Exploratory Study on Entrepreneurship Interest, Student Debt and Mental Health Among HBCU Entrepreneurs

Prepared For
Forward Cities

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Executive Summary

Policy Question

How do student loans affect Black and Latinx borrowers’ psychological well-being and thus their propensity to become entrepreneurs?

Introduction

Entrepreneurship is declining nationwide among younger people.i Studies show that student debt reduces the likelihood of starting businesses because investors and banks generally require entrepreneurs to use their own wealth as collateral to qualify for business loans.ii Thus, historical patterns of racial discrimination in wealth accumulation and access to capital, and the student debt crisis exacerbates barriers to entry for aspiring Black and Latinx entrepreneurs.iii Given the prevalence of student loans among Black and Latinx borrowers, they tend to be underrepresented in entrepreneurship. A small body of research also suggests that student debt has severe consequences for mental health.iv Because entrepreneurs report high levels of life and job satisfaction, this study explores the relationship among entrepreneurship interest, mental health, and student debt in Black and Latinx borrowers from an historically black college and university (HBCU).v

Data Collection

Qualitative methods helped gather the stories of aspiring student and alumni entrepreneurs, carrying student debt, from North Carolina Central University (NCCU). NCCU is a co-ed public HBCU. Phone and in-person interviews were conducted with 5 Black alumni, and an additional 23 Black and Latinx current student entrepreneurs completed an open-ended survey questionnaire. Participants responded to questions about their interest in entrepreneurship, their encountered and perceived challenges with entrepreneurship, and the influence of student debt on career goals and mental health indicators.

Results

Several key findings emerged from analyzing the data.

1. Fear of failure is the most salient concern for aspiring and established entrepreneurs.
2. Some Black and Latinx aspiring entrepreneurs envision student debt will hinder them from pursuing entrepreneurship.
3. Managing student debt triggers stress for aspiring and established entrepreneurs.
Recommendations

Based on the results, this paper recommends several strategies to motivate young Black and Latinx aspiring entrepreneurs to regard entrepreneurship as a viable profession.

1. Enhance student loan counseling options at higher education institutions.
2. Provide resources about short-term working capital options.
3. Encourage student entrepreneurs to identify mentors and workshop business ideas.
4. Offer mental health resources targeting student debt and mental well-being.
Background

Students are increasingly depending on student loans to finance higher education in the U.S.\textsuperscript{vi} Currently, the outstanding student loan debt is approximately $1.5 trillion, 90\% of which is owed to the federal government.\textsuperscript{vii} This total debt is inequitably distributed along racial and income lines, namely among Black, Latinx, and low-income students.\textsuperscript{viii} Black students borrow at higher rates and at higher levels than their White counterparts at any type of institution.\textsuperscript{x} Borrowing rates and loan sizes are intensified among Blacks from low- and moderate-income households.\textsuperscript{x} Even though Latinxs and Whites borrow at similar rates, Latinx borrowers experience greater financial distress because Latinx students are more likely to drop out and default on their loans.\textsuperscript{xi}

The type of institution a student of color attends has consequences for their debt load. Many students of color, particularly Black students, have high levels of debt and higher default rates because they are overrepresented at for-profit colleges that engage in predatory lending practices and provide minimal returns on investment.\textsuperscript{xii} Historically black colleges and universities (HBCU) graduates also accrue debt at greater rates and amounts, and have lower repayment rates, than peers from other four-year public and private, non-profit non-HBCUs.\textsuperscript{xiii} HBCUs’ small endowments and student population – predominately enrolling low-income, first-generation and academically underprepared Black students – explain why these students’ borrowing and repayment trends diverge from their peers at other four-year institutions.\textsuperscript{xiv}

The 2020 presidential election has pushed forgiving student debt at the forefront of solutions for addressing the student debt crisis. Senators Elizabeth Warren and Bernie Sanders, candidates for the democratic presidential nomination, have proposed mass debt elimination at varying magnitudes. Research demonstrates canceling debt does indeed secure better financial futures for individual borrowers and stimulates the economy.\textsuperscript{xv}

Policymakers, such as former President Obama, have promoted student loan reforms as a way to encourage entrepreneurship and drive economic growth.\textsuperscript{xvi} On the connection between student loans and entrepreneurship, studies show that student debt reduces the likelihood of starting businesses because investors and banks generally require entrepreneurs to use their own wealth as collateral to qualify for business loans.\textsuperscript{xvii} This negative effect of student loans on entrepreneurship is much stronger for low-income and low-asset households, and younger individuals.\textsuperscript{xviii}

Given the high use of student loans among racial minorities, Black and Latinx borrowers tend to be underrepresented in entrepreneurship. Moreover, institutionalized discrimination further undermines Black and Latinx entrepreneurship by facilitating racial differences in wealth accumulation and access to capital. In the private lending market, Black and Latinx loan applicants, compared to White peers, are discouraged from borrowing, receive more loan rejections, and pay higher interest rates when they do receive loans.\textsuperscript{xix} Black and Latinx businesses – that overcame these inequities – are concentrated in low-sales and low-employment industries and lag behind in key business outcomes, such as longevity, revenue, and size.\textsuperscript{xx} Thus, patterns of racial discrimination and the student debt crisis exacerbates those barriers to entry for aspiring Black and Latinx entrepreneurs.\textsuperscript{xxi}
While a diverse audience now touts the economic merits of canceling student loans, the psychological effects of student loans receives little attention in research and calls for higher education policy reforms. A small body of research suggests that student debt has severe consequences for mental health. However, entrepreneurs experience significantly higher levels of job and life satisfaction despite reporting elevated levels of stress, fear, and grief.

Considering that young Black and Latinx entrepreneurs are vital for stimulating the economy and entrepreneurs enjoy a higher quality of life despite working under stressful conditions, the principle researcher conducted a literature review and qualitative analysis that documents HBCU-affiliated Black and Latinx borrowers’ attitudes on entrepreneurship, student debt, and psychological well-being. The insights from this analysis will contribute to Forward Cities’ mission of promoting a more equitable entrepreneurial ecosystem because the report discusses opportunities for expanding this research study. Furthermore, the report recommends policy solutions that the organization can advocate for assuaging barriers against young Black and Latinx entrepreneurs acutely affected by the student debt crisis.

Method

Literature Search

For the systematic literature review about the role of student debt on entrepreneurship propensity and mental health, peer-reviewed journals across multiple disciplines were searched for using Duke University Libraries’ databases. The following search strings yielded 39 unique papers discussing links between mental health and student debt: "student loan" AND “mental health”; "student debt" AND "well-being". With respect to student debt and entrepreneurship propensity, the following keywords resulted in 39 unique articles containing these terms: "student debt" AND “entrepreneurship”; "student loans" AND "entrepreneurship" AND "race"; "student debt" AND "minority entrepreneurship"; "student loans" AND “career choice”. Publication date for articles was limited to between January 2000 and March 2020. Upon reviewing abstracts and texts, six of the mental health related papers and eight of the entrepreneurship propensity related papers were deemed pertinent for the objectives of this systematic review.

Collecting Primary Data on HBCU Entrepreneurs Carrying Student Debt

Qualitative methods helped gather the stories of student and alumni entrepreneurs, carrying student debt, from North Carolina Central University (NCCU). As an HBCU, NCCU’s student population shares similar demographics for key attributes – such as race/ethnicity, family wealth and income, and student loan borrowing pattern – as Morehouse College’s student body. These stories may not be representative of what Morehouse College entrepreneurs with student debt experience due to institutional differences. Morehouse is an elite private, all-male HBCU whereas Central is a co-ed, public HBCU. Nonetheless, the sampled NCCU population provided valuable insights into the challenges faced by indebted Black and Latinx entrepreneurs from HBCUs and informed the survey instrument (refer to Future Research Opportunities) that Forward Cities can deploy for their research study of Morehouse College graduates.
Dr. Henry McKoy, faculty member and director of entrepreneurship at NCCU, acted as the main liaison between NCCU students and alumni, and the principle researcher during the recruitment phase. Due to time constraints and limited interest from NCCU student entrepreneur population, in spite of advertising free meal and extra credit for class as incentives, the researcher shifted the data collection method from in-person focus groups to students submitting written responses to open-ended questions. 23 out of 31 submitted student responses satisfied every single eligibility criterion for the study – interested in entrepreneurship, holds student debt, and identifies as Black and/or Latinx. It is not possible to report individual-level demographic data on student participants.

Convenience sampling led to semi-structured interviews with 5 NCCU alumni who were involved in entrepreneurship related coursework and activities while attending college. Four alumni were interviewed by phone and one alumnus was interviewed in-person. Interviewees were probed to clarify and expound their responses. In some instances, the principal researcher disclosed personal anecdotes about their student debt and found it created a space in which (comparatively) reticent interviewees became more willing to share their stories. Prior to the interview, participants completed an online survey to provide consent and optional demographic information. Otter.ai was used to record and transcribe the interviews. Each alumnus received a $20 gift card as an expression of gratitude for their contribution after the interviewed was finished.

**Figure 1: Demographics of Alumni Participants**

<table>
<thead>
<tr>
<th>Race/Ethnicity:</th>
<th>Median Age:</th>
<th>Gender:</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Black or African</td>
<td>27 years old</td>
<td>3 Female &amp; 2 Male</td>
</tr>
</tbody>
</table>

**Qualitative Analysis of Primary Data**

An interpretivist approach was used to analyze the data gathered from participants. Interview transcripts and students’ written responses were coded on NVivo. Codes emerged from the data via line-by-line coding. The researcher focused on highlighting common patterns in successes and challenges expressed by participants, considering the study’s underlying objective was magnifying stories of marginalized entrepreneurs. Yet, certain questions that elicited student debt size or frequency of time spent thinking about student debt typically had numerical responses and simple magnitude comparisons were done. Figure 2 is a sample of top thematic codes relied upon to specify relationships between the emerging codes. The coding outputs were organized into an Excel tracker according to recurring themes and participants’ demographic traits when applicable. xxvi
Figure 2: Sample of Top Coding Themes ($n \geq 9$)

<table>
<thead>
<tr>
<th>Entrepreunership Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wants to bring to life an existing business idea</td>
</tr>
<tr>
<td>• Entrepreunership is equated to professional independence</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Entrepreunership Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fear of failing is a big hurdle for entrepreunership</td>
</tr>
<tr>
<td>• Some aspect of the supply/chain process comes to mind when thinking of starting a business</td>
</tr>
<tr>
<td>• Student debt is/was a hurdle in entrepreunership goals</td>
</tr>
<tr>
<td>• Personal funds would/did finance the business</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Student Debt Influence on Professional Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Student debt influenced general career choice</td>
</tr>
<tr>
<td>• Student debt did not influence general career choices</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Debt &amp; Mental Well-Being</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Worries about student more than once a week</td>
</tr>
<tr>
<td>• Friends converse about the payment process</td>
</tr>
<tr>
<td>• More student debt than the comparison group stated in the response</td>
</tr>
<tr>
<td>• Less student debt than the comparison group stated in the response</td>
</tr>
</tbody>
</table>
Literature Review

Literature Review Findings: Mental Health & Student Debt

While extensive research has been broadly directed at financial distress and mental health consequences in the undergraduate population, there is sparse literature exclusively investigating student debt’s impact on undergraduate students’ mental health.

A 2016 study conducted a systematic review and meta-analysis of empirical research on debt and various dimensions of subjective well-being. Upon disaggregating by type of debt, the study found that educated-related debt has mixed effects on subjective-well-being and lender source influenced the size of effects. The authors caveated that the small number of primary studies on this topic is a limitation of their results.xxvii

The few applicable primary studies found a negative connection between student debt burden and mental health. Perception of debt as stressful, rather than the student loan debt itself, was linked to poorer health outcomes and more depressive symptoms according to a 2018 empirical study. This study sampled college students graduating in 2003 from the National Longitudinal Survey of Freshman. Even though student debt stress is associated with depressive symptoms, the researchers found some notable differences among various demographic traits. Males reported fewer depressive symptoms and females reported more debt stress. African Americans reported higher levels of stress related to student debt in contrast to their White peers with the similar outstanding loan amounts. Further, student loans and debt stress were consistently significant on general health and mental health indicators for African Americans and Hispanic/Latino Americans, suggesting these groups incur greater health risks from student loans.xxviii

Student loan’s effect on psychological well-being extends later into life as well. Kim and Chatterjee (2018) relied on a nationally representative sample of American households from the 2011, 2013, and 2015 waves of the Panel Study of Income Dynamics and found that student debt was negatively associated with life satisfaction, psychological problems, and psychological well-being. These negative outcomes were salient for participants in the 25-34 age range. The study found mixed evidence in favor of their hypothesis that minorities may experience higher levels of stress because they may have insufficient resources to cope with student debt. African Americans and Hispanic Americans experienced significantly lower life satisfaction than Whites. Yet, African Americans had a lower likelihood of reporting psychological problems and there was a lagged effect on Hispanic Americans perceived health status.xxix

Walsemann et al. concluded that student loans are associated with worsening psychological functioning based on a nationally representative sample of young adults whose data was collected over a 13-year period. Respondents were 12-17 years old in the beginning and 25-31 years old at the study’s completion. Lower-income families, however, experienced better psychological functioning with increasing loans. The researchers conjecture that lower-income students better functioning is connected to perceptions of improved socioeconomic mobility and overcoming barriers to college enrollment. Another notable result is students with some college
students and degree-holding students experience similar mental burdens from student loan debt. Some college students may not have amassed sufficient debt to notice a greater mental burden; although the study’s authors raise insufficient variance in loan sizes as a potential explanation too. xxx

Students loans have been shown to affect sleep, an important health promoting behavior, among young African Americans. However, the association between less sleep and student debt was not present among other racial/ethnic groups. All study participants had some college experience and reported on sleep duration in 2010; most participants were between 25 and 31 years old and had finished college by 2010. Previous studies have demonstrated financial strain is linked to sleeping for shorter amounts of time, but this is the first study to find an association between sleep duration and either student loan or student debt. African Americans reap lower economic returns from their education, and this may explain the observed trend. The study could not ascertain to what extent worry, perceptions of financial strain, or other psychosocial stressors contributed to the stronger association between student borrowing and sleep duration among African Americans.xxxi

However, one 2018 study did not find that student loan debt elevates psychological distress among college graduates. This study compared the impact of student loan and credit on psychological distress in American young adults, aged 18-28. While more debt in general corresponds to elevated psychological distress – credit debt stress had twice as much of an impact on stress levels relative to student loan debt – higher outstanding student debt was not linked to higher stress in college students. Zhang and Kim acknowledge the trend is inconsistent with the broader literature on the topic. It may have occurred because college graduates begin to work and repaying debt, and therefore improve their psychological well-being. In line with previous literature, this study did find parental financial support alleviates young people’s stress regardless of debt type. xxxii

Literature Review Findings: Entrepreneurship & Student Debt

There is a small body of peer reviewed literature focused on assessing the relationship between student debt and entrepreneurship. Among the relevant studies, just one U.S. study conducted an empirical evaluation on whether student debt can hinder entrepreneurship. It concluded student debt discourages propensity to open a firm and this negative relationship magnifies for larger and more successful ventures.xxxiii

However, there were a couple of empirical studies conducted internationally that included student debt in their examination of the probability of becoming entrepreneurs. A United Kingdom (U.K.) study, relying on a representative sample of graduates from U.K. higher education institutions, controlled for student debt examined its impact on self-employment. U.K. student debt has risen in the past decade. Student debt had a non-significant influence on self-employment and self-employed graduates carry student debt earned on average lower income levels. Overall, higher education, holding everything else constant, was positively associated with pursuing self-employment immediately following graduation, but that association is gone four years post-graduation. xxiv
In contrast to the U.K. study, a Canadian study suggests post-secondary degrees induced people to seek employment rather than become entrepreneurs. The study observed the sharpest decline in entrepreneurship rates among younger individuals, although they are more likely to become entrepreneurs compared to all age groups. Among the younger age groups, entrepreneurship rates declined the most for groups with a college degree. Student debt and entrepreneurship were negatively correlated when the researchers calculated the correlation between student loan borrower five years ago and entrepreneurship in the most recent year of their dataset. For context, most student debt in Canada is owed to the government and approximately half of graduates carry student debt in 2010. Average debt per borrower is slightly above 25,000 U.S. dollars in 2010. \(^{xxxv}\)

Many studies documented entrepreneurship is declining nationwide among younger people. In one study, the authors using the Federal Reserve’s Survey of Consumer Finance calculated statistical trends to assess the role of income diversification in the growing entrepreneurship gap by age. They find older households (headed by someone aged 50 and above) have greater access to certain cash income diversification tools (e.g., capital income and retirement benefits), and such access can partially explain the age divergence in entrepreneurship. Young households may have delayed entrance into entrepreneurship due to increasing liquidity constraints, such as student debt, and economic pressures, such as facing rising wealth inequality and less stable jobs. \(^{xxxvi}\)

Even though young people are reluctant to become entrepreneurs, entrepreneurship education has a ubiquitous presence at American higher education institutions. \(^{xxxvii}\) All 750 top-ranked higher learning institutions offered some form of entrepreneurship programing. Opportunities included coursework, extracurricular activities, or majoring/minoring in entrepreneurship. Research suggests higher education levels are positively related to entrepreneurship choice and performance. It also suggests people who have an understanding of entrepreneurship will have a better likelihood of a successful career in the future as automation and artificial intelligence proliferate the workplace and exacerbate challenges associated with securing a good job that provides college graduates the ability to fulfill student loan repayment obligations. \(^{xxxviii}\) This paradox between low-entrepreneurship activity and widespread access to entrepreneurship activity is attributed to the convergence of three main factors: (1) 2008 financial crisis; (2) power shift to large corporations; (3) demographic shift. Millennials’ personal debt burdens, namely student and credit card debt, make them averse to taking additional risks, which is in conflict with research showing a common trait among entrepreneurs being riskier. Other generational attributes like proclivity to job hop and need for work/life balance conflict with lifestyle choices made by successful entrepreneurs. \(^{xxxix}\)

Studies lack consensus on the influence of debt on career choice and income. In one systematic review on this topic, there is evidence of larger amounts of debt corresponding to students taking higher paying jobs immediately after graduation. On the other hand, evidence also exists on debt discouraging students from accepting public interest sector jobs within certain fields such as law and medicine. \(^{xl}\)

After a highly selective American university enacted a no-loans policy in their financial aid packages, Rothstein and Rouse conducted a natural experiment to ascertain the causal impact of
student debt on employment outcomes. Among students who had attained employment, there was a shift from industries with high average salaries into industries with lower average salaries. In other words, the researchers observed an uptake in the share of aid recipients being employed by the nonprofit, government, and education sectors. The study did not discover much change in students’ propensities to identify post-graduate plans, either graduate school or employment. Because this study’s sample does not represent the average HBCU typical college student nor does not examine students’ propensity toward entrepreneurship, its generalizability is limited.

Results

Origin of Entrepreneurship Interest

Every alumni’s interest in entrepreneurship formed because they had some business idea. Their business ideas could be traced back to a personal passion or perceptive observation about their lived experience. For example, this alumnus decided to start a business selling HBCU paraphernalia because their HBCU experience made them notice a dearth of these types of goods in the mainstream market. “…I thought of the idea just because I was on an HBCU campus. If you look around the mall, there's UNC, DUKE, and things like that. There wasn't like a lot of HBCU pride or things made for HBCUs. So, that's how I got into my first business, which was HBCU made.”

The second most common reason why students are attracted to this profession is they knew entrepreneurs whom they regarded as models. In the case below, the student was inspired by their grandfather who has managed several successful businesses and his father’s advice that one should always strive to become one’s boss.

I became interested in Entrepreneurship at a very young age. My father has always instilled in my brother and I that we need to build our own empire and that we shouldn't want to work for someone else our whole lives. My grandfather, has been a successful entrepreneur my whole life I practically grew up in his restaurant called [Anonymous Diner] which employed my mother as well as my aunts & uncles. He has a successful real estate business, as well as a tree cutting business that he started a couple of years ago at the age of 75. He is my inspiration. – Student Entrepreneur

Other students mentioned specific business ideas when explaining why they became interested in entrepreneurship. Most students believed entrepreneurship would grant them professional independence. These students would prefer to be their own boss and dislike the idea of working for someone. Some students attributed their interest in entrepreneurship to college classes and research projects. For example, two students mentioned Management 4550: Entrepreneurship and Venture Management is inspiring them to become an entrepreneur. Two additional students mentioned learning through research projects how businesses can create products that help people and want to establish businesses that do the same.
Entrepreneurship Process

Ideas Related to Starting a Business

Students were asked to describe what thoughts came to their mind when thinking of starting a business. Nearly half of the responses (n=10) centered around the business process. Students listed having a business plan, steps for item production and marketing, and the long process before achieving initial success. Numerous students (n=8) mentioned that financing the business was their first thought. Some mentioned developing an idea would be their primary concern. Few students expressed confusion about where to start. Alumni were not directly asked this question, so comparisons are not possible.

Barriers Entrepreneurs Must Overcome

External competition, the business process, and shifts in personal priorities were common hurdles faced by alumni entrepreneurs. Students and alumni entrepreneurs shared similar hurdles in their journey toward entrepreneurship. The most popular responses, ranked according to frequency, are fear of failure, competition, financing and the business process (last two are equally popular).

Several alumni found the process of opening a business overwhelming, even if some did persist and create a business. They reported spending significant time brainstorming ideas, performing market research in order to determine whether consumer demand exists for their idea, and planning out logistics for securing necessary material resources. One alumni decided against moving forward with their college idea after learning from other entrepreneurs about the multitude of steps that precedes a business opening.

Students likewise identified the business process as a hurdle. They made references to analogous aspects such as narrowing in on a singular idea and obtaining capital, resources, and the professional network. Among these aforementioned components, students frequently commented not having enough funds would be the biggest impediment for them. This common frustration is evident in the student’s response below.

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*I believe the biggest hurdle to becoming a successful entrepreneur is the availability of funds. I believe I will have the knowledge to start and organize a business. I have the idea of what business I want to start and the only hurdle to clear would be financially.* – Student Entrepreneur

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Fear of failing, by far, was the most salient barrier for student entrepreneurs. Students were concerned their fear of failure might prevent them from taking risks for their business or even starting to establish business in extreme cases. Others noted they must learn to accept that failure is a just a part of becoming an entrepreneur.
I think my biggest challenge would be failing and bouncing back from it. I don’t get discouraged as easily, but, being the passionate person I am I can sometimes wear my feelings on my shoulders. Sensitive feelings won’t get you far in the business world but I would like to take less recuperation time to not seem so phased by the occasion presented. – Student Entrepreneur

Even when students did not explicitly mention fear of failing, they described apprehension about forming a business, which would have nominal success due to competition from other businesses. The quote below from a student entrepreneur aptly captures students’ apprehension toward developing a business that withstands industry competition.

The biggest hurdle I feel like I will have to overcome is being a "One hit wonder" within my business. For example, everyone sells eyelashes now so it has became played out when buying from vendors when people are already aware that they are able to find $2 lashes from their local store rather then $10 that their campus friend sell [...] – Student Entrepreneur

Such apprehension was evident among some alumni entrepreneurs as well. They identified external competition as a hurdle they must overcome to thrive in this profession. Participants feared failing if their business was not unique because many entrepreneurs have similar business ideas. They felt that partnering with the appropriate people could possibly alleviate this hurdle.

So, you know, when you start a business, it’s already so many others similar. And, you know, people see that and they’re now looking at you this competition. You have a handful of people that I think they genuinely want to see you succeed and possibly partner with you down the road. So those are the people that you need to build your relationships with. – Alumni Entrepreneur

Two alumni reported losing interest in entrepreneurship because their personal priorities shifted. When asked why they did not pursue the idea formed in college, an alumnus stated “I didn’t know if it was something that I really wanted to pursue. It was all an idea.” Another alumnus may pursue their idea later in the future, but their immediate priority in college was graduating and finding a job, and then succeeding in the job.

Securing Business Financing

Two alumni self-financed their business ideas. They relied on personal investments because they wanted to keep costs low and they seemed to prioritize minimizing financial debt. When expanding their business, one alumnus did seek out external financing. While th alumnus
appeared frustrated that student debt lowered their credit score, they do not recall lending institutions explicitly flagging their student debt in the application process. The third alumnus never tried to secure funds from U.S. banking institution because their business targeted people living in an African country. Instead, they received financing from banks located in the African country.

I think that the need for starting capital is one of those big business fallacies that I work really hard to get people to...pay less attention to, for [my business] I kept my overhead incredibly low. And so that it was start slow, and then when I had enough money to get more supplies and things I would do it as I went and then same thing with [my other businesses.] – Alumni Entrepreneur

Students respondents echoed that personal investments would be their primary means of financing their businesses. Though some student entrepreneurs recognized saving up for a business delays their dream, they still would prefer to save money from working and/or make lifestyle changes. Their resignation toward slowly accumulating funding stems in part from challenges foreseen in convincing investors to finance their idea.

I think the process of getting money for a business is either keep working to save up enough on your own or get investors. To get investors you would have to come up with a sales pitch for your business idea captivating enough to get someone to put their trust and money into you and your idea. You can't just be all talk. You must put actions behind your words and prove you can show results. – Student Entrepreneur

However, some students gravitated toward financial institutions and investors. Student debt was perceived as a salient obstacle with respect to receiving formal loans for business ideas among this group of students. For instance, a student responded “Hard especially for students who still have a high amount of student loan debt. It will also be hard if you have to go to banks for funding.” This group also often noted how daunting and complicated the steps are for formal financing through banks and investors, as evidenced in the following statement: “I think that it will be a hard process. A lot of business meetings and pitches. Going to the bank and seeing if u could get money that way.”

Student Debt Influence on Career Goals

Desires Lucrative Professions

The students interviewed hope to acquire lucrative professions irrespective of whether they viewed student debt as a positive or negative influence on their career goals. Students repeatedly expressed this kind of sentiment: “I wanted to be in a professional field that pays good and has a
lot of opportunities because I wanted to be able to pay off my debt quickly.” Few students changed their major in response to their student loans though most students thought majoring in business would lead them to careers in which they earn enough income to quickly pay off their debt.

The urgency to become debt free drove several alumni interviewees to choose jobs that they might have otherwise declined. For certain alumni, this decision was prompted by a desire to reduce other types of personal debt, too. Respondents seemed grateful to have entered professions which they believe grant them the economic stability necessary to afford loan payments. At the same time, respondents expressed dissatisfaction about inordinate student loan payment periods and that timely minimum payments do not guarantee debt absolvant. Despite paying down debt, they do not see their balances decreasing due to high interest rates. In fact, a few alumni employed in “lucrative” professions deferred their loans or made late payments due to changes in financial circumstances.

Knowing my loans would kick in right after I graduated...they kind of made me feel rush. So I had to pick what I wanted to do after I graduated accordingly, like, either I could have had a big plan to go and start my PhD... I don't think I'd be in a very good position. So I chose to leave the country. And this was just my best opportunity for me to take time and figure out exactly what I wanted to do after I graduated. And I know if I would have stayed in North Carolina and tried to go straight to school that I think I would have ended up with a lot more debt. Not even just student debt. – Alumni Entrepreneur

Entrepreneurship: A Pathway to Economic Stability

Students entrepreneurs overwhelmingly remain unwavering in their desire to become entrepreneurs. Many students strongly believe entrepreneurship is a pathway to economic stability. Some of these students worried about the uncertain time frame for paying off student debts, while others thought they would fully pay off their debts by the time they became an entrepreneur. For example, a student said “My goals and aspirations also have nothing to do with student debt and does not deter me from pursuing them. However, I do occasionally worry how I will pay my debt off and how long it will take. My student debt does not influence my interest in starting a business.” Similarly, this student mentioned: “It pushes me to go harder [referring to future career goals] and get things in order I know one day I will become a successful business owner and will have the money to pay the rest of my debt completely.”

Postpones Career Goals

Eight students considered student debt as hindering them from pursuing their goals. This group remarked they might postpone opening their business because they dislike the notion of juggling multiple outstanding loan balances or fear their credit score will led to business loan rejections. Additional financial issues for these students hinder immediate entrepreneurship as well. A portion of this group anticipates finishing their undergraduate degree at a slower pace and/or
delaying graduate school, since they must take breaks and work part-time jobs to make ends meet.

Couple of alumni entrepreneurs echoed those frustrations. Graduate school was not as appealing given the debt accrued from undergraduate school. When they needed further education, alumni tried to learn those skills through non-degree programs or intend to enroll in graduate school at a much later date than originally planned. An alumnus in the entrepreneurship field found their undergraduate degree was not as applicable to their daily duties as they had anticipated when weighing the benefits and costs of higher education.

Student Debt Influence on Personal Goals

Beyond its influence on career aspirations, student debt has had pronounced effects on participants’ personal lives. These effects were especially transparent in the alumni entrepreneur population. Participants continuously make trade-offs between paying their debt and spending money to realize personal goals. Additionally, participants reported adjusting their lifestyles to save money. Participants forgo vacations, material wants, relocating to expensive cities, and setting aside money for major life milestones such as retirement. One student expressed, “I may have to postpone buying my first home and contributing to my savings and pension accounts.” Students, in particular, expect to return home after graduating so they can afford to pay loan payments immediately and pay it off quickly.

Student Debt and Mental Well-Being

Managing Student Debt Burden Triggers Stress

A large proportion of participants frequently worry about their student debt. For alumni, stress peaks during payment time or during communications with student loan companies. An alumnus lamented that “… [student loan servicer] email me every day… Yeah, like all your loans are coming up, they'll be starting soon try to refinance it like all these different things just to get my attention. And it's actually really it gives me a lot of anxiety” Along those same lines, a student was concerned that their future income would not suffice for monthly loan payments.

I always worry about my student debt. Thinking about if my income is going to be lower than my student loan interest rate and monthly payment causes me to worry the most. – Student Entrepreneur

Otherwise, respondents indicated stress linked to student debt was manageable and occasionally forgettable because student debt is the norm in this country. Their justification was everyone has student debt and it is unthinkable that most people will actually end up paying off the debt.
Normalizing Student Debt and Supportive System of Family and Friends Mitigate Stress

The smaller cohort of students who do not worry, or worry less, about student debt specified similar rationales as their peers who worry. These students resigned themselves to debt and do not believe any benefit comes from worrying. Within a subset of this group, family support - like rent-free housing and financial assistance – post-graduation was a prevailing rationale for not stressing themselves about debt. Family support mitigated stress and anxiety related to student debt among alumni as well. Another subset mentioned they will begin to worry as graduation nears and payments commence.

To be honest with you I really do not worry about my student [debt]. The only [thing] is because I know that at the end of the day it is still going to be there and I should not be worried because there is nothing that I can do to change. So why I would stress over it than. – Student Entrepreneur

Student debt is a popular topic of conversation among friends for numerous student participants and all alumni participants. Certain segments of those interviewed found respite from student debt stress by talking to their peers. Reassuring conversations were those in which participants could vent, exchange tips for managing debt, and perhaps learn, that their student debt burden was less than their friends.

Especially in the student responses, students describe conversations in which they motivate each other to see student debt as something that will not bar them from achieving their dreams: “We talk about student debt as being this bad thing that's going to hold us back if we don't getting taken care right away.” Only a few participants (n=?) reported that they never discuss student debt with peers.

Recommendations

There are several key findings. While entrepreneurs and aspiring entrepreneurs anticipate student debt may interfere in financing their business, they felt adamant that they can overcome such barriers. They hope to secure better jobs first to pay off loans even though entrepreneurship was considered a means for economic stability and professional independence. Alongside their concern about repaying student loans, these young entrepreneurs must also contend with the copious steps leading up to starting a business. Fear of failure compounds that knowledge gap. This study also finds that managing student loan burdens was negatively associated with entrepreneurs mental/psychological well-being.

All together these results suggest student loans may cause postponement of entrepreneurship until later in life when finances are stable. Therefore, policy makers should equip young Black and Latinx entrepreneurs with resources to navigate the business process and tools to manage their student debt. These types of assistance can offset the declining rate of entrepreneurship by
empowering young, passionate Black and Latinx entrepreneurs to tackle real or perceived obstacles encountered on their entrepreneurial journey.

**Recommendation 1: Enhance student loan counseling options at higher education institutions**

Participants noted that managing student debt burden triggers their stress. Young and established Black and Latinx entrepreneurs feel an urgency to pay off their loans so they can re-direct a greater proportion of their earnings toward personal goals and career goals. Yet, the current set up of student loan counseling options at most higher education institutions do not adequately prepare student borrowers to manage their student debt and remain financially on track to reach professional and personal goals. Forward Cities could engage policy makers in conversations about the design of mandatory exit loan counseling sessions and offering counseling options beyond the statutory minimum at higher institutions. These changes could improve Black and Latinx entrepreneurs’ mental well-being and prospect of financing a business idea.

**Design User-Friendly Mandatory Exit Loan Counseling Sessions**

Higher education institutions predominately rely on a “highly regimented online module with numerous detailed requirements” to satisfy the statutory minimum of mandatory exit loan counseling for federal student loan borrowers. To contextualize further, the exit session must cover 20 topics in 30 minutes. Borrowers do not find the counseling format conducive to learning and retaining information, which could encourage informed decision making with regard to financial management, career success, and student loan repayment. xliii

Efficacy of mandatory student loan counseling depends on communication method, timing, personalization, and reducing cognitive overload. xliii Below are suggested design changes for maximizing the effectiveness of loan counseling sessions:

- Offer modular loan counseling based on the student’s personal circumstances and borrowing habits on an annual basis, or as needed through the academic year (see Figure 3). xlv Student competency should be tested before beginning each module and the module should be waived who demonstrate competency.xlv
- Auto-populated tools incorporating the average borrower’s information such as a detailed repayment plan or budget with current and future earnings.xlvi
- Interactive tools in which the borrow can input their personal information.xlvi
**Figure 3: Prototype of Modular Loan Counseling**

<table>
<thead>
<tr>
<th>Condition(s):</th>
<th>Required Module(s):</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Time Borrower</td>
<td>Promissory Note Module, Standard Repayment Module,</td>
</tr>
<tr>
<td></td>
<td>Financial Literacy Module</td>
</tr>
<tr>
<td>Exceeds Specified Loan</td>
<td>Loan Aggregates Module, Additional Repayment Plans Module</td>
</tr>
<tr>
<td>Thresholds</td>
<td></td>
</tr>
<tr>
<td>Enrolled Less than Half-Time</td>
<td>Standard Repayment Module, Additional Repayment Plans</td>
</tr>
<tr>
<td></td>
<td>Module, Delinquency &amp; Default Module, Financial Literacy</td>
</tr>
<tr>
<td>Lacks Degree Progression</td>
<td>Module</td>
</tr>
</tbody>
</table>

*Source: National Association of Student Financial Aid Administrators (NASFAA)*

**Employ Innovative and More Robust Counseling Methods**

Colleges with expanded financial education programs adopted these selected strategies to better empower borrowers to make decisions suitable for their future career and financial goals:

- Leverage data analytics and target specialized counseling to specific sub-groups of students to optimize limited resources.
- Offer in-person mandatory entrance and/or exit counseling, if possible, in small groups or one-to-one sessions.
- Use peer-to-peer model to pair students trained as financial coaches with students seeking personalized financial coaching.

**Recommendation 2: Provide resources about short-term working capital options**

Over and over again, the study’s participants identified personal funds as their primary method for financing their business. However, some participants remarked student debt payments could hinder them from saving up enough money for a business idea or lead them to pursue more financially lucrative professions. Forward Cities could provide young Black and Latinx entrepreneurs information on short-term working capital options because financing concerns are causing them to postpone business ownership.

Short-term working capital loans – money used to handle everyday expenses – can supplement Black and Latinx entrepreneurs’ savings and provide a reliable cash flow cushion, particularly when dealing with unexpected business growth or sale fluctuations. These loans have less stringent credit eligibility requirements than traditional banks making it ideal for Black and Latinx entrepreneurs whose credit scores may have suffered due to their student loan debt. It is also a viable approach for younger entrepreneurs because businesses open for a shorter duration
can qualify. Figure 4 displays a selected list of promising short-term working capital options available in 2020.

**Figure 4: Short-Term Working Capital Options**

<table>
<thead>
<tr>
<th>Name</th>
<th>Eligibility</th>
<th>Loan Amount and Term</th>
<th>Interest Rate</th>
</tr>
</thead>
</table>
| BlueVine            | • Three months in business  
                        • $100,000 annual revenue  
                        • 530 credit score          | $20,000 – $5,000,000 for 1 to 13 weeks | 0.3% – 1.7% per week |
| Fundbox             | • Three months in business  
                        • $25,000 annual revenue  
                        • 500 credit score          | $1,000 – $100,000 for 12 or 24 weeks | 4.6%+             |
| Kabbage Funding     | • 1 year in business  
                        • $50,000 annual revenue  
                        • No minimum credit score   | $2,000 – $250,000 for 6, 12, or 18 months | 1.5% – 10% per month |

Recommendation 3: Encourage student entrepreneurs to identify mentors and workshop business ideas

This study highlights young Black and Latinx students’ passionate attitude toward entrepreneurship is fueled by connections with Black and Latinx business owners. Students and alumni entrepreneurs shared similar hurdles in their journey toward entrepreneurship, and the two groups could benefit from seeking aid from each other on strategies for overcoming common hurdles. Forward Cities could leverage the networks of HBCUs located in close proximity to the communities in which the organization is growing more equitable entrepreneurial ecosystems.

HBCUs are uniquely positioned to connect young Black and Latinx entrepreneurs to mentors whose lived and professional experiences closely align with those of the students. HBCUs can offer formal mentorship programs with alumni and community members in the business field. Mentors can motivate and offer guidance on how to overcome barriers relevant for Black and Latinx business owners. Virtual mentorships offer an alternative but effective option whenever in-person mentorships are logistically infeasible. Students should receive specific direction on strategies for structuring the mentorship to allow plenty of opportunity to workshop business ideas and soliciting advice on overcoming “fear of failure.” Successful mentorship program can complement formal entrepreneurship education, in addition increasing the self-efficacy of
entrepreneurs because they might be exposed to outside, perhaps non-traditional, resources that led to successful business ventures. lv

Recommendation 4: Offer mental health resources targeting student debt and mental well-being

Given that a significant share of student entrepreneurs frequently worries about their student debt and its negative repercussions on their future, Forward Cities can encourage policy makers to incentivize higher education to augment mental health resources targeting student debt and mental wellness.

Current measures of financial stress utilized by higher education institutions in the undergraduate population do not provide a comprehensive outlook of financial stressors causing distress in college students. Widely deploying a financial stress scale, like in Appendix C that encompasses numerous financial domains, would identify a diverse group of students affected by financial stress. Students’ scores could inform what type mental health and financial management support could empower students to better cope with financial stress. High-risk scores for questions gauging student debt stress led to referrals to additional student loan counseling sessions and mental health counselors specializing in financial anxiety. lvii An important caveat is numerous studies have documented that, relative to White Americans, ethnic minority groups, including African Americans and Hispanic Americans are less likely to seek professional psychological services, even at college. Thus, college campuses should consider investigating patterns of mental health utilization to understand what is stigmatizing and discouraging their Black and Latinx students from seeking professional psychological help when adopting a financial stress scale. lviii

Future Research Opportunities

Forward Cities plans to build a research project proposal to evaluate how student loan forgiveness has impacted the propensity of Morehouse College graduates to start businesses and influenced their psychological well-being. The organization intends to compare outcomes for the 2019 Morehouse College graduating class, which had their student loans forgiven by a benefactor, and earlier graduating classes, which did not graduate debt-free.

This study’s results informed the development of a 15-minute survey that Forward Cities could deploy using Qualtrics or SurveyMonkey to measure the impact of student loan debt on physiological well-being and entrepreneurship propensity among Morehouse students. When doing survey outreach, Forward Cities should strongly consider forming a partnership with a professor or administrator who is revered by students. The lesson learned from recruiting students for this study is incentives are not very effective, when compared to encouragement from a familiar and respected professor, at motivating students to join a qualitative study.

Demographic Information

1. Do you have federal student loan debt?
1. a. Yes  
   b. No
2. **What is the outstanding balance on your student debt?**  
   a. None  
   b. 1-9,1999  
   c. 10,000 – 19,999  
   d. 20,000 – 39,999  
   e. 40,000 – 59,999  
   f. 60,000 +
3. **What is your class year?**  
   a. Freshman  
   b. Sophomore  
   c. Junior  
   d. Senior
4. **What is your major?**
5. **What is your race/ethnicity?**  
   a. Hispanic/Latinx  
   b. Black or African-American  
   c. American Indian or Alaskan Native  
   d. Asian  
   e. Native Hawaiian or other Pacific Islander  
   f. Multiracial: ___  
   g. Prefer to self-describe: ___
6. **What is your gender?**  
   a. Male  
   b. Female  
   c. Non-binary  
   d. Prefer not to say  
   e. Prefer to self-describe: ___
7. **Are you a first-generation college student?**  
   a. Yes  
   b. No
8. **Are you a low-income college student?**  
   a. Yes  
   b. No
9. **Entrepreneurship Interest**  
   a. How did you become interested in entrepreneurship? ______
10. **Do you own/previously owned a business? ______**
11. **Describe the business you started/Describe a business idea you have considered pursuing.**  
    (skip logic triggered by response to question 10).
Entrepreneurship Process

12. Please rate how challenging you perceive the following steps will be when starting a business.

<table>
<thead>
<tr>
<th>Step</th>
<th>N/A</th>
<th>Very Easy</th>
<th>Easy</th>
<th>Difficult</th>
<th>Very Difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choosing an idea</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal savings to finance the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securing a business loan from a bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finding private investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fear of failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Student Debt Influence on Academic & Professional Goals

13. Please rate how much your student debt has influenced your academic and professional goals.

<table>
<thead>
<tr>
<th>Influence Area</th>
<th>N/A</th>
<th>Highly</th>
<th>Moderately</th>
<th>Low</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major/Minor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate school plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profession</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Student Debt Influence on Mental Health

14. Would you describe your student loan burden as better than or worse off than most people your age in a similar college?

1: A lot better off                        5: A lot worse off

15. Thinking about your current student debt situation, please rate how often you worry about the following events.

<table>
<thead>
<tr>
<th>Event</th>
<th>N/A</th>
<th>Never</th>
<th>Sometimes</th>
<th>Often</th>
<th>All the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having a large amount of student debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High student loan interest rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16. Please rate the helpfulness of resources your institution offers for managing your student debt stress.

<table>
<thead>
<tr>
<th>Resource</th>
<th>N/A</th>
<th>Very Helpful</th>
<th>Helpful</th>
<th>Unhelpful</th>
<th>Very Unhelpful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual mandatory loan counseling sessions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-person mandatory loan counseling sessions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interacts tools to plan your repayment process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informational pamphlets on managing student debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments

17. Is there anything else you would like to share related to student debt, mental health, and entrepreneurship interest? ____________________________
Appendix A: Questionnaire for Student Entrepreneurs

1. How did you decide to enroll at Central?
2. What is your favorite thing about being a Central student?
3. How did you become interested in entrepreneurship?
4. When you think of starting a business, what thoughts come to mind?
5. Could you share with me what you think the process is like for getting money for your business idea?
6. What’s the biggest hurdle you think you’ll have to overcome to become a successful entrepreneur?
7. How do you think your student debt compares to other students at other schools?
   a. Is it more or less? What makes you say that?
8. How did your student debt influence your major choice?
9. How does your student debt influence your future career goals?
10. How, if at all, does your student debt influence your interest in starting a business?
11. How do you and your friends talk about student debt? Can you describe those conversations for me? What kinds of things do you talk about?
12. How frequently do you worry about your student debt? What causes you to worry the most?
13. Is there anything else you would like to share?
Appendix B: Interview Guide for Semi-Structured Alumni Interviews

1. How did you decide to enroll at Central?
2. What did you like most about being a Central student?
3. How did you become interested in entrepreneurship?
4. Could you tell me more about your current business or a business you previously owned?
   a. How did you come up with that idea?
5. Could you describe to me how you secured financing for your business?
   a. What challenges did you face in getting capital?
   b. What student debt, if you have any, came up during the financing process?
6. How has your student debt influenced your career choices?
7. How frequently do you worry about your student debt?
   a. What triggers you to think about your student debt?
8. How do you and your friends talk about student debt? Could you tell me more about those conversations? What do you talk about?
9. What do you think are the biggest challenges for young Black/Latinx entrepreneurs?
10. Is there anything else you would like to share?
Appendix C: Financial Stress Scale Example

Consider the past six months. Please first rate how often you’ve thought about the following financial events using the following scale: (1) Never, (2) Sometimes, (3) Often, or (4) All of the time.

<table>
<thead>
<tr>
<th>Event</th>
<th>Never</th>
<th>Sometimes</th>
<th>Often</th>
<th>All the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Being behind on payments</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Having a low credit score</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Being contacted by creditors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4. Having to declare bankruptcy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. Not having any emergency money (e.g. savings accounts, investments)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. Living paycheck to paycheck</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>7. Getting something repossessed</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8. Being in a job where work isn’t steady/predictable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9. Barely making enough money to cover expenses</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>10. Not making enough money to be able to cover unexpected expenses</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>11. Worrying about having enough money to retire</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>12. Knowing you make less money that most of your peers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>13. Having large debt</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>14. Having loans with high interest rates</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>15. Being turned down for a loan</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>16. Christmas/holiday expenses</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>17. Childcare expenses</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>18. Losing a job</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>19. Investments decrease in value</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>20. Having to borrow money from family/friends</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>21. Service is turned off due to being behind in payments</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>22. Paying taxes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>


M’Balou Camara, William Darby Jr., and Khaing Zaw, “Entering Entrepreneurship: Racial Disparities in the Pathways into Business Ownership” (The Samuel DuBois Cook Center on Social Equity, Duke University; The Kirwan Institute for the Study of Race and Ethnicity, The Ohio State University; The Institute on Assets and Social Policy, Brandeis University, October 2019).


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