STUDENT BORROWER PROTECTION CENTER

STUDENT DEBT IN THE SOUTH

Part Two: Texas

May 2024

PROTECTBORROWERS.ORG

About this Report and Series

Student Debt in the South is an expansion of the Student Borrower Protection Center's exploration of the geography of student debt disparities and the economic distress that borrowers of color, particularly those who are Black and Latino/a, face in the student loan market. Research has increasingly shed light on the vast racial disparities present in the student debt crisis. Beyond rising balances and unaffordable monthly bills, student debt has far-reaching effects on the lived experience of student loan borrowers and the communities in which they live.

In 2020, the SBPC published *Disparate Debts*, an examination of racial disparities in student debt burdens and borrower distress across U.S. cities, with a focus on Washington, DC, Philadelphia, New York, and San Francisco in particular. Expanding on *Disparate Debts*, *Student Debt in the South* leverages previous work to examine the intersection of race and student debt throughout the South, including efforts to highlight the burdens that student loan borrowers face in both cities and rural communities.

In August 2022, President Biden announced his administration's broad student debt cancellation strategy, which promised to erase student loan balances for approximately 20 million borrowers. Following partisan attacks in the courts to block the historic relief, the Administration is continuing to pursue broad-based debt relief through its rulemaking authority at the U.S Department of Education. While the cancellation implemented thus far and the potential regulatory actions pursued by the Administration could drastically reshape the landscape of student debt in communities across the country, it is just a start. Even in light of the Biden Administration's recent actions to fix the nation's broken student loan system, more is needed to end the national student loan crisis, and especially the systemic racial disparities that define the crisis.

As a part of the University of California Student Loan Law Initiative (SLLI) and in partnership with the University of California Berkeley, we have analyzed proprietary data from the University of California Consumer Credit Panel (UCCCP) on the far-reaching effects of student debt in several metropolitan and rural areas across the South. The descriptive and demographic insights gleaned from these data underscore the local effects of rising student debt and borrower distress and highlight where the student debt crisis disproportionately affects certain communities, particularly communities of color.

The first report in this series focused on Atlanta, Georgia, providing a case study on the effects of student debt on Black communities and the shifting impacts of student debt on communities of color over the past decade. The second report in this series focuses on the three largest metropolitan areas in the state of Texas: Dallas, Houston, and San Antonio.

The South has something to say.

Table of Contents

Executive Summary

The student debt crisis is, at its core, a civil rights crisis. Research has increasingly shed light on the vast racial disparities and the economic distress that Black and Latino/a borrowers face in the student loan market. This report is the second in a paper series expanding upon the Student Borrower Protection Center's exploration of the geography of student debt disparities across the South.

In partnership with the University of California Berkeley, SBPC analyzed proprietary data from the University of California Consumer Credit Panel (UCCCP) on the far-reaching effects of student debt in several metropolitan areas across the South. The second report in this series focuses on the three largest cities in Texas: **Dallas, Houston, and San Antonio.** Across each of these cities, there are increased student loan balances, rates of delinquency and borrower distress, and runaway student loan balances—particularly in the decade prior to the pandemic-era student loan payment pause.

Dallas

- The number of student loan borrowers in the Dallas area increased significantly between 2011 and 2022, growing from approximately 800,000 total borrowers to over 1.1 million borrowers.
- Median student loan balances in Dallas nearly doubled from 2011 to 2022, with the mean balance increasing 76 percent, from $19,451 to $34,258.
- From 2011 through 2017, rates of borrower distress for majority-Black zip codes in Dallas were greater than 40 percent, sometimes reaching upwards of 45 percent.
- Student loan borrowers in Dallas experienced a substantial increase in non-declining balances from 2011 to 2020. In 2011, the average balance of accounts with ballooning balances was $30,184, and that amount ballooned to $93,244 in 2020—more than tripling over that period of time.
    - Majority-Latino/a and majority-Black neighborhoods in Dallas experienced a higher rate of growth in non-declining balances. In majority-Latino/a areas, the average non-declining balance more than quadrupled, from just over $22,000 in 2011 to over $93,000 in 2020. In majority-Black neighborhoods, the average non-declining balance also increased disproportionately, from around $27,000 in 2011 to over $85,000 in 2020.

Houston

- From 2010 to 2022, Houston experienced 36 percent growth in the number of student loan borrowers, from approximately 700,000 borrowers in 2010 to nearly 950,000 by 2022.
- Average student loan balances in the Houston area mirror national trends, with significant increases in balances in the wake of the Great Recession through the early years of the COVID-19 pandemic. Over that period, the total debt held by borrowers in Houston increased by 139 percent, accounting for an approximate increase of $14,000 in the average student loan borrower's balance.
- In line with national averages, student loan balances grew consistently across the Houston area and racial disparities persisted across racial lines from 2011 to 2020.
    - Student loan borrowers in majority-Black communities saw the greatest increase in their average balances, growing nearly $17,000 on average.
    - Student loan borrowers in majority-white communities also experienced substantial growth, with an average balance increase of $15,000.
    - In majority-Latino/a neighborhoods the rate of growth was also significant, growing by 72 percent.

San Antonio

- San Antonio experienced a 30 percent growth in student loan borrowers between 2010 and 2022, rising from nearly 300,000 total student loan borrowers to 400,000. Median balances over that period grew by 57 percent to more than $19,000.
- Delinquency rates in San Antonio have fallen since 2010. The percentage of borrowers with delinquencies peaked at nearly 10 percent in 2013 and 2015, and then dropped considerably at the start of the payment pause in 2020.
- Student loan borrowers in majority-Latino/a and majority-white neighborhoods across San Antonio experienced similar rates of growth for non-declining balances. Overall, the percentage of borrowers with balances under $10,000 decreased from 2011 to 2020 by more than 20 percent, and the percentage of student loan borrowers in those communities with more than $100,000 in student debt doubled over the same period.
    - The percent of student loan borrowers with balances between $50,000 and $100,000 doubled from 7 percent to 14 percent.
    - The percentage of borrowers with balances over $100,000 more than doubled from nearly 3 percent to more than 6 percent.

Scoping the State of Student Debt in American Cities

At the end of 2023, Americans collectively owed over $1.7 trillion of student debt. Over the past two decades, as balances have ballooned, student debt reached crisis levels, culminating in a public pledge by President Biden to broadly cancel debt.[1] As current efforts to overcome corrupt and extreme courts[2] and for President Biden to deliver his promise to cancel student debt continue to move forward, it is important to highlight the damage that rising student debt has done to communities across the country.

While often presented solely as a stumbling block for millennials and a growing concern for Gen Z, the effects of student debt are vast and touch the lives of a broad and diverse swath of Americans.[3] Student loan borrowers have been forced to defer or delay dreams of homeownership, entrepreneurship, retirement savings, and even family formation.[4] Student loan balances hang over the heads of millions of young borrowers entering the workforce, parents struggling to pay down their own debts while ensnared by debt for their children's education, and older adults fearing their balances will prevent them from retiring despite years spent in repayment.[5] Millions of borrowers have struggled to make payments as the pandemic-era payment pause ended in fall 2023,[6] and new research indicates that the very presence of student debt poses substantial economic hardship for low-income borrowers.[7] This crisis is devastating and far-reaching, and has contributed to widening inequality across the American economy.

Student Debt in Black and Latino/a Communities

Rising student loan debt is a civil rights and racial justice issue. Across the United States, student loan borrowers are struggling under the weight of rising debt balances and burdens. However, this economic distress has been felt most acutely by communities of color—especially those who are Black and Latino/a. Student loan debt is both a cause and a consequence of America's persistent racial wealth divide.[8] As Black and Latino/a families face discrimination in the labor and housing markets, fall victim to predatory lenders and colleges, and face rising tuition and other costs of attendance, they must make a choice between taking on burdensome debt for an education, dropping out, or not attending altogether. As the current debt-financed model of higher education places ever greater burdens on families rather than funding higher education as a public good, our system will continue to place ever greater risk on those that have historically and continuously been marginalized.

Due to a legacy of racial exclusion and active policy choices, particularly across housing, lending, safety net, and labor market policy, Black and Latino/a households have significantly fewer assets and lower net worth than white households. The median white household has nearly seven times the wealth of the median Black household, and over 4.5 times the wealth of the typical Latino/a household.[9] The typical Black household where the head graduated from college has less wealth than a white household where the highest level of education is a high school degree.[10] The fallout from this persistent inequality is higher rates and amounts of borrowing at every level of education, and especially among Black women.[11] Meanwhile, the percentage of Latino/a borrowers with student debt has risen faster than any group in recent years, and Latino/a borrowers are more likely to experience delinquency, default, and runaway debt balances.[12] Further, Latino/a students are more likely to take on private student loans, which come with fewer protections, higher interest rates, and fewer repayment and cancellation opportunities than federal loans.[13]

In addition to often borrowing more for the same degree, Black and Latino/a borrowers are at the mercy of a student loan system that has been plagued by decades of documented breakdowns and abuse, leaving many borrowers denied access to relief programs and left indebted instead of experiencing relief to which they were entitled.[14]

A geographic lens shows how much student debt both reflects and contributes to racial inequality across American cities and communities. Student debt distress tracks largely across racial and economic lines in cities, and student loan borrowers in the most racially segregated communities across the country are up to five times more likely to fall behind on a student loan than borrowers in the whitest areas.[15] The previous report in this series, focusing on the Atlanta metropolitan area, found that growth in overall student debt, levels of student debt distress, including runaway balances, delinquencies, and defaults, impact majority-Black neighborhoods disproportionately.[16]

The economic consequences of student debt distress, including default, can be draconian—subjecting borrowers to administrative wage garnishment, federal benefit offset, and tax refund withholding, in addition to negative credit reporting.[17] But even without "distress," decades of indebtedness and the experience of runaway balances can take a toll on family balance sheets, damage their credit, curtail career and other ambitions, and prevent them from building financial security and wealth. Increased risk of student debt can also drastically shape the way borrowers of color perceive access to opportunity and make higher education decisions for themselves and their families.

Policy Pathways to Student Debt Relief

Debt-financed higher education—and the economic crisis that has accompanied it—is a public policy failure many decades in the making. As undergraduate and graduate education has become ever more expensive, costs of living have crept upward, and as the labor market has remained volatile for millions of workers, policymakers have failed to respond to rising student debt with solutions that meet the scale of the problem. A meaningful end to this crisis relies upon a broad set of policy proposals aimed at closing the racial wealth gap and restoring access and promise of higher education as a means to economic mobility. It also requires bold action that rectifies some of the faulty and disastrous assumptions that have undergirded federal, state, and institutional policy for decades.

The idea that student debt is a form of "good debt" has proven to be untrue for millions of borrowers who are stuck with unpayable debt for decades.[18] Solving the student debt crisis means more than tweaking monthly payments—overall debt amounts matter for borrowers' finances, aspirations, and well-being.[19] Students entering and leaving higher education today are very different than those who entered the college gates decades ago, when much of our system was designed. Today's students are older, more likely to have dependent children, more likely to be Black or brown, and of course, more likely to borrow for a degree or credential. The failure to take swift, sweeping action to protect student loan borrowers has deepened economic inequality, widened the racial wealth gap, and led to an epidemic of student loan defaults.

Since the 2020 presidential election campaign and throughout his current administration, President Biden has taken steps to address some of the worst consequences of the student debt crisis. The Biden Administration has instituted reforms and programmatic fixes to address years of servicing failures and administrative hurdles that left borrowers behind, introduced fairer and more generous repayment plans, and utilized several existing federal programs to cancel debt for borrowers with disabilities, those who have been cheated by schools or seen their schools close, those in public service jobs, and those who have been paying loans for decades.[20]

Most notably, the president announced in August 2022 that the U.S. Department of Education ("the Department") would broadly cancel up to $10,000 in debt, and up to $20,000 in debt for former Pell Grant recipients, for up to 43 million student loan borrowers—a policy that would have made 20 million Americans debt-free. Despite this historic effort, and despite the fact that the vast majority of benefits would have been realized by working- and middle-class families, this effort was met with significant partisan resistance, culminating in a June 2023 decision from the U.S. Supreme Court striking down President Biden's signature student debt relief program.[21] More than 26 million people applied to have their loans cancelled and more than 16 million borrowers' applications were approved by the Department and sent to loan servicers for processing before court orders in these two lawsuits blocked access to the program's application.[22]

The Supreme Court ruled—along partisan lines—that President Biden's student debt relief plan was impermissible under the HEROES Act.[23] However, immediately following the ruling, President Biden reaffirmed his commitment to cancelling student debt using his authority under the Higher Education Act (HEA).[24]

The breadth and significance of this partisan and ideological decision cannot be understated. In addition to ripping life-changing relief from the grasp of millions of student loan borrowers, the Court also pushed efforts to close the racial wealth gap further out of reach. The projected benefits of the plan would have brought monumental change in the lives of student loan borrowers—most especially Black and Latino/a borrowers. Nearly half of all Latino/a student borrowers and a quarter of all Black student loan borrowers would have seen the entirety of their student loan balances erased with President Biden's 2022 debt relief plan.

Instead of the benefits of debt relief, as borrowers began to make student loan payments in the fall of 2023, they were met with a host of servicing errors and conflicting guidance. The Department has even withheld payment to student loan servicers due to their failure to adequately meet the terms of their contractual obligations to help borrowers navigate repayment. [25] Early reports of servicing failures and uncertainty on the breadth of the debt relief to come via the Department's negotiated rulemaking process, leave much room for alarm as student loan borrowers have been thrown back into a deeply broken system.

Everything, Including Student Loan Debt, is Bigger in Texas

The Lone Star State has, in many ways, been a microcosm of the broader shifts affecting our higher education system and household balance sheets over the past several decades. Texas has been the scene of deep and unrelenting culture war fights around the use of Diversity, Equity, and Inclusion (DEI) curricula and resources,[26] as well as the rights and dignity of undocumented students and families.[27] The state's flagship university, the University of Texas at Austin, was a defendant in *Fisher v. The University of Texas*, one of the highest-profile right-wing efforts to do away with affirmative action and ban race-conscious admissions.[28]

And, like states across the country, Texas has seen a dramatic drop in per-student funding of public higher education. Higher education appropriations per full-time student have dropped by 15 percent since 1990, and 17 percent since the Great Recession. In fact, as recently as 2008, Texas was right at the national average of per-student higher education appropriations; currently the state invests $2,000 less per student than the national average.[29] The state also spends slightly more than half of the national average on state financial aid per student. As a result, public higher education in the Lone Star State is effectively privatized for many. In 1980, tuition revenue only accounted for 19 percent of the cost of educating a student at public college in Texas. Today, that figure is 48 percent,[30] causing college prices to skyrocket for Texas students. Community college and public four-year in-state tuition have increased by more than 125 percent and 120 percent, respectively, over the past two decades.[31] Perhaps not coincidentally, this has happened as the state's population has both diversified and risen dramatically, buoyed by an increase across the Hispanic and Latino/a population. It is also getting older: estimates suggest that the number of Texans over 65 years old will increase by 88 percent by 2036.[32]

Of course, rising tuition only tells one piece of the story when it comes to the need to borrow for school as well as pay it off afterward. In cities across Texas, the burden of housing costs and rent have also increased, squeezing households' abilities to build savings or allocate money toward debt payments. Over half of renters in Dallas (53 percent), Houston (52 percent), and San Antonio (53 percent) are "cost-burdened," meaning they pay more than 30 percent of their income for rent and utilities.[33] While annual childcare costs across Texas average $9,324, in the three major cities above, it averages between $17,000 and $18,000 per year.[34]

This financial squeeze can be devastating for families, forcing them to contend with rising costs of education while simultaneously navigating an uncertain and uneven economy. For Black and Latino/a Texans, it can mean

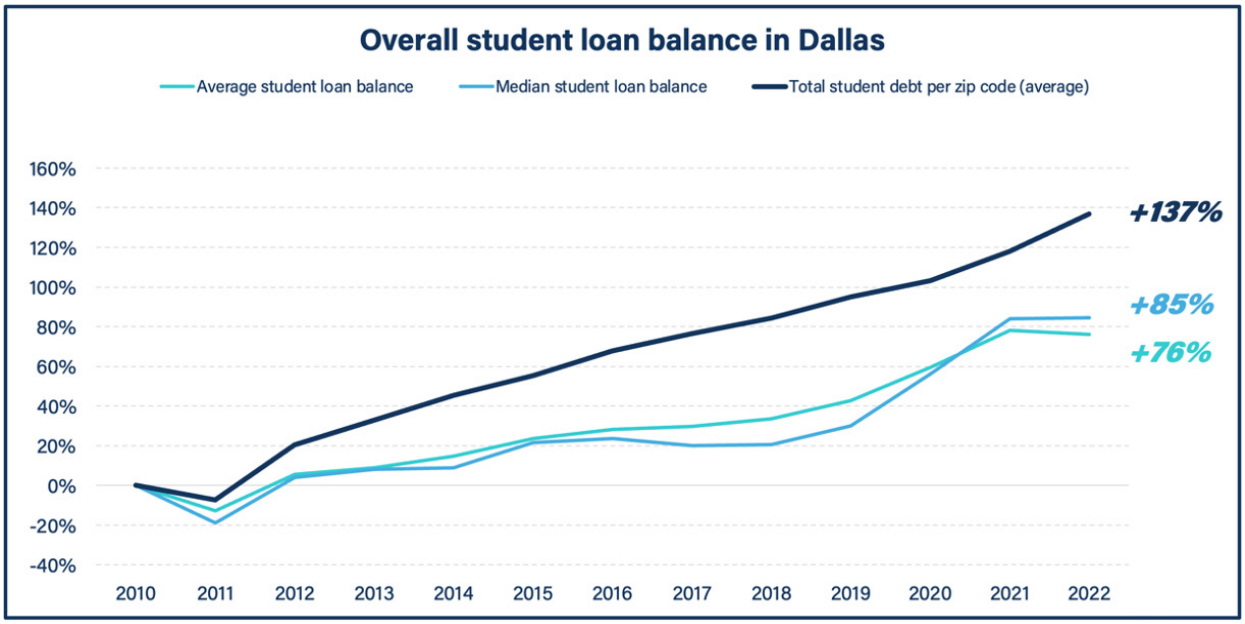
a lifetime of debt, especially considering broad and persistent income and wealth inequality across the state. Black Texans earn around 60 cents on the dollar compared to white Texans.[35] White Texans have accumulated far greater housing wealth across Texas cities. In Houston, households of color account for nearly 70 percent of the city's population, but only 39 percent of the primary residence housing wealth. In Dallas, 25 percent of the city's household population is Black, yet Black households own 7 percent of the housing wealth.[36] Hispanic or Latino/a Texans are more than twice as likely to be living below the poverty level as white Texans, earn nearly $26,000 per year less than white Texans, and are far more likely to have only a high school diploma or below.[37] By putting higher education even more out of financial reach, Texas policymakers are only exacerbating these trends.

This rampant inequality, spurred on by disinvestment in public goods, has led to a student debt crisis across Texas. Reversing it, and ensuring all Texans have a chance to follow their dreams without a lifetime of debt, will require bold action on behalf of institutional leaders, state lawmakers, and the federal government.

Findings: The Student Debt Crisis in Cities Across Texas

Dallas

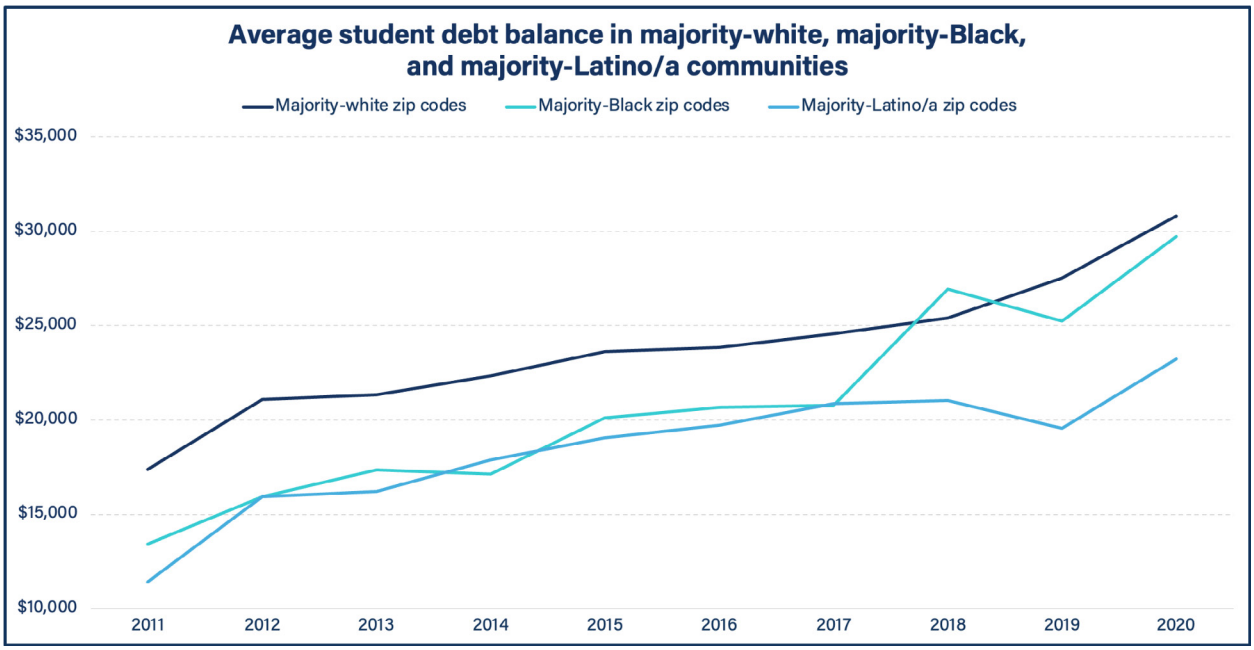
Figure 1: Overall Student Loan Balance in Dallas



Consistent with national trends, the total student loan balance across the Dallas area ballooned nearly 137 percent over the course of a 12-year period. Median student loan balances nearly doubled over the course of that 12 years, with the mean balance increasing 76 percent from $19,451 to $34,258.

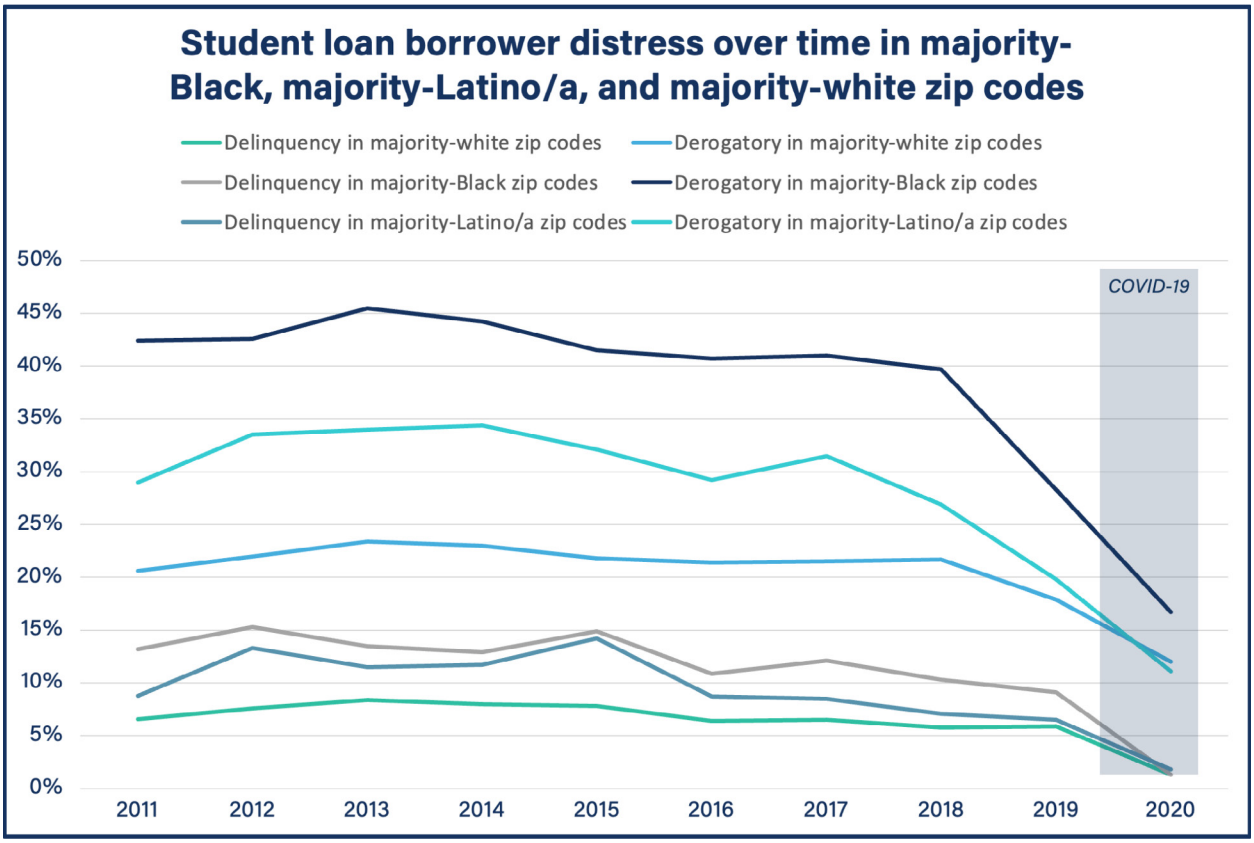
In addition to the balances for borrowers growing rapidly over the decade-plus period following the Great Recession, the number of student loan borrowers in the Dallas area has also increased significantly. The average number of borrowers per zip code jumped by about a third, an increase of 1,000 new borrowers per zip code. This accounted for nearly 300,000 more borrowers in the Dallas metro area over the 12-year period—increasing from approximately 800,000 total borrowers to over 1.1 million borrowers. Not only have the average balances for individual borrowers grown over this time period, but the number of discrete borrowers has grown as well.

Figure 2: Average student debt balance in majority-white, majority-Black, and majority-Latino/a communities in Dallas[38]



When comparing student debt balances in communities along the lines of race, growth of average balances over the past decade have increased more in majority-Black and majority-Latino/a neighborhoods than majority-white neighborhoods. The average balance for majority-Black zip codes grew 121 percent over a nine-year period, and similarly for Latino/a-majority neighborhoods average balances grew at a rate of 103 percent, compared to a 77 percent increase in average balances among majority-white neighborhoods. While the growth in balances is notably high across the observed racial demographics, borrowers in majority-Black and majority-Latino/a zip codes have seen significantly larger increases in their debt burdens over the past decade. As mentioned above, this rise in debt burdens across communities of color threatens to exacerbate the already stark wealth inequality between Black and Latino/a households and white households across the state.

Figure 3: Student loan borrower distress over time in majority-Black, majority-Latino/a, and majority-white zip codes in Dallas[39]



The pandemic relief and subsequent payment pause extensions had a significant effect on delinquency and default rates for federal student loans.[40] Beginning in March 2020, the CARES Act provided that all federally-owned loans were placed into an administrative forbearance with zero percent interest accrual; accordingly borrowers with federally-owned loans were not required to make payments and no borrowers should have been able to default.[41] Although federal student loan payments resumed in October 2023, the Department developed an on-ramp period to assist federal student loan borrowers in the adjustment to repayment, with this de facto "hold harmless" period, federal student loan delinquencies and defaults are expected to remain relatively low until several months after the on-ramp period ends in fall 2024. However, the relatively low numbers should not lull policymakers and leaders—past experience would suggest a significant uptick in borrower distress to follow shortly after these protections lapse.[42]

In the two years leading up to the payment pause, delinquency and default rates remained steady from when the data collection began in 2011. While the percentages of defaults and delinquent accounts may have even dipped slightly in both cases across racial lines, in part potentially due to an improving economy, they still remained high

in the context of other forms of consumer credit. For instance, in 2019, the year before the payment pause began, the rates of distress were approximately 18 percent for majority-white zip codes, 28 percent for majority-Black zip codes, and 20 percent for majority-Latino/a zip codes. Across all demographics, the rates of severe borrower distress should be cause for concern, most especially in majority-Black communities where severe delinquency rates reached nearly 30 percent.

Figure 4: Student loan borrower delinquency over time in majority-Black, majority-Latino/a, and majority-white zip codes in Dallas

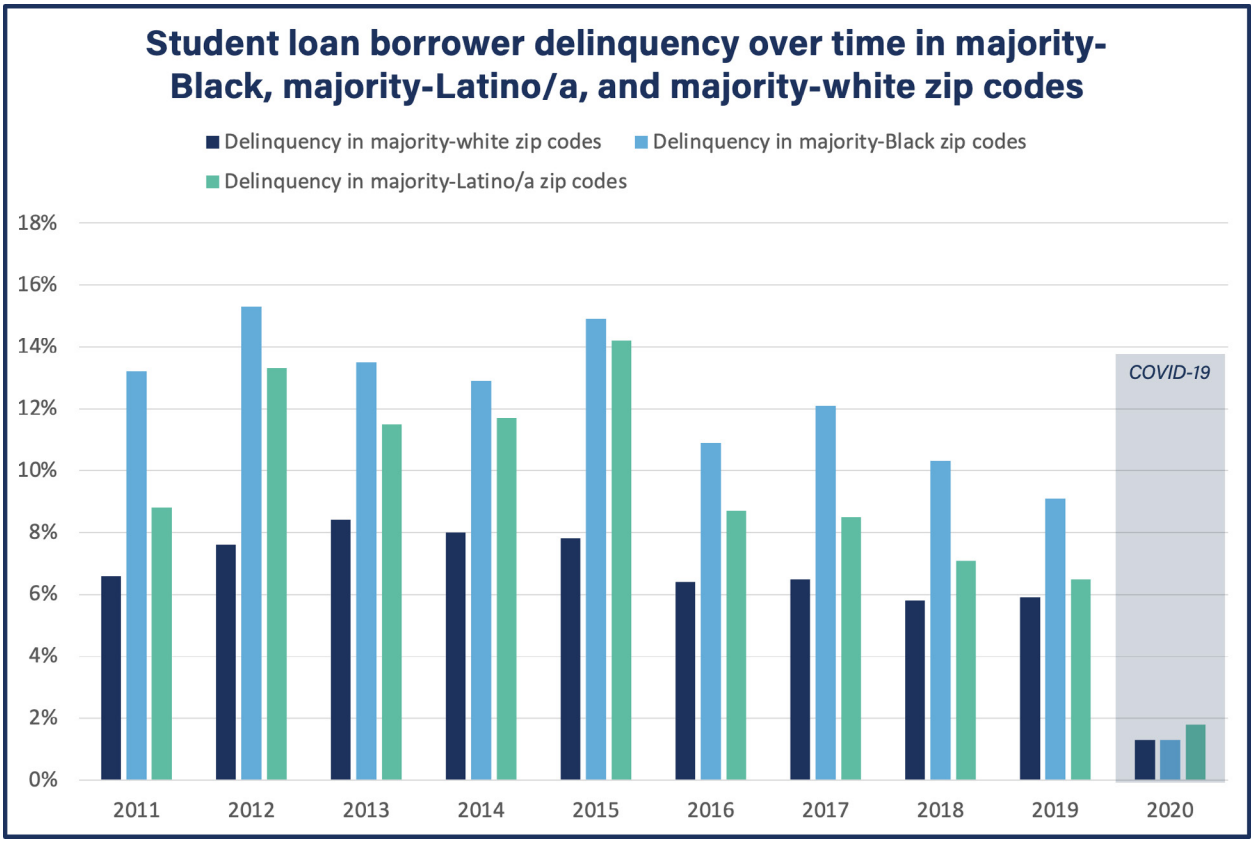
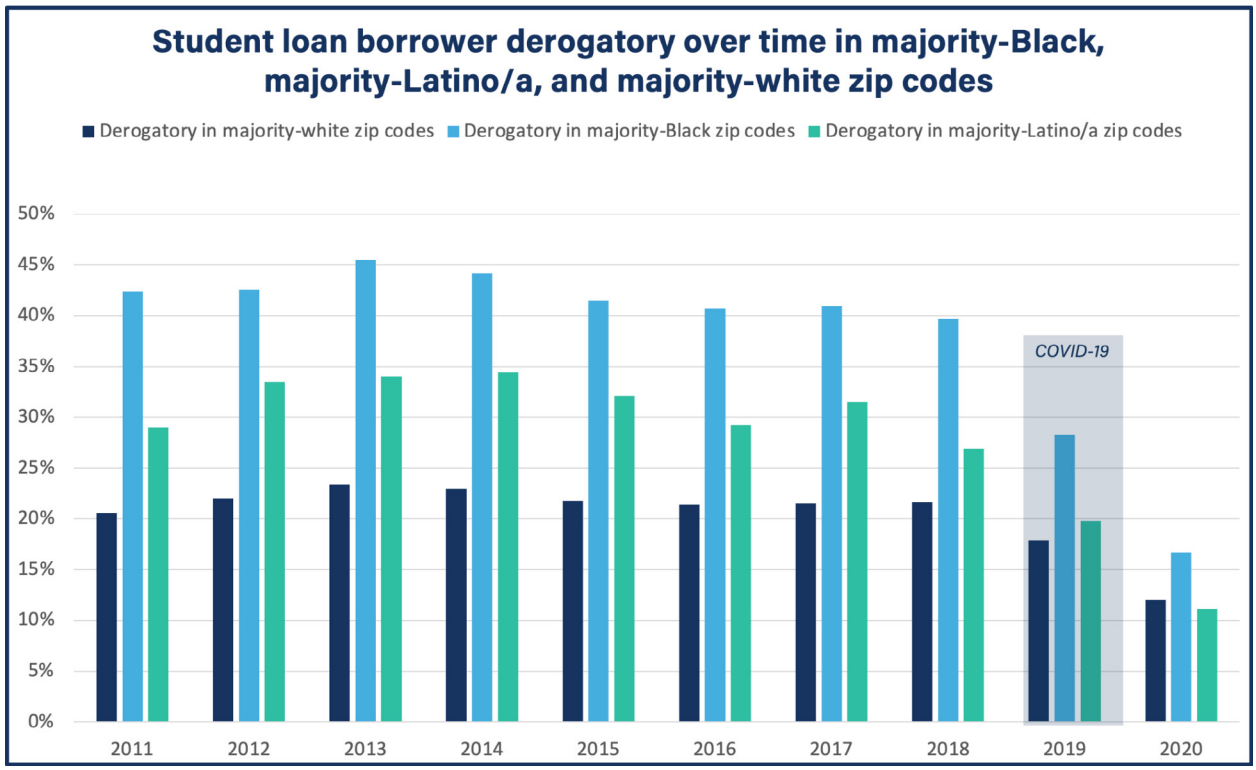


Figure 5: Student loan borrower distress over time in majority-Black, majority-Latino/a, and majority-white zip codes in Dallas

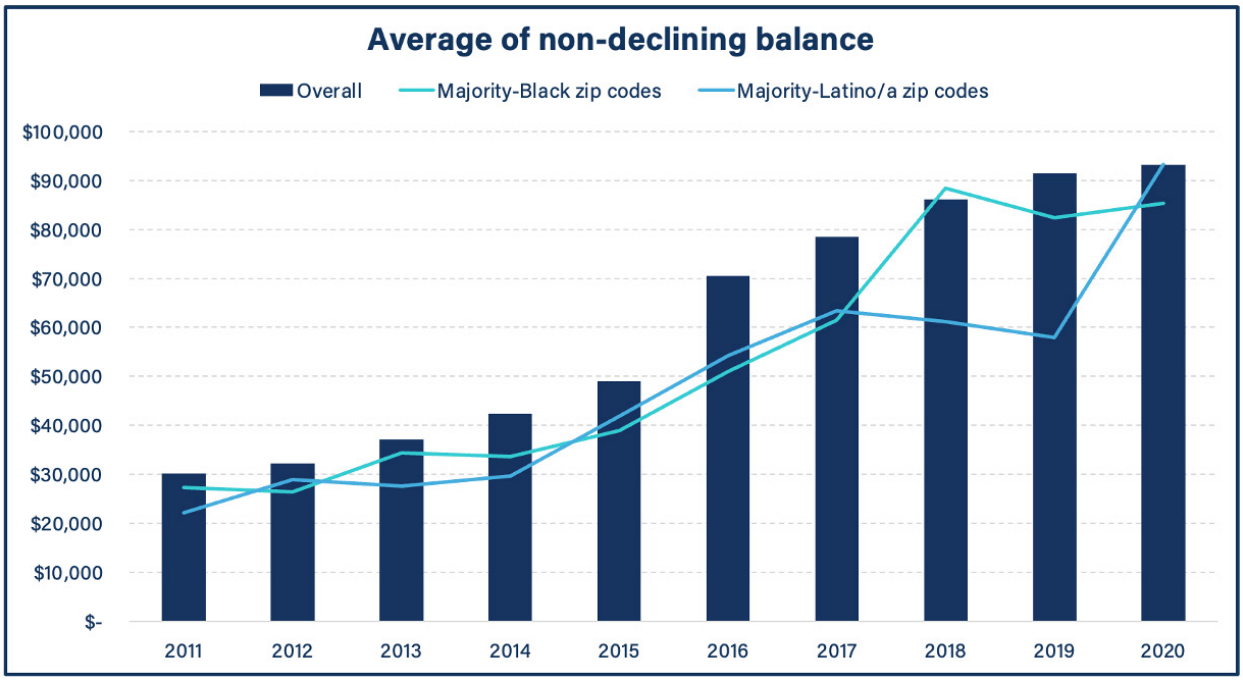


Rates of borrower distress in majority-Black neighborhoods are nearly double those of majority-white neighborhoods. Alarmingly, from 2011 through 2017, rates for derogatory accounts in majority-Black zip codes in Dallas were over 40 percent, sometimes reaching over 45 percent. While slightly less than rates in majority-Black neighborhoods, default rates in majority-Latino/a neighborhoods also were relatively high—lingering between 25 percent and 35 percent—over the period from 2011 to 2017. The beneficial effects on the payment pause cannot be understated with the level of borrower distress that declined as a result of the CARES Act protections and subsequent extensions of the payment pause.

Delinquency and default are only two of the more devastating outcomes borrowers can face. Due to an overly complex and broken system of federal student loan repayment, borrowers for decades have made payments on their loans only to see their balances increase, or see their interest capitalized. This "debt trap" phenomenon can have devastating short- and long-term consequences for borrowers, including on their ability to build credit and wealth, as well as their mental and physical health.[43] The Biden Administration has recognized the calamity of forcing borrowers into a debt trap, improving loan repayment options to ensure that when borrowers make payments on their loans, they see their balances decline. Yet over the past decade in Texas, the sheer scale of runaway student debt is apparent. In particular, non-declining balances grew exponentially across the Dallas area from 2011 to 2020, when the payment pause on federally-owned student loans began. Overall, the total

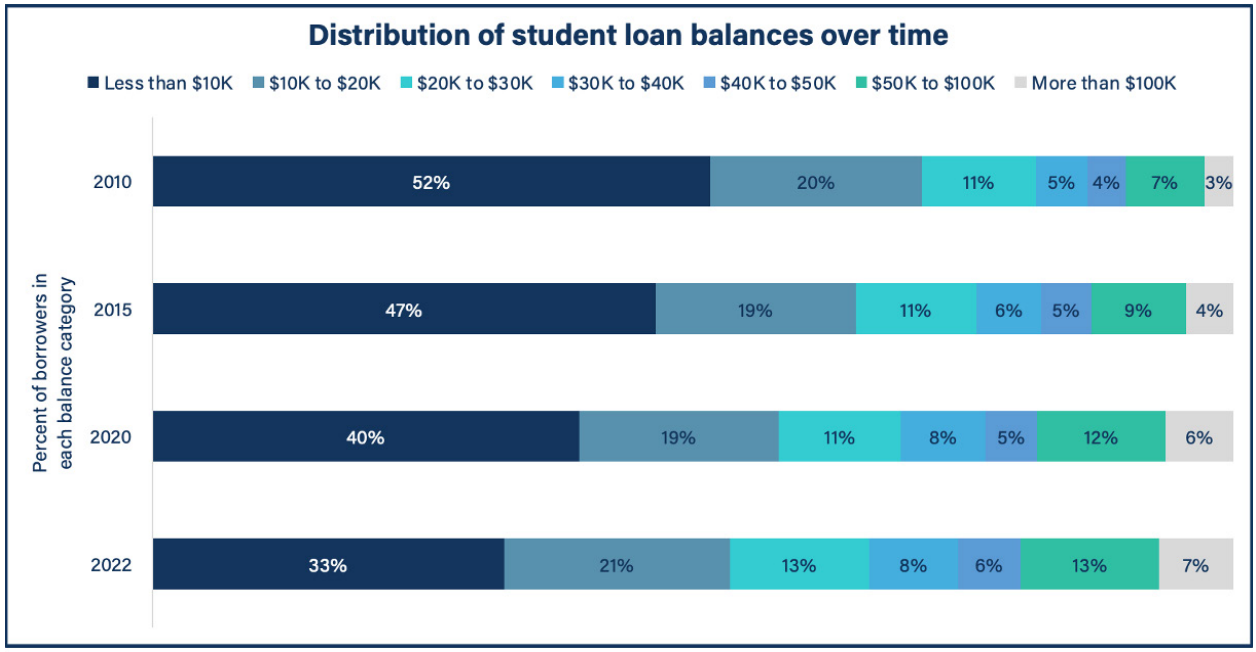
number of student loan borrowers with non-declining balances more than quintupled over the same period, rising fastest in majority-Black neighborhoods.

Figure 6: Average non-declining balance in majority-Black and majority-Latino/a zip codes in Dallas



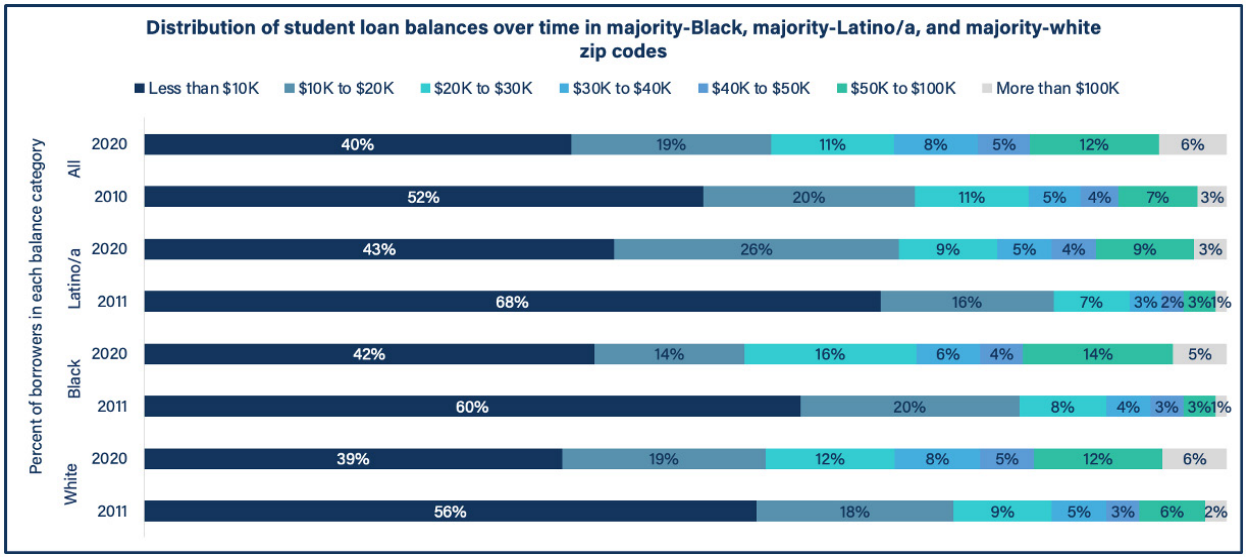
Not only has the total number of accounts with non-declining balances grown astronomically over the nine-year period, but the average balances for those accounts have also spiked. Majority-Latino/a and majority-Black neighborhoods experienced a higher rate of growth in non-declining balances. In majority-Latino/a areas, average non-declining balance more than quadrupled, from just over $22,000 in 2011 to over $93,000 in 2020. In majority-Black neighborhoods, average non-declining balance also increased disproportionately, from around $27,000 in 2011 to over $85,000 in 2020.

Figure 7: Distribution of student loan balances over time in Dallas



The distribution for borrowers with low balances, defined as having less than $10,000 in student debt, declined by nearly 20 percent over a 12-year period. The increase in student loan borrowers with higher balances is concerning for many reasons, including that fewer borrowers will be able to qualify for the faster pathway to cancellation which the Saving on a Valuable Education (SAVE) income-driven repayment plans offers to federal student loan borrowers who initially borrow lower amounts.[44] The greatest distribution for loan growth was seen with borrowers owing $50,000 to $100,000 in student debt and those owing more than $100,000 student debt, representing an increase of 6 and 4 percent, respectively.

Figure 8: Distribution of student loan balances over time in majority-Black, majority-Latino/a, and majority-white zip codes in Dallas



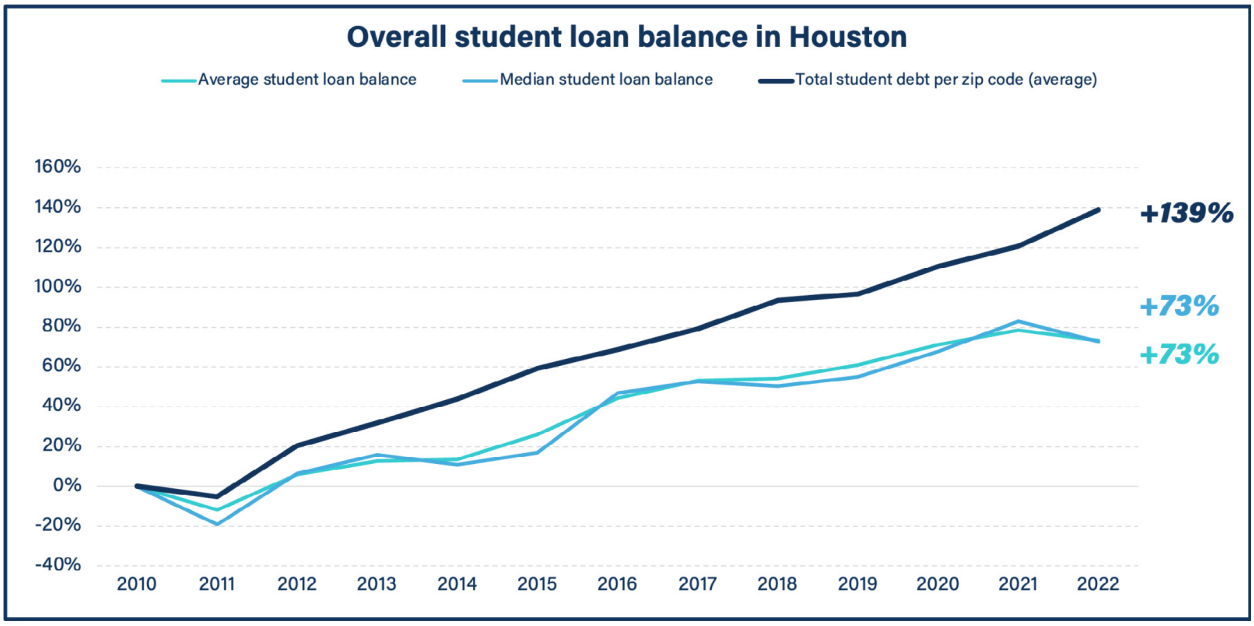
Across the board, the percentage of borrowers with lower balances—those with under $10,000 in student debt–declined over time. That is, between 2010 and 2020, student loan borrowers in majority-Black, majority-Latino/a, and majority-white zip codes have taken on greater debt burdens.

Student loan borrowers in majority-Black neighborhoods across Dallas saw significant increases in the categories of balances of $20,000 to $30,000, $50,000 to $100,000, and over $100,000. The percentage of Black borrowers with balances between $20,000 to $30,000 in loans doubled between 2011 and 2020. The percentage of those with balances between $50,000 and $100,000 nearly quadrupled over a 10 year period, and for those with balances over $100,000 the percentage quintupled.

Larger balances among student loan borrowers in majority-Latino/a neighborhoods also increased in Dallas over 10 years. For those with balances between $50,000 and $100,000 and those with balances over $100,000 the percentages tripled. Similar phenomena existed for student loan borrowers in majority-white neighborhoods across Dallas, with the percentage of borrowers with balances between $50,000 and $100,000 doubling over time, and the percentage of those with balances over $100,000 tripling.

Houston

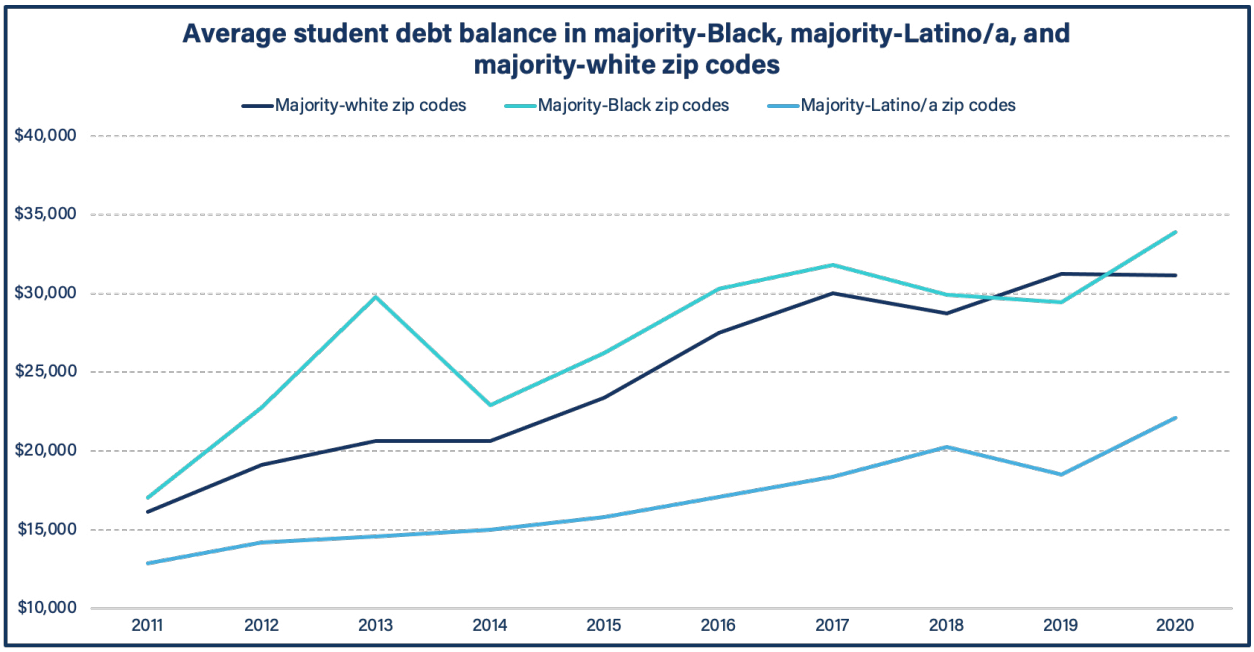
Figure 9: Overall student loan balance in Houston



Average student loan balances in the Houston area mirror national trends, with significant increases in balances in the wake of the Great Recession through the early years of the COVID-19 pandemic. In 12 years, the total debt held by borrowers in Houston increased by 139 percent, while the mean balances grew by 73 percent. This equated to borrowers taking out an average of over $14,000 more in student debt to pay for their education over a 12-year period.

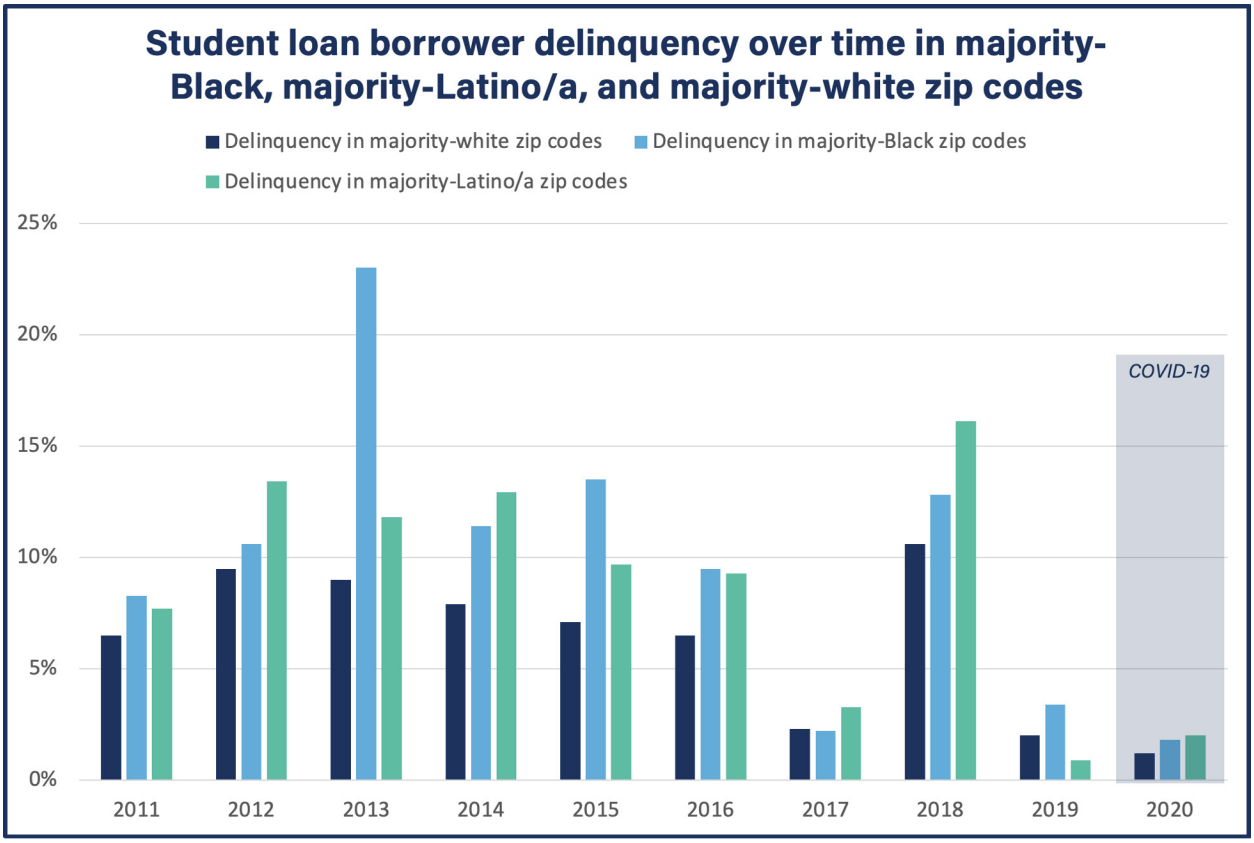
From 2010 to 2022, Houston experienced 36 percent growth in the number of student loan borrowers, rising from just under 700,000 borrowers in 2010 and to nearly 950,000 by 2022.

Figure 10: Average student debt balance in majority-Black, majority-Latino/a, and majority-white zip codes in Houston



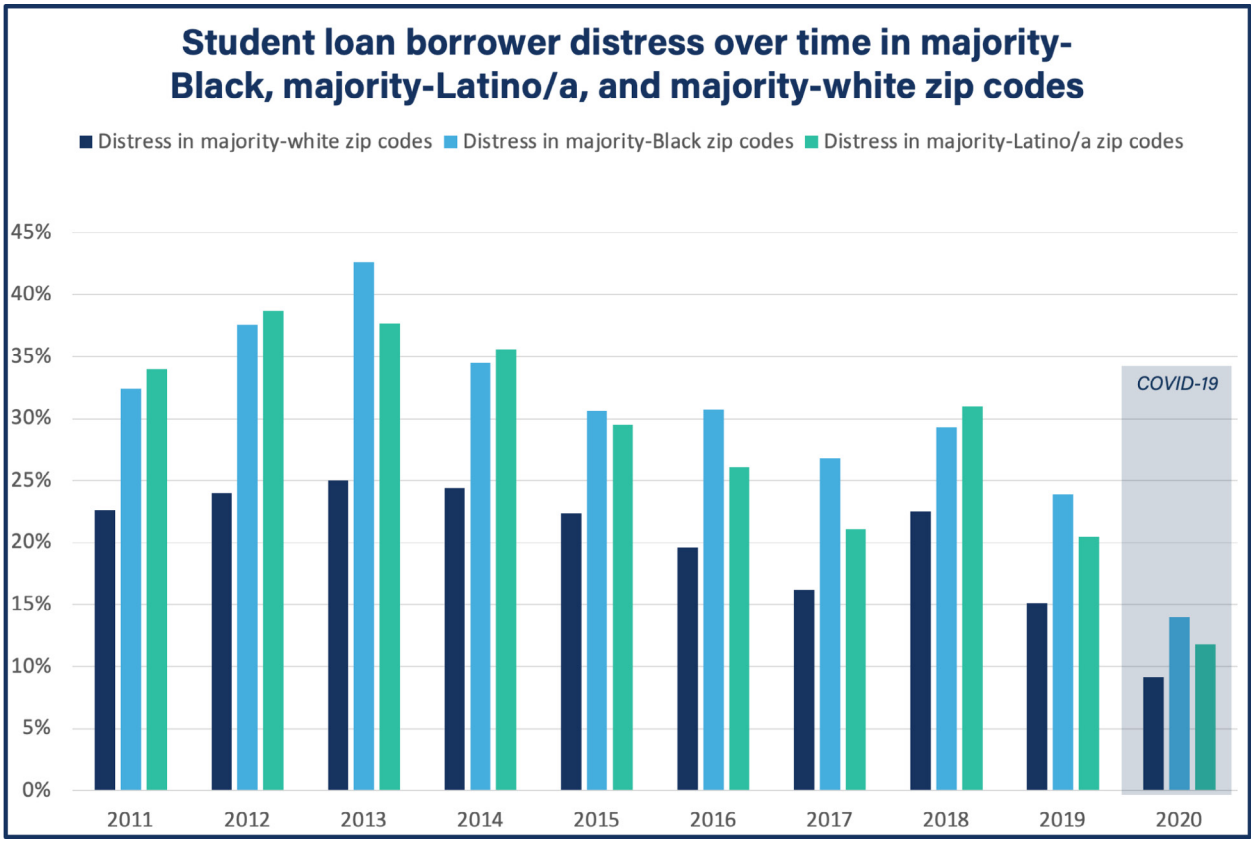
In line with national averages, student loan balances grew consistently across the Houston area and racial disparities persisted from 2011 to 2020. Student loan borrowers in majority-Black communities saw the greatest increase in their average balances, growing nearly $17,000 on average. Student loan borrowers in majority-white communities also experienced significant growth, with an average balance increase of $15,000. In majority-Latino/a neighborhoods the rate of growth was also significant, growing by 72 percent.

Figure 11: Student loan borrower delinquency over time in majority-Black, majority-Latino/a, and majority-white zip codes in Houston



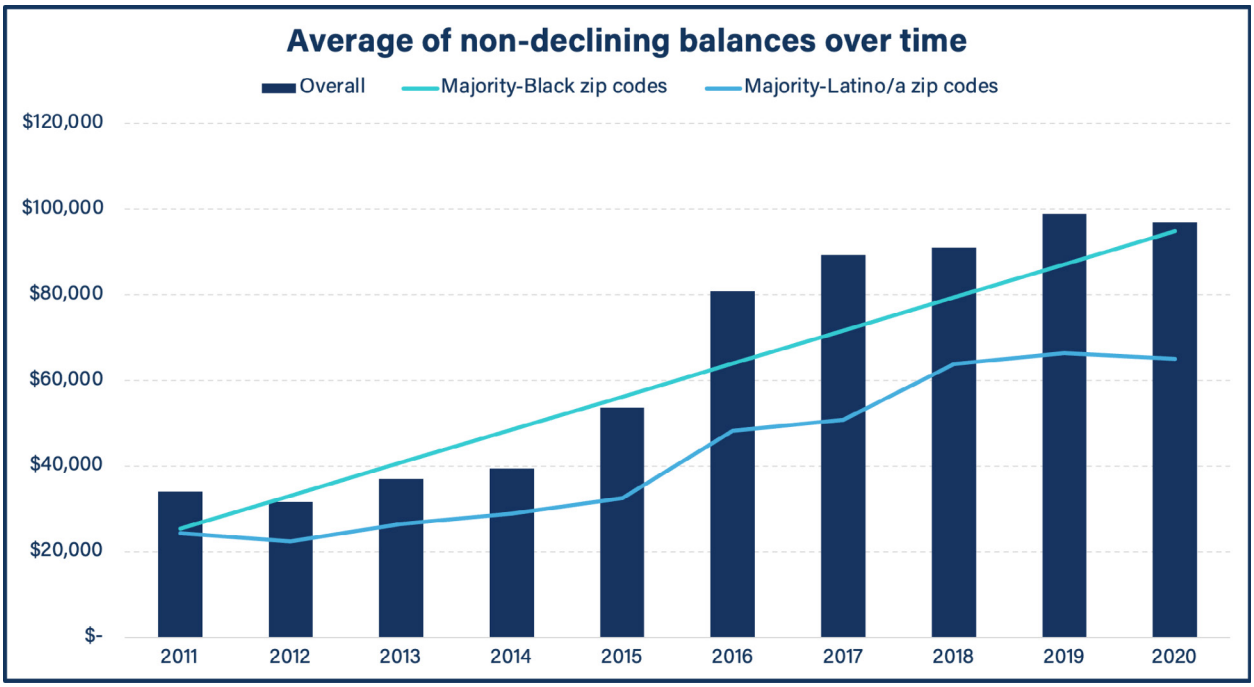
Overall, across majority-white, Black, and Latino/a zip codes, the rates of student debt distress declined in the period between 2011 and 2017, but saw an uptick in the years leading up to the pandemic. They dropped considerably in 2020, likely due to the payment pause on federal student loans because of the COVID-19 pandemic. The figures from 2020 therefore are likely more reflective of what delinquent and derogatory[45] accounts may be following the payment pause and the on-ramp period that lasts until September 30, 2024.

Figure 12: Student loan borrower distress over time in majority-Black, majority-Latino/a, and majority-white zip codes in Houston



Rates of delinquency among student loan borrowers in majority-white neighborhoods remain consistently lower than those in majority-Black and majority-Latino/a neighborhoods. For student loan borrowers in majority-Black communities delinquency rates soared in 2013, more than double the rates of white borrowers that year. Rates of delinquency in majority-Latino/a neighborhoods remained consistently higher than those for white neighborhoods, but lower than those for majority-Black neighborhoods.

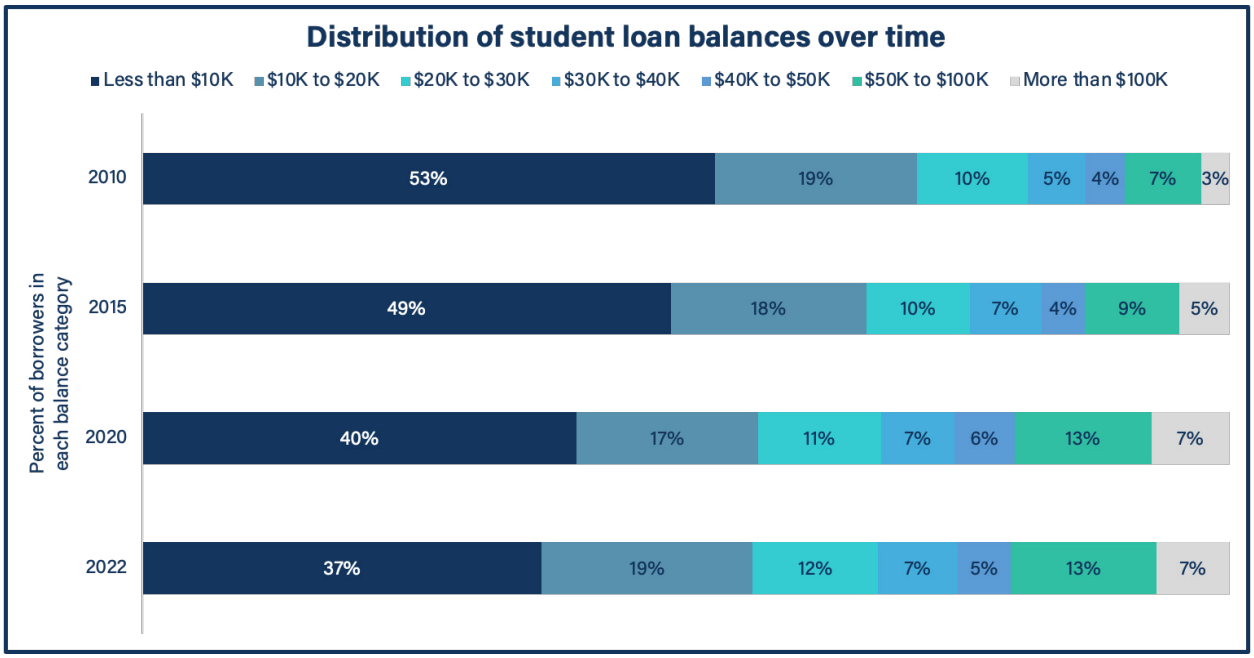
Figure 13: Non-declining balances over time in majority-Black and majority-Latino zip codes in Houston



The problem of runaway balances is a well documented one, and can have devastating short- and long-term consequences for borrowers' ability to maintain financial stability and good credit, and build wealth. This is a rising problem across Houston. The total number of non-declining balances rose across racial lines, but the issue was felt most severely for borrowers in majority-Black communities. Black neighborhoods saw a 486 percent increase in the number of non-declining balances compared to majority-Latino/a neighborhoods (382 percent) and neighborhoods overall (366 percent). This means that more than 19 million balances for Black borrowers became non-declining over the nine-year period, and more than 10 million became non-declining for Latino/a borrowers. In total, non-declining balances account for an estimated 14 percent of all balances held by Houston borrowers.

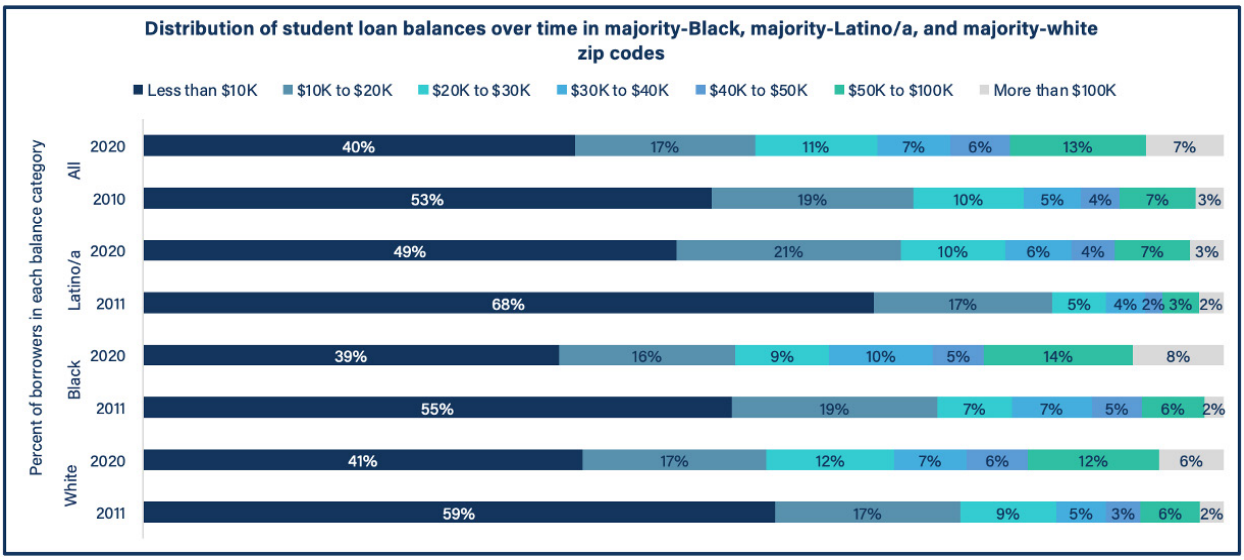
Overall, borrowers saw a 184 percent increase in non-declining balances over time. Runaway balances are most pronounced in majority-Black communities, further compounding the disproportionate effects of student debt distress. The average of these balances nearly quadrupled from 2011 to 2020, rising from $25,370 to $94,814. Student loan borrowers in majority-Latino/a communities similarly saw a steep rise in non-declining balances, with non-declining balances in majority-Latino/a communities increasing 168 percent over the same time period, with averages rising from $24,308 to $65,097.

Figure 14: Distribution of student loan balances over time in Houston



Over a period of 12 years, the percentage of borrowers in Houston with less than $10,000 in student debt has decreased by nearly 16 percent. Meanwhile, the percentage of Houstonians with between $50,000 and $100,000 of student loan debt almost doubled from 7 percent to more than 13 percent. In 2010, around 1-in-40 borrowers had balances over $100,000. By 2022, that number rose to 1-in-15.

Figure 15: Distribution of student loan balances over time in majority-Black, majority-Latino/a, and majority-white zip codes in Houston



Larger balances became more common for all borrowers in Houston from 2011 to 2020 regardless of race.

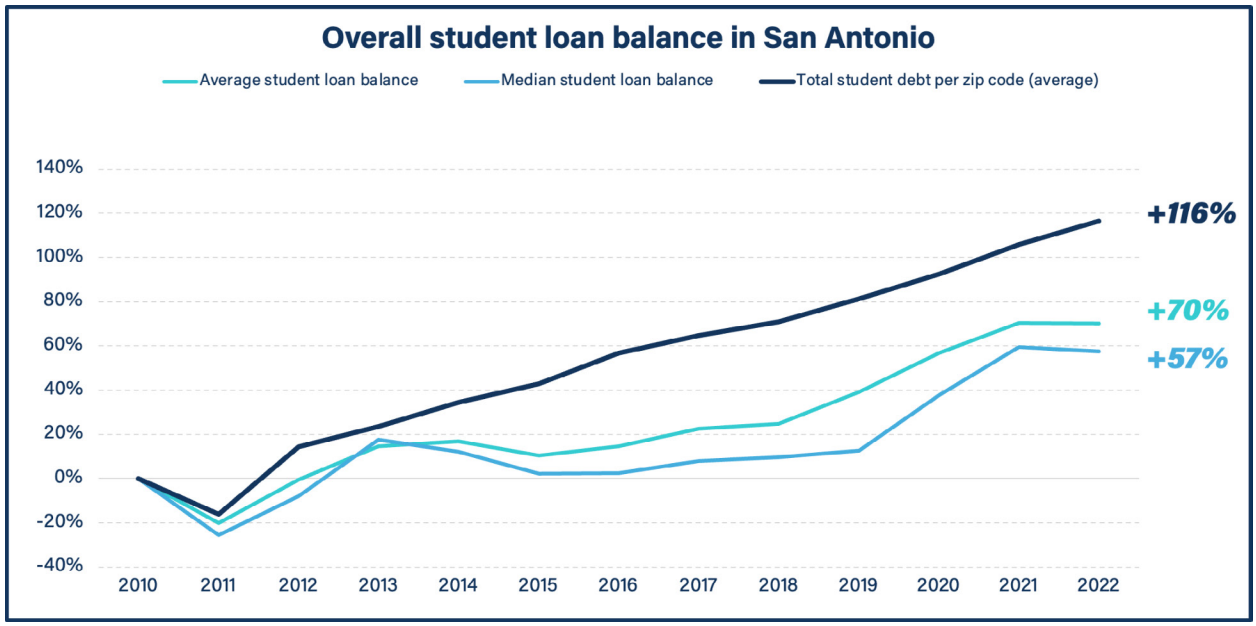
Student loan borrowers in majority-Latino/a neighborhoods saw the percentage of borrowers with less than $10,000 in student debt decrease nearly 20 percent from 2011 to 2020, while every other bracket of debt burden above $10,000 grew. In particular, the percentage of borrowers with $50,000 to $100,000 in student debt doubled over the 10 year period.

Student loan borrowers in majority-Black neighborhoods also saw the percentage of borrowers with less than $10,000 in student debt decrease more than 14 percent. Shockingly, the percent of borrowers with over $100,000 in student debt nearly quadrupled, and those with a debt burden between $50,000 and $100,000 more than doubled over the 10-year period.

Borrowers in majority-white neighborhoods experienced similar phenomena with the percentage of borrowers with less than $10,000 in student debt decreasing over 10 years, and the debt burdens of those with over $50,000 and $100,000 increasing significantly.

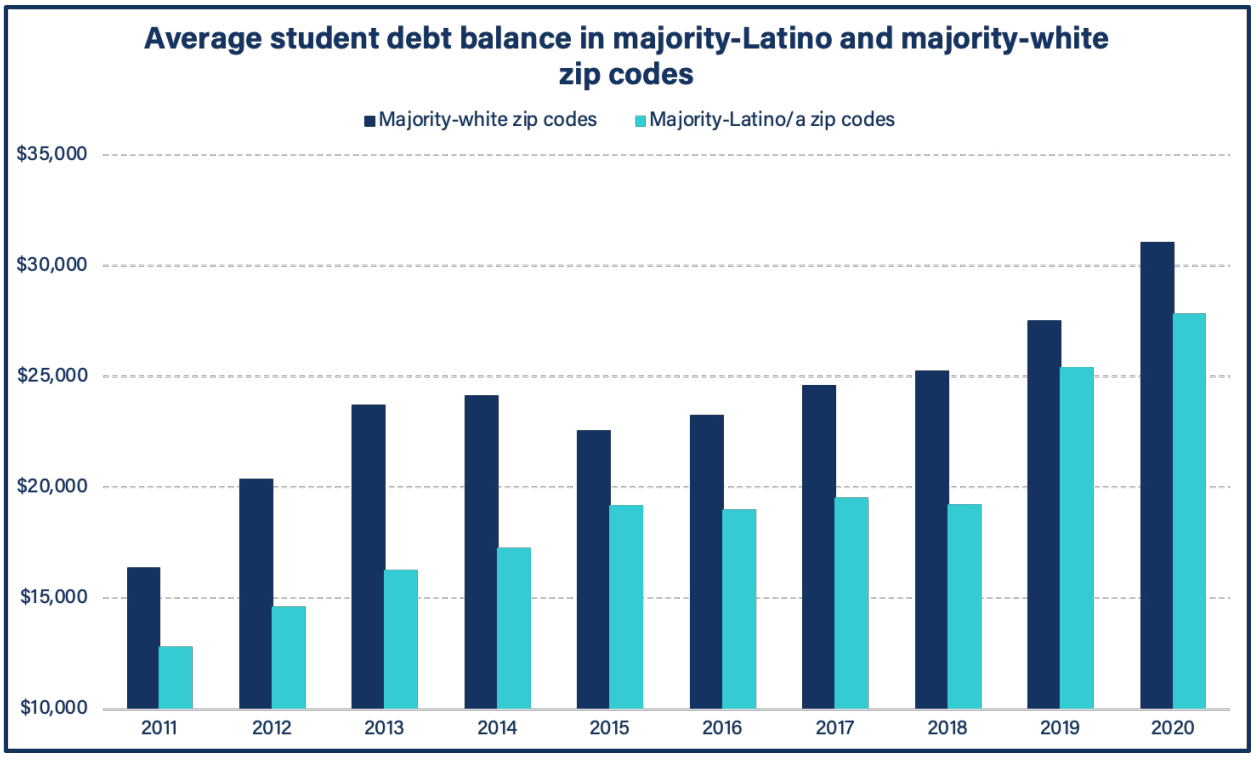
San Antonio

Figure 16: Overall Student Loan Balance in San Antonio



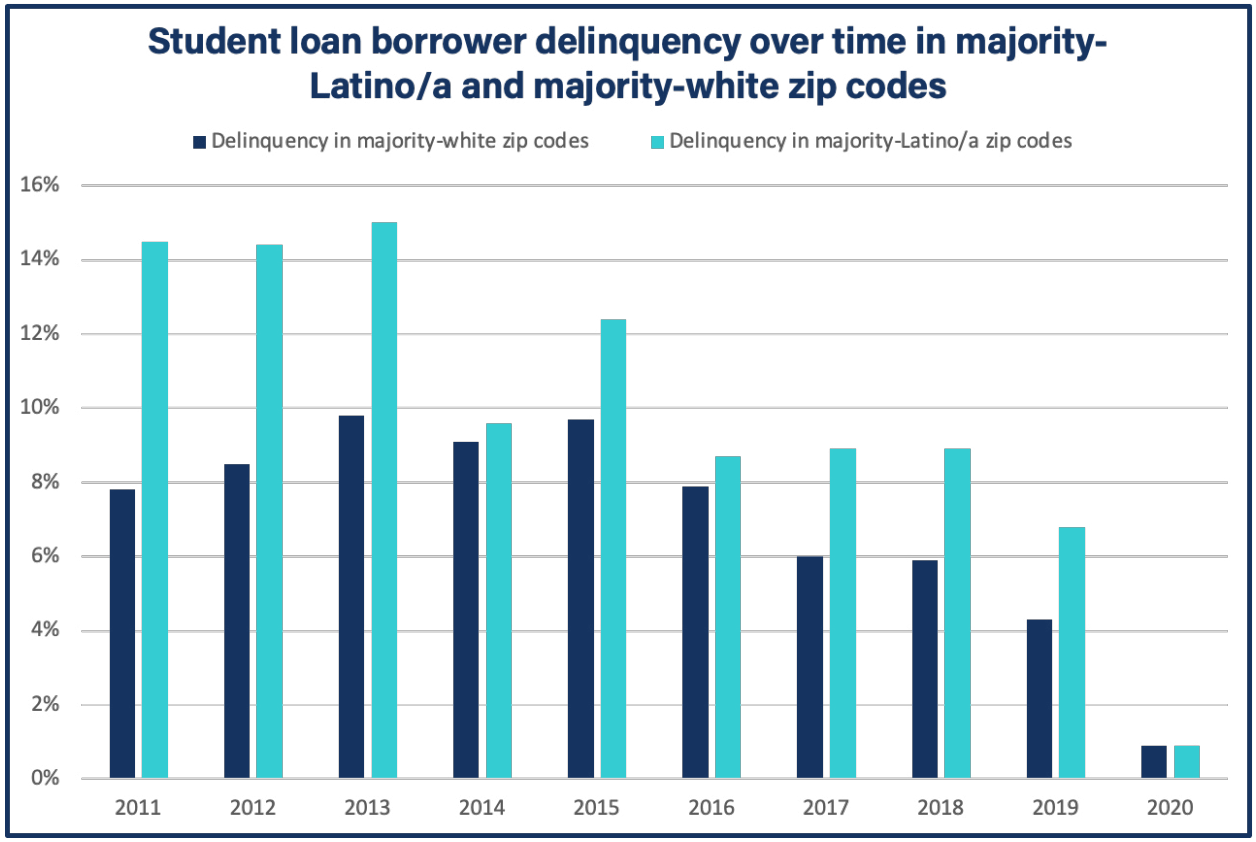
San Antonio experienced a 30 percent growth in student loan borrowers in the 12-year period between 2010 and 2022, rising from nearly 300,000 total student loan borrowers to 400,000. The total balances of student loans for the city of San Antonio grew by 116 percent, from nearly $54 million to almost $117 million. The median balances over that period grew by 57 percent to more than $19,000.

Figure 17: Average student debt balance in majority-Latino/a and majority-white zip codes in San Antonio



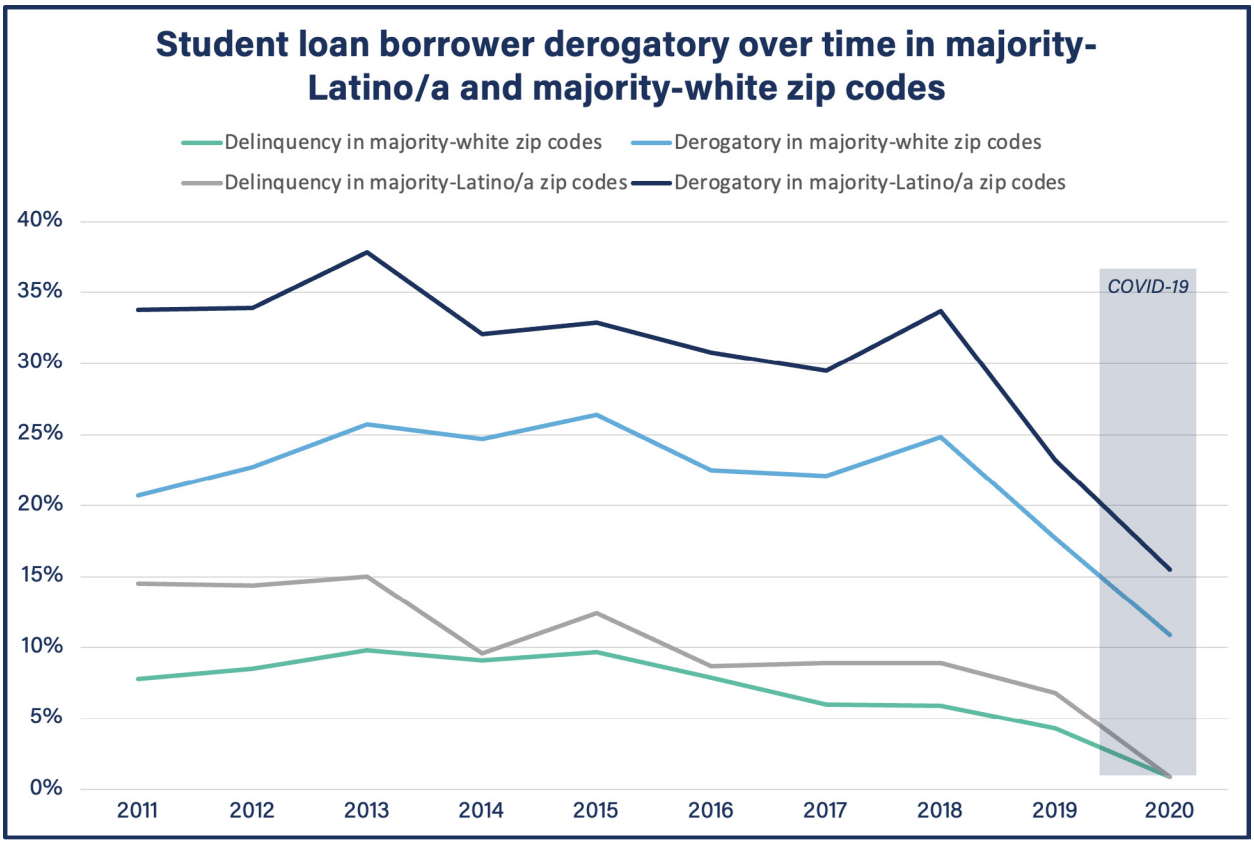
The average balances for borrowers in majority-white neighborhoods and borrowers in majority-Latino/a neighborhoods increased by a similar amount—$14,696 and $15,039, respectively. This represents a 190 percent change in majority-white neighborhoods and a 218 percent change in majority-Latino/a neighborhoods.[46]

Figure 18: Student loan borrower delinquency over time in majority-Latino/a and majority-white zip codes in San Antonio



Delinquency rates in San Antonio have fallen since 2010. The percentage of borrowers with delinquencies peaked at nearly 10 percent in 2013 and 2015, and then dropped considerably at the start of the payment pause in 2020.

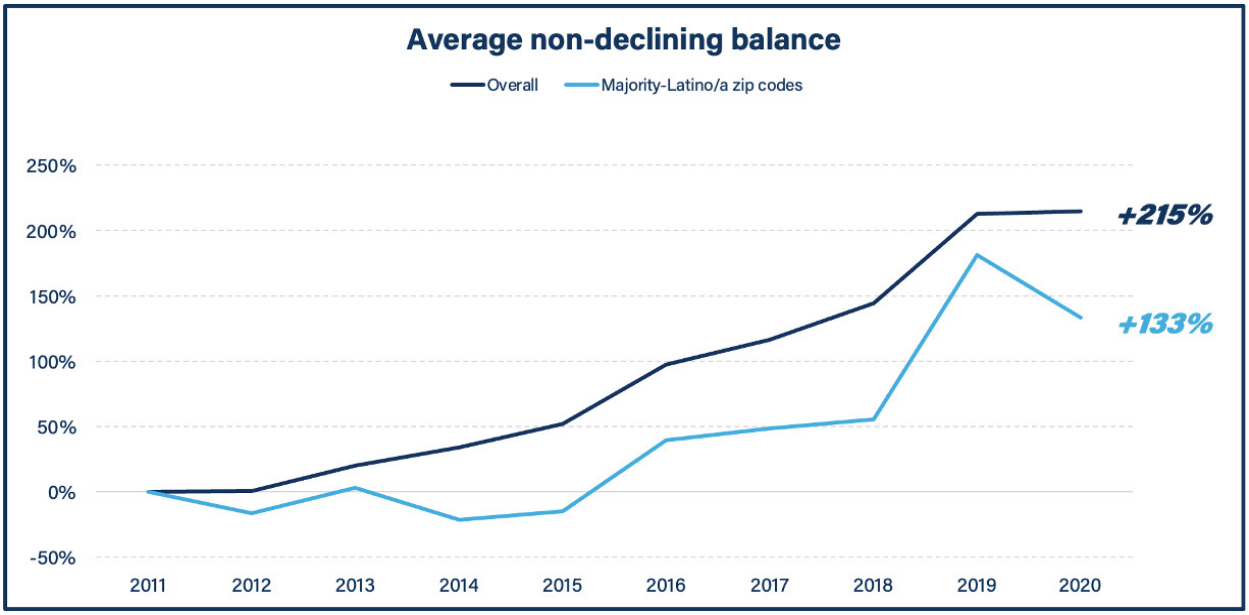
Figure 19: Student loan borrower distress over time in majority-Latino/a and majority-white zip codes in San Antonio



The percentage of delinquent and derogatory accounts in majority-white and majority-Latino/a neighborhoods decreased from 2011 to 2020. The rates for majority-Latino/a zip codes were considerably higher than those for majority-white zip codes at the outset, with delinquency rates in majority-Latino/a zip codes (14 percent) nearly double the rates for majority-white zip codes (7 percent). This trend remained over the 10-year period. While delinquency rates for both groups declined by half in most cases in 2019—before the payment pause began—the derogatory rates for both groups still remained high, at nearly 18 percent for majority-white neighborhoods and 23 percent for majority-Latino/a neighborhoods.

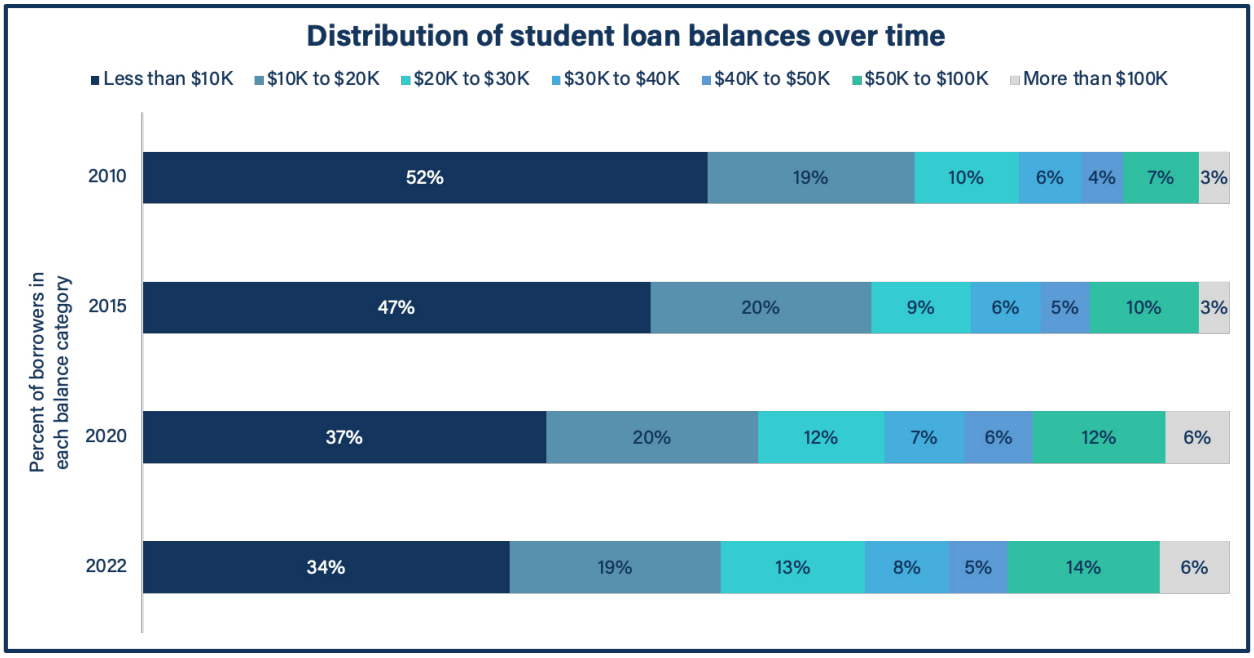
In alignment with national trends, runaway balances in San Antonio ballooned from 2011 to 2020. Overall balances grew by 378 percent overall. For majority-Latino/a neighborhoods, those balances grew by a shocking 425 percent, skyrocketing from $2,134,733 in 2011 to $11,197,877 in 2020.

Figure 20: Average non-declining balance in San Antonio



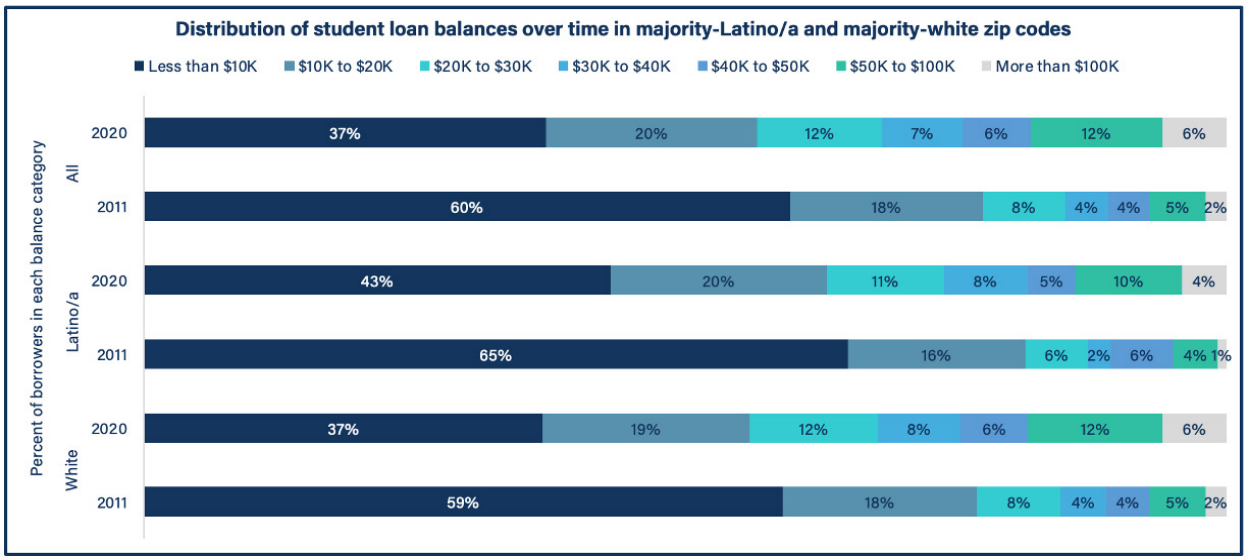
As the number of accounts with runaway balances increased over time, the average balance of those accounts also grew astronomically. The mean of all non-declining balances increased by $72,017, a 215 percent change in nine years. For majority-Latino/a neighborhoods, average balances grew by $58,130, a change of 133 percent.

Figure 21: Distribution of student loan balances over time in San Antonio



San Antonio has steadily seen a decrease in the percentage of student loan borrowers with balances under $10,000 over time. Alarmingly, both student loan borrowers with balances between $50,000 and $100,000 and those borrowers with over $100,000 in student debt had seen their percentages double from 2011 to 2020. The percentage of student loan borrowers with balances between $50,000 and $100,000 grew from 7 percent to 14 percent, while the percentage of borrowers with balances over $100,000 rose from nearly 3 percent to more than 6 percent.

Figure 22: Distribution of student loan balances in majority-Latino/a and majority-white zip codes in San Antonio



Student loan borrowers in majority-Latino/a and majority-white neighborhoods across San Antonio experienced similar rates of growth for non-declining balances. Overall, the percentage of borrowers with balances under $10,000 decreased from 2011 to 2020 by more than 20 percent. The percentage of borrowers with balances between $50,000 and $100,000 and those with over $100,000 saw the greatest growth over time, with both majority-Latino/a and majority-white neighborhoods seeing those percentages double over the 10-year period.

Conclusion

All across the country, student loan borrowers are increasingly struggling under the weight of student debt. For many, student debt is pushing the promise of the American Dream further and further out of reach. Student debt is an economic crisis that results from the compounding effects of existing inequities underpinning the fabric of American society. The nation's shameful and persistent racial wealth gap means that Black and Latino/a households are more likely to have student debt, borrow higher amounts—particularly Black borrowers, and face more struggles in repayment—e.g., growing balances, delinquency, and default. The added financial stress and economic precarity that Black and Latino/a student loan borrowers face cuts into wealth-building opportunities over their lifetimes and further entrenches systemic disparities.

President Biden entered office with the promise of transformational relief to the many millions of Americans burdened by an historic student debt crisis. While the Administration has already cancelled billions of dollars of student loan debt for millions of student loan borrowers, much more can and must be done to meet the breadth and urgency of the student debt crisis. Tens of millions of student loan borrowers continue to receive monthly student loan bills that they cannot afford to pay, magnifying economic strain. As the Biden Administration continues to explore and advance pathways to debt relief, it must work to restore the promise of higher education to create economic mobility and advance racial justice.

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39 "Derogatory" includes any delinquency or other negative reporting status, including charge-offs and default. Majority-Black, majority-Latino/a, or majority-white areas are determined by the racial composition reported in the American Communities Survey. We took the mean of each racial distribution for the period of 2011-2020 and determined the distribution of the mean value. For example, predominantly-Black neighborhoods are ZCTAs that have two-thirds or more of Black population, same goes for predominantly-white and predominantly-Latino/a neighborhoods.

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