



119 Washington Ave. • Albany, NY 12210
Phone 518.462.6831
www.empirejustice.org

**Joint Legislative Public Hearings on
2026-2027 Executive Budget Proposal**

Economic Development

Written Submission by

**Alex Dery Snider, Policy and Communications Director
Amanda Gallipeau, Policy and Communications Manager
Jordan Daniels, Student Loan Paralegal**

INTRODUCTION

Empire Justice Center is a statewide, multi-issue, multi-strategy not-for-profit civil legal aid provider focused on changing the complex systems impacting low income and marginalized New Yorkers. With a focus on poverty law, Empire Justice takes a 360-degree approach to the areas of law we practice in, providing individual legal representation, policy research and analysis, training and technical assistance as well as impact litigation.

Our work cuts across all significant areas of poverty law and involves three inter-related services:

We practice the law: Empire Justice Center provides a range of legal assistance from our Telesca Center and Library offices in Rochester, Albany, Yonkers, White Plains, Central Islip, and Hempstead. We provide one on one representation and undertake impact litigation to address systemic issues impacting low income and marginalized communities.

We teach the law: Our history as a backup center for civil legal services providers began in the 1970's and while federal funding for these services was eliminated during the mid 1990's, we have sustained that work in specific service areas where we continue to provide training, technical assistance and other legal support services to civil legal aid providers as well as a variety of other community-based organizations, keeping them apprised of changes in the law and regulations.

We change the law: In order to ensure that the needs of low-income families are heard within the state's policy making processes, we engage in both legislative and administrative advocacy on a range of issues impacting our clients and we do the same as needed at the local and federal levels.

1. **The need to fund the Education Debt Consumer Assistance Program (EDCAP) at \$6,250,000 M in the final budget**
2. **Reform New York's Nonprofit Contracting and Payment Processes**

THE NEED TO FUND THE EDUCATION DEBT CONSUMER ASSISTANCE PROGRAM (EDCAP) AT \$6,250,000 M IN THE FINAL BUDGET

About the Education Debt Consumer Assistance Program

The Education Debt Consumer Assistance Program (EDCAP) is a direct consumer assistance program for student loan borrowers which provides free, personalized, unbiased support to federal and private loan borrowers across New York. Empire Justice Center is one of the twelve community-based organizations which make up the EDCAP network. EDCAP was launched in 2019 by the Community Service Society of New York (CSS) and is funded by New York State and overseen by the Department of Financial Services. EDCAP received funding of \$3.25M in FY 2022 and has received consistent funding since.

We respectfully request Legislative funding of \$250,000 in addition to the Executive proposed funding of \$6M for a total of \$6,250,000 in the FY 2027 final budget. In FY 2022–2023, it received full program funding of \$3.25 million: \$3 million from the Executive and \$250,000 from the Legislature. This funding level has been maintained through FY 2024–2026. The increased funding will allow EDCAP to address the rapidly rising default rate as loans enter back into repayment and are subject to collections for the first time since 2019. EDCAP also hopes to continue expanding its efforts to assist future student loan borrowers in maximizing financial aid eligibility, reducing reliance on loans, and minimizing education debt in New York State.

The impact of EDCAP

Programming & Counseling

Since its inception in 2019, EDCAP has:

- Reached **over 6.9 M** New Yorkers through outreach and educational campaigns;
- Reached **over 44,000** student borrowers through educational workshops; and
- Assisted **over 20,000** student borrowers through one-on-one counseling sessions.

All of which lead to nearly **\$48 M in consumer savings** for New Yorkers.

EDCAP Clients

EDCAP serves a diverse client base which spans all types of New Yorkers. Of note, 73% of EDCAP clients are women, 58% are people of color, 50% have household incomes at or below \$60,000, 45% are under 40 years of age, and 24% are over 50 years of age. The student debt crisis does not discriminate and is an issue for nearly all New Yorkers and their families.

The need for continued and increased EDCAP funding

The Amount of Student Debt is Increasing

According to the Federal Reserve Bank of New York, student loan balances grew by \$21 billion in the 3rd quarter of 2024, and now stand at **\$1.61 trillion** nationally – compared with **\$0.33 trillion** 2004, and **\$1.13 trillion** in 2014.¹ In New York alone, over **2.4 million consumers** carry a total of **\$94.4 billion** in federal student loan debt.²

There is currently no data available on the amount of private student loan debt carried by New Yorkers; however, data should be coming later this year that will allow for tracking going forward. We are pleased that Governor Hochul signed the New York State Private Education Debt Reporting Act (S.8197 Thomas / A.8913 Epstein) in 2024. The act requires any “private education creditor” to report to the Department of Financial Services certain information regarding the student debt it holds, including total outstanding debt, default percentages, number of consumers they’re lending to, and number of refinances. However, more transparency is needed, including interest rates and loan term; we look forward to efforts to collect that data. Empire Justice Center supports efforts to bring light to the opaque world of private student lending.

Impact of changes at the Federal Level

The recent Federal Budget bill included a number of changes that are making the landscape more challenging for borrowers. It included limits on Federal loan availability, which will push more students and families into private, costly, and less-protected loans. Parents with Parent PLUS loans will no longer be eligible for income-driven payments or federal forgiveness programs like Public Service Loan Forgiveness (PSLF). Additionally, severe staffing reductions at the U.S. Department of Education are creating significant delays for public service workers’ PSLF credit.

As federal financial aid policies undergo rapid change, this work is increasingly essential to ensure that students and families make informed decisions—ones that provide a real return on investment rather than jeopardizing their financial stability in the pursuit of higher education.

Borrowers are struggling

¹ <https://www.newyorkfed.org/microeconomics/hhdc>

² <https://www.cssny.org/publications/entry/edcap-program-report-2023-2024>

Changing repayment rules, rising costs, and misinformation are making it difficult for borrowers. Currently, one in four borrowers are in default, and this number is expected to rise. EDCAP is a critical resource to help New Yorkers navigate their options. EDCAP remains at the forefront of student debt assistance in New York State.

ASK:

Include funding of \$6,250,000 million for EDCAP in the final budget

REFORM NEW YORK’S CONTRACTING AND PAYMENT PROCESSES THROUGH UNIFORMITY, STREAMLINED SYSTEMS, IDENTIFYING BEST PRACTICES AND EFFICIENCIES TO BE IMPLEMENTED ACROSS CONTRACTS AND AGENCIES

Legal services providers are a critical part of New York’s social safety net. Empire Justice Center is funded by the state to provide civil legal services to low income and marginalized New Yorkers facing homelessness, hunger, loss of income and much more. This is important work, and we are grateful to do it at the state’s direction, however, contracting delays and inconsistencies make it difficult. Most nonprofit contracts are reimbursement based, meaning we front the money and the state pays us back. Unfortunately, it is not uncommon to work for six months or more without having an executed contract – meaning we can’t get paid for the work we have done and must continue to do. When this happens across multiple contracts it becomes a crisis – pushing organizations into debt while they are owed hundreds of thousands and often, millions of dollars.

These delays in contract execution and payment cause undue stress and anxiety for the nonprofit finance team who is responsible for ensuring that funds are available to pay our staff, rent, health insurance and all the other costs associated with doing business, while our legal teams focus on serving vulnerable client communities. In fact, while New York State law requires that contracts should be reimbursed within 30 days, delays consistently last over the 30-day time period, and at times more than a year.³

In addition to the services they provide, nonprofits are a critical part of the New York State economy. From the New York State Comptroller Tom DiNapoli’s January 2025 report, *The Critical Role of Nonprofits in New York*: “Nonprofits have a greater presence in New York than in many other states. While nonprofits in the U.S. accounted for 3.1 percent of all private sector establishments, in New York, the concentration was 5 percent. With 1.3 million jobs, New York has the greatest number of nonprofit jobs, 10.6 percent of the national total. In New York, just over 1 in every 6 private sector jobs were at a nonprofit.”⁴

The state contracting and payment challenges are exacerbated by what’s happening at the federal level as our federal funding is incredibly uncertain. We have a contract serving

³ [Nonprofits+in+Peril+Report.pdf](#)

⁴ [Nonprofits+in+Peril+Report.pdf](#)

unaccompanied minors – truly some of our most vulnerable clients. This contract has been terminated, reinstated, and is now being re-evaluated every three months, as it has been for a year. Every three months we hold our breath, hoping it is continued – so far it has been each time. This is just one example. With these difficulties in contracting with the federal government, it is we need the state to provide stability wherever possible, otherwise there will be fewer organizations offering critical services and New Yorkers will in need will be harmed. not have the people they need in their corner.

Because of all of this I am grateful to the legislature, especially Senator Mayer and Assemblymember Paulin, for their leadership on this issue and was deeply disappointed by the veto of their contracting reform bill in December. My colleagues and I remain dedicated to addressing these ongoing challenges with nonprofit contracting through every avenue available. As such, we look forward to working with the Governor and the legislature to find a solution that solves this problem – or at least mitigates it so nonprofits like Empire Justice Center can focus on doing the work the state is looking to us to do.

ASK:

Reform New York’s contracting and payment processes through uniformity, streamlined systems, identifying best practices and efficiencies to be implemented across contracts and agencies.

Thank you for the opportunity to submit testimony.