



April 7th, 2021

The Honorable Senator Brandon Creighton
Chair, Senate Committee on Higher Education
Senate Chamber
Austin, Texas 78711

Dear Chairman Creighton and Members of the Committee,

Texas PACE consists of organizations from across Texas committed to equity in college affordability, access, completion, and student supports, and I am testifying in support of Senate Bill 1019 on behalf of The Education Trust-Texas, Intercultural Development Research Association (IDRA), Every Texan, Young Invincibles, Breakthrough Central Texas, Deeds Not Words, and Jolt Action. We support increased transparency in Texas student loan debt data, and believe that state solutions, such as SB 1019, are necessary in tackling student debt.

Texas student debt is in crisis, and state reporting on debt, degree type, and enrollment is needed to address the problem. Texans collectively hold more than 101 billion dollars in student debt,¹ and 14 percent of Texas student loan holders are in default.² Data reported by enrollment and degree type is especially necessary to guide Texas strategy toward debt reduction, as almost half of Texas borrowers who did not earn a degree or credential defaulted on their loans within 12 years.³ In one study, Texas students attending short term programs defaulted at more than twice the rate of those attending four-year schools,⁴ highlighting the role of degree type in debt outcomes. Reporting debt by degree type and enrollment statewide would help elected officials, organizations, institutions, and Texans understand these trends year to year, positioning them to create informed and specific solutions.

Amidst continuing disparities in debt levels across race, ethnicity, and sex, it is vital to increase data transparency. Disaggregated data by race, ethnicity, and sex is critical to understanding which Texans are

¹ Trellis. "State of Student Aid in Texas 2019".

<https://www.trelliscompany.org/state-of-student-aid-in-higher-education-in-texas-report-updated-and-now-available-in-easy-to-search-mobile-format/>

² Urban Institute. Debt in America: An Interactive Map.

https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_student_holders_in_default&state=48

³ Trellis. "State of Student Aid in Texas 2020", Trellis, last modified 2020,

<https://www.trelliscompany.org/state-of-student-aid-2019/delinquencies-defaults-and-collections/>

⁴ Trellis. "State of Student Aid in Texas 2020", Trellis, last modified 2020,

<https://www.trelliscompany.org/state-of-student-aid-2019/delinquencies-defaults-and-collections/>

most impacted by the student debt system, which is necessary to developing state, institutional and other solutions to fully address Texas student debt. On average, Black students borrow more and more often, with Black students who graduated from Texas state universities having a debt-to-income ratio of 117 percent and Latino students of 71 percent, compared to 68 percent for their white counterparts.⁵ These disparities are amplified by the COVID-19 pandemic and economic recession, which disproportionately impact communities of color.⁶

Recognizing disparities in student loan debt is essential for meeting TX 60x30 goals and future planning. The current debt goal states that undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions by 2030.⁷ Texas college graduates are found to graduate with loan debts that are 74 percent of their first-year wages.⁸ Studies suggest that Texas is not on track to meet its debt-to-income ratio goal, with Black students borrowing \$7,214 more than their white peers and Latino students borrowing \$453 more.⁹ Average debt information is not enough; future goals must address demographic disparities in Texas debt, to drive solutions that promote prosperity.

Student debt harms young Texans' futures, with disparities in impacts of debt. Young Invincibles 2021 Student Debt Report¹⁰ includes a statewide survey of 1,600 young Texans that shows 65 percent of respondents with outstanding loan balances agreed student loans are a serious obstacle for getting what they want in life, and one third said it hinders them from buying a home. Debt harms first-generation college students, and Black and Latino borrowers, at disproportionate rates. First-generation college students reported higher debt and higher impacts from debt than their non-first-generation peers in the study. Additionally, 28 percent of Black borrowers said that student debt hindered them from starting a business, the highest of any racial group in the study. Women self-reported greater stress regarding student loan payments than men, and Latino respondents were most likely to report that student debt caused a great deal of stress across genders.¹¹

Texas must work to understand and address systemic disparities impacting the prosperity of students, and SB 1019 would provide clear, accessible information to drive statewide and local solutions.

⁵ D. J. Baker, "When Average is not Enough: A Case Study Examining the Variation in the Influences on Undergraduate Debt Burden." (AERA Open 5, 2019)

⁶ Jim Henson and Joshua Blank, "Analysis: The Coronavirus Hits Texans of Color Harder. You Can See It in Public Opinion Polling.," The Texas Tribune (The Texas Tribune, May 12, 2020), <https://www.texastribune.org/2020/05/12/coronavirus-texans-color-harder-polling/>.

⁷ "60x30TX," Texas Higher Education Coordinating Board, 2020, <https://bit.ly/2XZStGZ>.

⁸ "Texas' strategic goal for students' debt burden shows potential promise and pitfalls: Black and Latinx college graduates had some of the highest debt-to-income ratios." Southern Methodist University. ScienceDaily. www.sciencedaily.com/releases/2019/07/190722115934.htm as cited by Young Invincibles (2021).

⁹ "Texas' strategic goal for students' debt burden shows potential promise and pitfalls: Black and Latinx college graduates had some of the highest debt-to-income ratios." Southern Methodist University. ScienceDaily. www.sciencedaily.com/releases/2019/07/190722115934.htm as cited by Young Invincibles (2021).

¹⁰ Student Debt in Texas: Why it's Time to Collect on the Best Interests of Texas Borrowers.

<https://younginvincibles.org/texasstudentdebt/>

¹¹ Student Debt in Texas: Why it's Time to Collect on the Best Interests of Texas Borrowers.

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Thank you for your time.

Sincerely,

The following members of Texas PACE (Postsecondary Advocates Coalition for Equity):

Intercultural Development Research Association

Young Invincibles

Every Texan

The Education Trust in Texas

Breakthrough Central Texas

Deeds Not Words

Jolt Action