

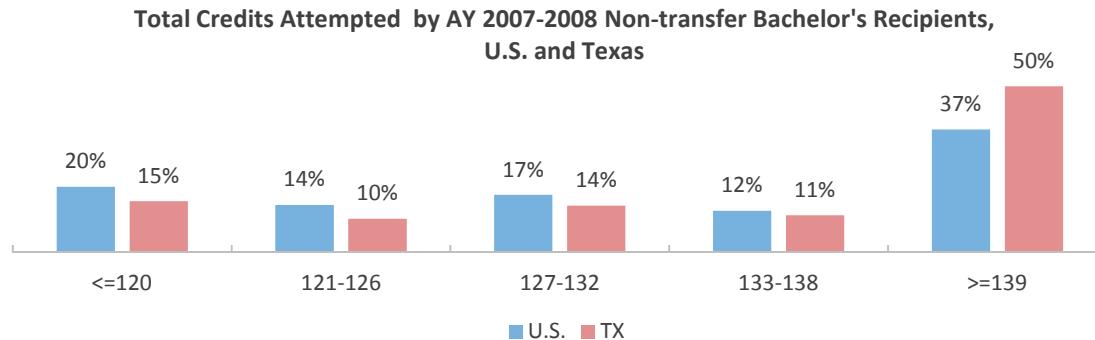
60x30TX: New Strategic Plan Targets Debt-to-Income Ratio

In 2016, the Texas Higher Education Coordinating Board (THECB) launched a new, 15-year strategic plan for Texas higher education: 60x30TX ("sixty by thirty Texas"). The plan establishes four core goals:

- 1) By 2030, at least 60 percent of Texans ages 25-34 will have a postsecondary credential or degree.
- 2) By 2030, at least 550,000 students in that year will complete a certificate, associate, bachelor's, or master's degree from a Texas public, independent, or for-profit college or university.
- 3) By 2030, all graduates from Texas public institutions of higher education will have completed programs with identified marketable skills.
- 4) By 2030, undergraduate student loan debt will not exceed 60 percent of first-year wage for graduates of Texas public institutions.

The first two goals continue the work towards expanded access and success begun under Closing the Gaps, the previous strategic plan, but the latter two represent a new direction for the THECB. This new direction should help to address worrying trends in student debt and graduate underemployment*. The plan has identified two additional targets to reach the .6 debt-to-income ratio:

- a) Decrease the excess semester credit hours (SCH) that students attempt when completing an associate or bachelor's degree.
- b) Work to limit debt so that no more than half of all students who earn an undergraduate degree or certificate will have debt.



The graph above applies only to students who earned their bachelor's degree after attending only one postsecondary institution. This presents an incomplete picture – for AY 2007-2008, 56 percent of bachelor's recipients nationally and 69 percent in Texas had attended more than one institution – but also strongly suggests that Texas students attempt even more excess credits on average before earning their degrees (a standard bachelor's degree requires 120 credits). Transfer students tend to have more excess credits due to curriculum misalignments and other factors.

While meeting the target for excess credits attempted will require substantial reductions, about half of undergraduate degree completers borrow student loans. However, this is partially because students with a greater need to borrow student loans tend to have lower odds of completing their degrees; students with more resources who do not need to borrow are overrepresented among completers. Without significant changes to students' costs and/or resources, increasing the number of minority and low-income students (an explicit goal of 60x30) who graduate will raise the percentage of graduates who borrow. Conversely, if grant funding does not increase significantly, then increasing the rate and amount of borrowing might be necessary for financially needy students who would otherwise drop out to persist to graduation. At current costs, making progress towards completion goals while holding the borrowing rate at 50 percent and containing the debt burdens of graduates will likely require additional grant funding.

*"Underemployment" includes cases in which graduates are working part time despite wanting to work full time and cases in which graduates are working in positions that do not require the skills associated with their credentials.

Sources: 60x30TX: Texas Higher Education Coordinating Board, THECB 60x30 Strategic Plan (<http://www.theCB.state.tx.us/reports/PDF/6862.PDF>); Credits attempted: Analysis of US Dept of Education, National Center for Education Statistics, Baccalaureate and Beyond 2008-2012 (<http://nces.ed.gov/surveys/b&b/>).

