



**Powering a
more equitable
New York**

Testimony by
Carolina Rodriguez
Community Service Society of New York

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Introduction

Thank you for the opportunity to provide testimony for the Legislative Joint Budget Hearing on Economic Development/Arts. I am Carolina Rodriguez, Director of the **Education Debt Consumer Assistance Program (EDCAP)** at the Community Service Society of New York ([CSS](#)). CSS has a 180-year legacy of advocating for low-income New Yorkers through research, advocacy, and innovative programs that address economic disparity.

Since its launch in 2019, EDCAP has played a critical role in assisting New Yorkers struggling with higher education debt. Through our statewide helpline, our network of ten community-based partners, and individualized counseling, EDCAP has managed 66,000 cases, addressed over \$557 million in student debt, and saved borrowers more than \$50 million. Our counselors help borrowers navigate repayment options, access forgiveness programs, resolve issues with loan servicers, and avoid financial crises.

EDCAP has expanded its work to include pre-college and financial aid counseling, partnering with high schools to deliver in-person workshops and one-on-one support. 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. EDCAP remains at the forefront of student debt assistance in New York State.

I. The Default Crisis: A Growing Threat to New York’s Workforce and State Economy

Across the country, one in four federal student loan borrowers is on track to default. In New York, 2.4 million borrowers owe \$98 billion in federal student loan debt, and based on national delinquency patterns, over 470,000 New Yorkers are facing default.

Default has profound workforce consequences. When borrowers fall behind:

- Their credit is damaged.

- Car insurance premiums increase, making commuting to work less affordable.
- Renting an apartment becomes difficult, and homeownership becomes nearly unreachable.
- Financial instability reduces the capacity to pursue job training and career advancement.

The impact extends far beyond individuals. Default drains local economies, destabilizes households, disrupts employer pipelines, and threatens institutional eligibility for federal financial aid. And this crisis will accelerate later this year, when federal collections resume and borrowers face wage garnishment of up to 15%, tax refund interceptions, and offsets of Social Security and disability benefits. For working families already stretched by the cost of living, such losses can be devastating.

Compounding the challenge, recent federal legislative and legal actions have effectively eliminated the SAVE repayment plan, the most affordable income-driven option. Nearly eight million borrowers nationally will face higher payments, less flexibility, and greater risk of delinquency and default—all during a period of inflation, job instability, and economic uncertainty.

Periods of federal transition also create confusion that fuels scams. Borrowers like *Nadine*—whose Federal Student Aid account was taken over by a for-profit company that charged her hundreds of dollars for unnecessary services—are increasingly targeted. With weakened federal oversight and reduced capacity at the U.S. Department of Education and the Consumer Financial Protection Bureau, borrowers have fewer protections than ever.

EDCAP plays a crucial role in filling this gap.

II. The Shift Toward Private Student Loans: A New Barrier to Education and Workforce Entry

New Yorkers also face growing risk in the private student loan market. Federal changes under *HRI-The One Big Beautiful Bill Act (OBBBA)*, including the elimination of Grad PLUS loans, new federal borrowing caps, and restricted Parent PLUS repayment options, will force students and families to rely on private loans to fill widening gaps in college costs.

But many families cannot access private credit at all:¹

- 38.2% of consumers nationwide are unlikely to qualify for a private student loan.
- In low- and moderate-income neighborhoods, 50.9% face credit barriers.
- In majority people-of-color communities, 46.9% face similar obstacles.

Those who do qualify face variable interest rates, limited hardship protections, no guaranteed access to income-driven repayment options, and complex underwriting that families often do not understand or cannot compare.

¹ Granville, P. (2025, July 21). *The FICO factor: GOP megabill will limit who gets to access college*. The Century Foundation. <https://tcf.org/content/report/the-fico-factor-gop-megabill-will-limit-who-gets-to-access-college/>.

This shift will deepen disparities in college access, persistence, and completion. It will also weaken New York’s talent pipeline, as more students delay or abandon higher education due to financing barriers. The gains New York has made in building and sustaining its workforce in critical sectors such as healthcare, education, technology, and social services, will be especially vulnerable. Shortage areas that already struggle to recruit and retain qualified workers will face even greater constraints as fewer students are able to enter, afford, or complete the programs that feed these fields.

Stories like *John’s*—whose parents and grandfather all cosigned private loans they could not sustain—will become even more common. Without proactive oversight and support, thousands of New Yorkers may take on unaffordable private debt that undermines their long-term earning potential and economic mobility.

III. Institutional (Direct-to-School) Debt: The Fastest Growing Hidden Barrier

EDCAP anticipates a sharp rise in direct-to-school, or institutional, debt. These balances, often just a few hundred dollars, can block students from registering for classes, re-enrolling, and completing degrees.

Unlike federal student loans, institutional debt has no income-based repayment options and no forgiveness pathways. Colleges frequently employ aggressive collection practices, including referral to private collectors, litigation through the Attorney General’s Office (on behalf of SUNY campuses), registration and diploma holds.

As federal loan caps tighten and private loan access remains limited, institutional debt will grow. This threatens New York’s investments in TAP, Excelsior, CUNY/SUNY funding, and opportunity programs. Students may gain access on the front end—only to be pushed out with unregulated debt on the back end.

EDCAP is one of the only statewide resources equipped to monitor this trend and support affected students.

IV. EDCAP’s Impact: Protecting Workers, Strengthening Institutions, Stabilizing Communities

Through EDCAP, New York State has built the nation’s most comprehensive student loan consumer assistance program, combining deep technical expertise across all forms of student debt with personalized one-on-one financial counseling, crisis resolution services, long-term repayment planning, and policy research informed by systems-level insight.

EDCAP has already delivered more than \$50 million in direct financial savings to New Yorkers.

Our clients represent the state’s workforce:

- 55% are under age 39
- 21% are 40–49
- 24% are 50+

- 57% are people of color
- 73% are women
- 50% have household incomes at or below \$60,000

We help borrowers avoid default, restore financial stability, and remain engaged in education and training.

With enhanced investment, EDCAP will work more closely with New York's colleges and universities to stabilize cohort default rates, preserve access to Title IV resources, and implement proactive outreach that helps students remain in good standing and supports stronger education-to-workforce pipelines.

V. Funding Request

To protect New York's workforce and ensure the resilience of its higher education and economic mobility systems, we urge the Legislature to support the \$6.250 million funding request for EDCAP.

This investment will enable EDCAP to respond to the anticipated surge in loan defaults, support borrowers affected by the elimination of the SAVE plan and closely monitor and mitigate emerging risks tied to private loans and institutional debt. It will allow the program to expand its reach into underserved regions across the state, strengthen partnerships with colleges, workforce development providers, and community-based organizations, and safeguard workers from predatory schemes and financial crises that threaten their stability and economic mobility.

EDCAP ensures that pursuing higher education strengthens New Yorkers' financial futures.

Conclusion

Addressing higher education debt is essential to maintaining a stable, competitive workforce and a strong state economy. With hundreds of thousands of New Yorkers at risk of default, and with private and institutional loan pressures growing, New York must invest in a trusted, proven system of borrower support and protection.

We respectfully urge the Legislature to support EDCAP's full funding request and ensure that every New Yorker can pursue education and employment without jeopardizing their financial security.

Thank you for your ongoing commitment to supporting New York's workers and families.

For more information, please contact Carolina Rodriguez, Director of the Education Debt Consumer Assistance Program ([EDCAP](#)) at crodriguez@cssny.org or 212-614-5457.