Most students lack 'basic' information about financial aid, ACT says

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06/26/2019 06:00 AM EDT

Many high school students considering college know little about the student aid they'll likely need to attend, according to new research by the ACT that comes as student loan debt has emerged as a key point of debate among 2020 hopefuls.

The research, based on a survey of 1,200 ACT test-takers, noted that more students are averse to taking on debt to pay for college and plan to cover the costs on their own. The researchers said knowledge of the financial aid process is "shockingly low."

An overwhelming majority of students — from 73 to 81 percent, depending on family income — didn't know that the government subsidizes a borrower by paying interest on existing loans while the student is still in college, for instance. Most also didn't know about income-based repayment plans.

"The findings highlight an urgent need for more financial literacy-specific interventions, especially in light of the economic stakes at hand," Jim Larimore, chief officer for ACT's Center for Equity in Learning, said in a statement.

The report comes a day after Sen. Bernie Sanders (I-Vt.) proposed eliminating all student debt — even for the wealthy — going a step further than Sen. Elizabeth Warren (D-Mass.), who has called for canceling debt based on income.