



**Powering a
more equitable
New York**

Testimony by
Carolina Rodriguez
Community Service Society

New York State Legislature
2023 Joint Budget Hearing on Higher Education
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Introduction

Thank you for the opportunity to submit testimony for the Legislative Joint Budget Hearing on Higher Education.

My name is Carolina Rodriguez. I work at the Community Service Society of New York as the director of the Education Debt Consumer Assistance Program (EDCAP). EDCAP helps New Yorkers struggling with higher education debt. Through its central helpline and one-on-one counseling services, we assist individuals in navigating the student loan system to maximize repayment options, access federal and state loan forgiveness and discharge programs, get out of default, resolve issues with student loan servicers and lenders, and much more—saving consumers thousands of dollars. CSS urges the legislature to support the \$3.5 million funding request this upcoming fiscal year. Governor Hochul has included \$3 million as a funding priority in her budget, and we ask the legislature to maintain its current appropriation of \$500,000 in FY24.

Using a “hub-and-spokes” service delivery model with CSS as the “hub” and managing a centralized helpline, EDCAP will continue to allocate most of its funding to community-based organizations (CBOs) and legal services groups throughout New York State to function as the “spokes” and provide consumers with the one-on-one student debt consumer assistance they need in their respective communities.

The need for EDCAP services cannot be understated. Student loan debt has reached \$1.7 trillion in the United States. In New York there are now close to 2.4 million borrowers that owe over \$98 billion combined. One million of those borrowers live in New York City, but the impact of this debt is far from equal. Delinquency and default rates show that low-income communities are bearing the brunt of the crisis: the Bronx (19%) and Brooklyn (15%), for example, have the neighborhoods with the highest rate of student loan delinquency.¹ Added to the complexity of the

¹ NYC Dept of Consumer Affairs (NYCDCA), Student Loan Borrowing Across NYC Neighborhoods (December 2017), available at <https://www.newyorkfed.org/medialibrary/media/outreach-and-education/community-development/credit-conditions/student-loan-borrowing-nyc-neighborhoods.pdf>.

higher education financing and repayment system are major events that make EDCAP's services imperative:

- the current moratorium on federal student loan payments, implemented due to COVID, will expire this year. The resumption of payments, even as borrowers continue to struggle with inflation and COVID-related pressures on their income, will increase the need for EDCAP to assist borrowers in managing their debt;
- the Biden-Harris student debt cancellation plan is in jeopardy and pending a Supreme Court decision later this summer. If the Supreme Court strikes down the \$10,000-\$20,000 cancellation plan, borrowers will need assistance understanding their options to prevent delinquency and default;
- about 35 percent of student loan borrowers have experienced a servicer transition because major federal student loan servicers are exiting the market. This will surely result in added confusion and financial problems for loan holders as their accounts are transferred; and
- the federal government continues to implement other relief measures that could help thousands of borrowers reduce or eliminate their student debt, including those in public service working to obtain Public Service Loan Forgiveness (PSLF). These borrowers, however, must take action by May 1, 2023, to benefit from such relief and will need one-on-one help to navigate and benefits from these programs.

Conclusion

Higher education debt is impacting New Yorkers' financial wellbeing. It is thus vital for New York State to provide borrowers with the consumer assistance needed to manage and when possible, eliminate student debt. By addressing student debt, New Yorkers will be able to engage in other vital activities, like buying a home, saving for their children's education, and starting a family.

Thank you for the opportunity to submit written testimony.