DEGREES OF DEBT

ADDRESSING RISING STUDENT DEBT AND COLLEGE AFFORDABILITY IN TEXAS, PART 1:

COLLEGE STUDENTS LEFT TO FEND FOR THEMSELVES AS STATE SUPPORT DECLINES

Higher education is essential to improve the welfare of Texas families, yet the price of college attendance continues to climb.[1] Legislators refuse to proportionately invest in colleges and universities, leaving Texans to take on the bulk of financial responsibility.[2] This lagging aid adversely impacts every community in our state, as prospective students encounter inflated financial barriers to postsecondary enrollment — an even higher hurdle for non-traditional students.[3]

All higher education students suffer from escalated attendance costs regardless of background. A 2019 to 2021 data comparison reveals a $1,278 price increase to attend public, four-year institutions for in-state undergraduates, highlighting the urgent need for state investment in colleges and universities — it's critical to enhance student outcomes and Texas' economic future.[4]

Tuition, Fees, & Unmet Needs

Tuition and fee prices are often a key determinant of postsecondary affordability but only constitute roughly 40% of total expenses — a percentage that has increased since 2016.[5] Additional requirements — books, supplies, housing, transportation, and basic necessities — account for the rest.[6] Students must rely on various options to overcome this hurdle, including state or local aid, work-study, assistantships, and off-campus, part-time jobs.

Participation in these programs, however, still does not cover all post-aid expenses (the differential between funding and total attendance costs).

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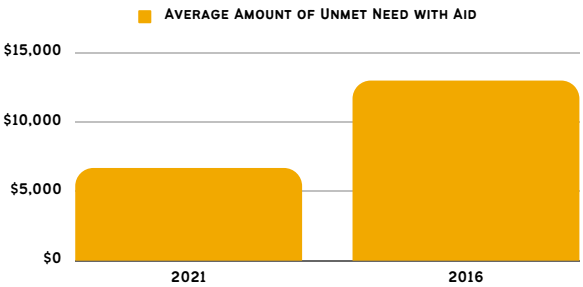
In turn, that leads to further financial strain on students to work part-time and forgo essentials like food, books, and housing.[7]

UNMET NEED CONTINUES TO INCREASE

Unmet need **nearly doubles** over the past 5 years



Source: Texas Higher Education Coordinating Board Higher Education Student Financial Aid Report, FY 2021

Heightened tuition prices coincide with increased unmet need, a trend worsening each fiscal year.[8] Dwindling state aid exacerbates already high attendance costs, leaving many students scrambling for alternatives.[9]

A Texas student working 20 hours a week at minimum wage ($7.25 an hour) would earn $7,540 yearly, but that only covers around 60% of the unmet need for in-state undergraduates, based on 2021 data.[10]

Elevated unmet need is restrictive for many Texas residents, and its barriers often dissuade students from pursuing postsecondary education. This is particularly harmful to low-income communities and communities of color, as historically underrepresented groups tend to have the greatest numbers of students indebted after completing programs in Texas higher education.

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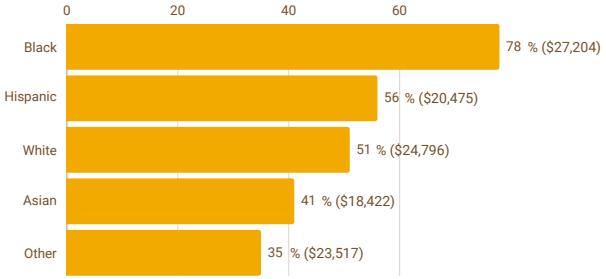
STUDENT DEBT

78% of Black students have debt by their 4th year of college (2020-2021)



Source: Texas Higher Education Coordinating Board Higher Education Student Financial Aid Report, FY 2021

In the 2021 school year, more than 20,000 undergraduates at public, four-year institutions demonstrated financial need but did not receive any aid.[11] Additional state support is necessary to resolve this ongoing inequity and address underserved student needs.

The state wants 60% of Texans aged 25 to 34 and 35 to 64 to have some postsecondary qualification by 2030,[12] yet the Legislature disincentivizes enrollment when it fails to invest in our public colleges and universities. As of 2019, 45.3% of Texans 25 to 34 obtained a degree or certification, a slim 2% increase from 2017.[13] If the state wishes to achieve its ambitious milestones, amplified financial aid is necessary to make pursuing higher education more accessible.

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Endnotes

1. Cost of attendance has inflated per THECB, increase observable in FY Reports for 2019, 2020, 2021, published in 2020, 2021, 2022, respectively.
2. Increase in average unmet need for undergraduates attending public universities/healthcare research institutes between 2019 and 2021, $1,950. Calculated by subtracting average unmet need for four-year public universities/healthcare research institutes in FY 2019 from that of FY 2021.
3. Part-time undergraduate students in Texas exhibited lower graduation rates at public four-year institutions in FY 2020, FY 2019, FY 2018 than full-time undergraduates; sourced from three previous Texas Public Higher Education Almanac Editions.
4. Cost of attendance is calculated by subtracting FY 2019 average cost of attendance for public four-year universities/healthcare research institutes from the FY 2021 average, result being an increase of $1,278.
5. Percentage calculated by dividing the average annual amount of tuition/fees for 2021 in-state students attending public universities in Texas, by average cost of attendance for in-state undergraduates attending public universities/healthcare research institutes in FY 2021.
6. Additional requirements listed as ingredients of total attendance cost in calculations for FY 2019, 2020, 2021 THECB Reports, published in 2020, 2021, 2022, respectively.
7. THECB FY Reports demonstrate that, after aid/loans/work-study, a substantial amount of “unmet need” remains for in-state undergraduates at four-year public universities/healthcare research institutes; trend reflected in FY 2016, 2019, 2020, 2021 THECB FY Reports.
8. Heightened tuition/fees demonstrated with increasing semester cost in THECB Public University Tuition Reports. Elevated unmet need exhibited with increasing sums of 2016, 2019, 2020, 2021 THECB FY Reports.
9. State grants disproportionate to increasing student financial needs, state investment in community colleges has declined to 26% of total revenue in 2021; sourced from Every Texan, blog published 21 April 2022.
10. Annual income calculated by multiplying minimum wage ($7.25) by 20 (hours per week) by 52 (weeks in a year, assuming nonstop employment); the resulting $7,540 divided by unmet need for FY 2021, $12,947 (THECB FY 2021 Report, published 2022), for a percentage of 58.23%, rounded to 60%.
11. THECB, FY 2021 Report, published 2022.
12. Milestones outlined by the 2022-2030 Strategic Plan, Building a Talent Strong Texas.
13. Sourced from 2021 Texas Public Higher Education Almanac, published 2021. 2017 estimate sourced from 2019 Texas Public Higher Education Almanac, published 2019. Differential calculated by subtracting 2017 estimate for degree/certification rates for Texas 25-24 (43.5%) from that of 2019 (45.3%), resulting in 1.8%, rounded to 2%.