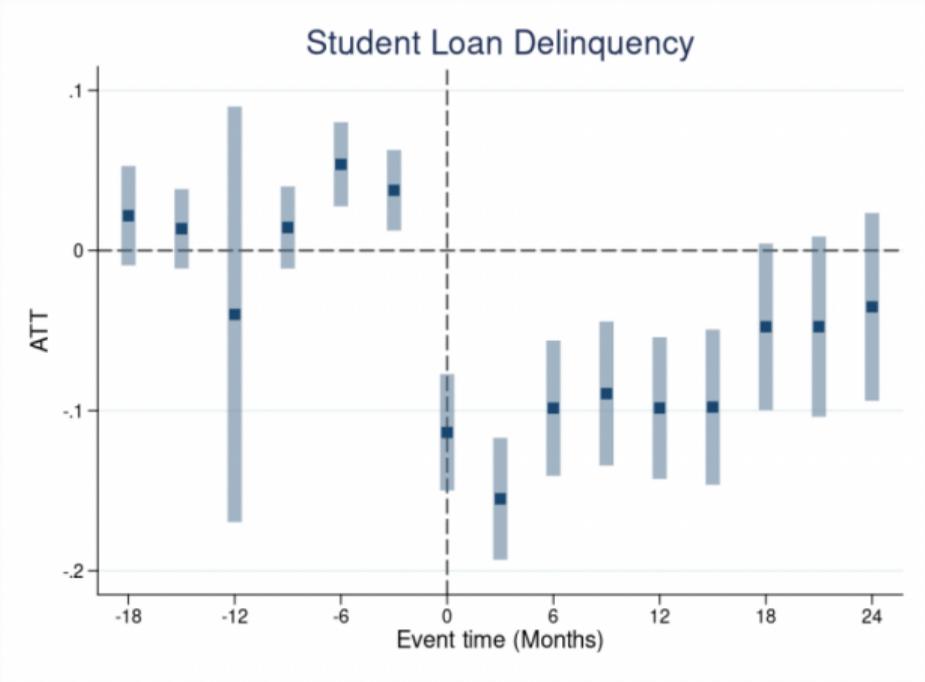


Figure 4: Estimated change in the probability of student loan delinquency (90+ days past due) relative to the refinancing quarter, using the AIPW specification described in Section 4. Shaded areas indicate 95% confidence intervals.

Discussion of the Paper: Questions, Comments, and Suggestions

▶ Questions:

- ▶ Can you bound the consolidation vs. refinancing misclassification rate?
- ▶ Without observing interest rates, can we compute per-unit responses (no dosage)?
- ▶ Refinancers lose federal protections (IDR, PSLF, forbearance) — is the delinquency gain net of lost insurance?

▶ Comments:

- ▶ Income is the key omitted variable — and income and wealth give opposite rankings of borrowers ([Manes et al., 2022](#); [Folch and Mazzone, 2026](#))
- ▶ Preferred spec (col. 2, Table 2) is only marginally significant ($p < 0.10$)
- ▶ Credit card limit results (Table 4) flip sign with not-yet-refinancers control

Discussion of the Paper: More Comments and Suggestions

- ▶ External validity and policy implications:
 - ▶ ATT is for the most creditworthy — marginal borrowers could differ, especially over-optimistic enrollees ([Moschini et al., forth.](#))
 - ▶ Cream-skimming is a GE story: scaling refinancing worsens the federal portfolio risk pool
- ▶ Suggestions:
 - ▶ Separate by program type: undergrad vs. graduate ([Boisten et al., 2025](#); [Folch and Mazzone, 2026](#)) and two-year vs. four-year ([Moschini and Raveendranathan, 2024](#))
 - ▶ Heterogeneity by cohort timing: early vs. late refinancers as FinTech market evolved
 - ▶ Benchmark against mortgage refinancing literature ([Abel and Fuster, 2021](#); [Agarwal et al., 2023](#))

References

- Abel, J. and A. Fuster (2021). “How Do Mortgage Refinances Affect Debt, Default, and Spending? Evidence from HARP.” *AEJ: Macroeconomics*, 13(2), 254–291. [doi](#)
- Agarwal, S. et al. (2023). “Mortgage Refinancing, Consumer Spending, and Competition: Evidence from HARP.” *Review of Economic Studies*, 90(2), 499–537. [doi](#)
- Boisten, L., A. Schweinert, and D. Jiménez (2025). “Life-cycle Effects of Income-Driven Repayment on Credit Outcomes, Future Student Loan Borrowing, and Labor Market Outcomes.” Working Paper. [link](#)
- Callaway, B. and P. H. C. Sant’Anna (2021). “Difference-in-Differences with Multiple Time Periods.” *Journal of Econometrics*, 225(2), 200–230. [doi](#)
- Folch, M. and L. Mazzone (2026). “Go Big or Buy a Home: The Impact of Student Debt on Career and Housing Choices.” *Review of Economic Dynamics*, 59, 101317. [doi](#)
- Manes, J., E. Moschini, and T. Phelan (2022). “Student Debt Incidence: Recent Data and Conceptual Issues.” *Fed. Reserve Bank of Cleveland, Ec. Commentary* 2022-16. [doi](#)
- Moschini, E. G., G. Raveendranathan, and M. Xu (forth.). “Optimism about Graduation and College Financial Aid.” *AEJ: Macroeconomics*. [link](#)
- Moschini, E. G. and G. Raveendranathan (2024). “Two-Year Programs and College Financial Aid.” Working Paper. [doi](#)