



NHCSL

THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS

RESOLUTION

No. 2019-25

Fair Policies to Address Student Loan Debt and College Pricing

Reported to the Caucus by the NHCSL
Education Task Force
Sen. Martín Quezada (AZ), Chair

Sponsored by Rep. Lillian Ortiz-Self (WA) and Rep. Juan Candelaria (CT)

Unanimously ratified by the Caucus on December 5, 2019

1 **WHEREAS**, a widespread consensus exists about the need for broad reform in the
2 area of student loan debt in the United States; and

3 **WHEREAS**, for the reasons explained below, tuition costs at institutions of higher
4 education must be substantially addressed, loan servicers must be prevented from
5 practicing any forms of predatory lending, a substantial amount of the \$1.4 trillion
6 currently owed in student loan debt must be addressed, and a standardized method
7 of repayment must be established to aid future borrowers:

8 **I. The United States has strayed dangerously far from earlier systems**
9 **which guaranteed students the possibility of economic prosperity**
10 **without the burden of crippling student loan debt**

11 **WHEREAS**, throughout the 20th century, Americans continuously saw an increase in
12 their average wages coupled with a growing population of high school graduates
13 choosing to attend college or university.

14 **WHEREAS**, Americans were realizing that a higher education and the development of
15 specialized skills allowed for greater opportunities in the work force. Longer life
16 expectancy and a growing housing market meant college attendees could reasonably
17 expect to have the necessary tools to start a family, own a home, and maintain a steady
18 job after graduating from college.

19 **WHEREAS**, the total cost for tuition, fees, room and board at public institutions in the
20 1980-1981 school year was on average \$2,550. Adjusted for inflation, this average
21 annual cost was equivalent to \$7,144 in today's dollars. Of this, \$804 was dedicated
22 to tuition and fees, equivalent to \$2,251 after adjusting for inflation.¹

23 **WHEREAS**, in 1981, the typical homebuyer was between 25-34 years old.² The life
24 expectancy at birth in 1980 was 73.7 years old.³

25 **WHEREAS**, the cost of temporary housing, measured in median gross rent, was \$243
26 monthly in 1980. Adjusted for inflation, the cost in today's dollars equals \$758. As for
27 the potential of owning a home, the median home value in 1980 was \$47,200.
28 Adjusted for inflation, the cost in today's dollars equals \$147,326.⁴

29 **WHEREAS**, the average annual salary of bachelor's degree recipients employed full
30 time one year after graduating in May, 1981, was \$15,200.⁵

31 **WHEREAS**, upon completing high school in 1994, students choosing not to pursue
32 post-secondary education would have expected to see average career earnings of
33 \$15,982.⁶ Upon receiving a bachelor's degree in 1994, students could have expected

¹ See Section 1980-1981 from the National Center for Education Statistics table
(https://nces.ed.gov/programs/digest/d17/tables/dt17_330.10.asp?referrer=report&fbclid=IwAR1RkCH5CVDVLB62U7y5ioozyDNpHtmP75v8bY9ekqSYr62AD1o9kreF1RU)

² Ester Bloom, Here's the surprising truth about first-time home buyers (CNBC, April 24th 2017),
National Association of Realtors, 2018 Profile of Home Buyers and Sellers Infographic.
(<https://www.cnbc.com/2017/04/24/data-reveals-surprising-truths-about-first-time-home-buyers.html>)

³ See Section of life expectancy in years from the "Life expectancy at birth, at age 65, and at age 75, by sex, race, and Hispanic origin": United States, selected years 1900–2016 Table
(<https://www.cdc.gov/nchs/data/hus/2017/015.pdf?fbclid=IwAR031hJmm3QnhA6sscZ5-w5OuOrGQD0IBCTOd6mSe5SAazENUNu5sW2PWvg>)

⁴ Shannon Insler, "Do Millennials Have It Better or Worse Than Generations Past?"
(Student Loan Hero, May 30th, 2018) (<https://studentloanhero.com/featured/millennials-have-better-worse-than-generations-past/>)

⁵ See May 1981 section of *Average annual salary of bachelor's degree recipients employed full time 1 year after graduation, by field of study: Selected years, 1976 through 2001* Table, National Center for Education Statistics
(https://nces.ed.gov/programs/digest/d07/tables/dt07_381.asp?fbclid=IwAR2v2i-ES7oPwL8EJFKP8sREfyhXIKFo_yo9XUyyTfyM-SiUPiFJDNod2s4)

⁶ United States Census Bureau – Total 25 Years And Over, Total, All Races, White, Black, Hispanic, White-Not Hispanic, Worked Year Round-Full Time, All Races, White, Black, Hispanic, White-Not Hispanic (<https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-03.1994.html>)

34 significantly higher average earnings than their GED-earning competitors, seeing
35 average career earnings of \$44,952 annually.

36 **WHEREAS**, in 2018, a high school diploma or equivalent GED degree would earn a
37 student roughly \$48,640 for their average annual career earnings. Students choosing
38 to pursue post-secondary education would see average career earnings of \$84,380.⁷

39 **WHEREAS**, the numbers paint a clear picture – college tuition was more affordable
40 for older generations and allowed for more financial stability post-graduation. A 67%
41 growth in personal income since 1970 doesn't come close to scratching the 213%
42 increase in public college tuition costs.

43 **II. Americans seeking a college education today face significant hurdles**
44 **stemming from student loan debt that prevent them from achieving**
45 **financial stability and contributing to many aspects of the U.S.**
46 **economy**

47 **WHEREAS**, over 45 million Americans collectively owe more than \$1.5 trillion in
48 student loan debt, making it the second highest form of consumer debt, behind only
49 home mortgages and higher than credit card debt and auto loan debt.

50 **WHEREAS**, this cloud of debt hanging over the heads of student borrowers imposes
51 serious barriers to economic and personal growth.

52 **WHEREAS**, in 2016 data from the National Center for Education Statistics (NCES)
53 found that the average debt for Hispanic American bachelor's degree recipients was
54 over \$24,000. Hispanic students also borrow at relatively high rates: 65% at public
55 four-year colleges and 73.5% at private four-year colleges. Among Hispanic students,
56 the rate of student loan default was 36.1%.⁸

57 **WHEREAS**, the rate of homeownership, one of the most important ways to build
58 wealth, has returned to fifty-year lows. Younger buyers who would typically be most
59 active have been sidelined from the housing recovery due to high levels of student
60 loan debt, higher home prices, weak income growth, and tighter credit conditions.⁹
61 An estimated 64% of bachelor's degree-holding households without student debt
62 own a home. Among degree-holding households with student debt, only 53% own a
63 home.¹⁰

⁷ Ibid.

⁸ Rebecca Safier, Study: Student Loans Weigh the Heaviest on Black and Hispanic Students (Student Loan Hero, Sep. 18th, 2018) (<https://studentloanhero.com/featured/study-student-loans-weigh-heaviest-black-hispanic/?fbclid=IwAR1tHfEG-cO-9gmcS8KqRIB0ifVu7MDHPMyhIQxZNtsnCqAX4ad0BNZUN3Q>)

⁹ Diana Olick, "Homeownership crawls back up from 50-year low" (<https://www.cnn.com/2016/10/27/homeownership-crawls-back-up-from-50-year-low.html>)

¹⁰ Ibid.

64 **WHEREAS**, according to a survey done by American Student Assistance, 62% of
65 respondents said their student debt posed a hardship on their personal budget when
66 combined with other household spending. Specifically, 55% indicated that their
67 student loan debt affected their decision or ability to purchase a home; 52% said their
68 debt affected their ability to make purchases such as a car; 35% said they found it
69 difficult to buy daily necessities because of their student loans.¹¹

70 **WHEREAS**, students from lower class backgrounds face tougher struggles with
71 student loan debt. Community college students faced the biggest challenge with 49%
72 saying it is difficult to make student loan payments, compared to 48% of private
73 institution borrowers and 40% of public school borrowers saying they faced similar
74 challenges. 43% of graduate school borrowers said they find it difficult to pay student
75 loans each month.¹²

76 **WHEREAS**, many students who borrowed for undergraduate study said their student
77 debt has affected their ability to put savings aside for an emergency fund or for
78 retirement. 41% said they do not have any emergency savings at all, and 61% of
79 graduate school borrowers say that student debt has affected their ability to save for
80 retirement.

81 **WHEREAS**, student loan servicers are the only link in determining whether
82 borrowers will have a pathway towards paying off their loan debt or will simply be
83 forced into one unaffordable payment after another. Without strong federal and state
84 guidelines, student loan servicers have engaged in a range of abusive practices that
85 include misapplying student loan repayments in ways which maximize fees to the
86 servicer and placing borrowers into plans that delay the debt rather than repay it.

87 **WHEREAS**, the U.S. Department of Education has recently signaled that it is willing to
88 make it easier for servicers of federal student loan debt to operate with less oversight
89 and fewer protections for students, both by rolling back existing federal guidance and
90 by seeking to thwart states' rights to protect students in their own states against
91 student loan abuses.

92 **WHEREAS**, the current administration has proposed increasing the cap on interest
93 rates from 10% to 12.5% and decreasing the amount of time servicers can collect
94 from 20 years to 10 or 15 years. Though the payment period would theoretically be
95 shorter, the heightened interest rate would only place more economic stress on
96 student loan borrowers already struggling to pay off their debts.

¹¹ American Student Assistance (2015 Edition) – Life Delayed: The Impact of Student Debt on the Daily Lives of Young Americans (<https://file.asa.org/wp-content/uploads/2019/01/28203317/Life-Delayed-2015.pdf>)

¹² Ibid.

97 **III. Current legislative policies have failed to effectively combat the**
98 **growing gap between student loan debt and personal income, leading**
99 **to a climbing financial responsibility that shows no sign of reversing**
100 **course**

101 **WHEREAS**, the need for investing in students became a necessary and widely popular
102 form of spending during the height of the Cold War, when Congress passed the
103 National Defense Education Act of 1958 (“NDEA”) in response to Soviet acceleration
104 of the space race.

105 **WHEREAS**, the NDEA provided federal funding to “insure trained manpower of
106 sufficient quality and quantity to meet the national defense needs of the United
107 States.” In addition to fellowships and loans to students, the legislation bolstered
108 education in the areas of science, mathematics, and modern foreign languages.

109 **WHEREAS**, the House report recommending passage of the NDEA stated: “It is no
110 exaggeration to say that America’s progress in many fields of endeavor in the years
111 ahead—in fact, the very survival of our free country—may depend in large part upon
112 the education we provide for our young people now.”

113 **WHEREAS**, the Higher Education Act of 1965 (“HEA”) provided the next major step
114 in the legislative movement for student aid, “strengthen[ing] the educational
115 resources of our colleges and universities and [providing] financial assistance for
116 students in postsecondary and higher education.”¹³

117 **WHEREAS**, before adopting the HEA, President Lyndon B. Johnson made clear that
118 the nation had a need for more higher education opportunities for lower and middle
119 income families, program assistance for small and less developed colleges, additional
120 and improved library resources at higher education institutions, and utilization of
121 college and university resources to help deal with national problems like poverty and
122 community development.¹⁴

123 **WHEREAS**, the HEA was reauthorized numerous times after its initial enactment,
124 frequently being amended to add additional programs, change the language and
125 policies of existing programs, or make other changes. Of the more recent and
126 significant such amendments was the College Cost Reduction and Access Act of 2007.

127 **WHEREAS**, the College Cost Reduction and Access Act of 2007, signed by President
128 George W. Bush, was intended to “make college more affordable for low-income
129 students by increasing funding for Federal Pell Grants by more than \$11 billion.”¹⁵

¹³ (Pub. L. No. 89-329)

¹⁴ See National TRIO Clearinghouse, “The Early History of the Higher Education Act of 1965.”
([http://www.pellinstitute.org/downloads/trio_clearinghouse-
The_Early_History_of_the_HEA_of_1965.pdf](http://www.pellinstitute.org/downloads/trio_clearinghouse-The_Early_History_of_the_HEA_of_1965.pdf))

¹⁵ See Bush Whitehouse Archive, available at [https://georgewbush-
whitehouse.archives.gov/news/releases/2007/09/20070927-1.html](https://georgewbush-whitehouse.archives.gov/news/releases/2007/09/20070927-1.html)

130 **WHEREAS**, the College Cost Reduction and Access Act of 2007 also established the
131 Public Service Loan Forgiveness (“PSLF”) Program, which was created “to encourage
132 individuals to enter lower-paying but vitally important public sector jobs such as
133 military service, law enforcement, public education and public health professions.”
134 The program allows eligible borrowers to cancel the remaining balance of their Direct
135 Loans after they have served full time at a public service organization for specified
136 period of time and after a specified number of payments.

137 **WHEREAS**, despite PSLF’s intentions, the forgiveness program has proven to be
138 confusing and difficult to apply effectively. Even under the Temporary Expanded
139 Public Service Loan Forgiveness (“TEPSLF”) Program, ninety-nine percent of loan-
140 forgiveness requests were rejected during the program's first year, from May 2018 to
141 May 2019.¹⁶

142 **WHEREAS**, a number of countries have already employed a no-tuition public college
143 system, including Denmark, Estonia, Finland, Norway, Slovak Republic, Slovenia,
144 Sweden, Turkey, and most recently, Germany.¹⁷

145 **IV. Conclusions – Unless immediate action is taken, the national student**
146 **loan debt crisis will continue to prevent economic growth and harm**
147 **Americans seeking academic enlightenment**

148 **THEREFORE, BE IT RESOLVED**, the National Hispanic Caucus of State Legislators
149 recognizes the need for broad reform in the fields of college pricing and student loan
150 debt assistance and forgiveness; and,

151 **BE IT FURTHER RESOLVED**, the United States Congress should recognize
152 outstanding student debt as a crisis that endangers not only the well-being of the
153 nation and work to enact legislation that will ease the burden on student loan
154 borrowers, up to and including the complete cancellation of student loan debt for
155 current borrowers; and,

156 **BE IT FURTHER RESOLVED**, the Department of Education should develop an official,
157 comprehensive list of qualifying employers, which would help PSLF servicers assess
158 employers and help borrowers determine whether they are eligible for PSLF, and help
159 borrowers make better informed employment decisions rather than having to wait to
160 submit a certification request after they have started a job to find out if their employer
161 qualifies; and,

¹⁶ United States Government Accountability Office, *Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion*. <https://www.gao.gov/assets/710/701157.pdf>

¹⁷ Politifact (Partnership with the Tampa Bay Times) – Was College Once Free in the United States, as Bernie Sanders says? (<https://www.politifact.com/florida/statements/2016/feb/09/bernie-s/was-college-once-free-united-states-and-it-oversea/>)

162 **BE IT FURTHER RESOLVED**, the National Hispanic Caucus of State Legislators calls
163 on all candidates for the office of President to present action plans addressing the
164 following issues:

- 165 (1) The rising cost of college tuition, with focusing on the effects of pricing on
166 retention rates,¹⁸ and ensuring that states having already shown their
167 commitment to investing in their students should not be penalized in
168 future federal funding for having done so;
- 169 (2) The current outstanding \$1.4 trillion student loan debt crisis, forgiveness
170 strategies, and whether the inability to discharge student loan debt in
171 bankruptcy should be reformed;
- 172 (3) How the pursuance of graduate studies can be encouraged without forcing
173 unfair and disincentivizing costs on students; and,

174 **BE IT FINALLY RESOLVED**, that the NHCSL will urge its members to enact legislation
175 in their respective states aimed at ensuring that students are treated fairly by student
176 loan servicers when trying to repay their debt. This legislation should set standards
177 for student loan servicers and ban unfair and deceptive practices.

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179 THE NHCSL EXECUTIVE COMMITTEE UNANIMOUSLY AMENDED AND APPROVED
180 THIS RESOLUTION ON DECEMBER 3, 2019 AT ITS FALL MEETING IN SAN JUAN, PR.

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182 THE NATIONAL HISPANIC CAUCUS OF STATE LEGISLATORS UNANIMOUSLY
183 RATIFIED THIS RESOLUTION ON DECEMBER 5, 2019, AT THE ANNUAL MEETING
184 IN SAN JUAN, PR.

¹⁸ See David J. Deming's *The Impact Of Price Caps And Spending Cuts On U.S. Postsecondary Attainment*, available at <https://www.nber.org/papers/w23736.pdf>