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New York State Legislature 2023 Joint Budget Hearing

Higher Education

February 27, 2023

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Introduction

Thank you for the opportunity to submit testimony for the Legislative Joint Budget Hearing on Higher Education, held Monday, February 27, 2022. Empire Justice Center is a statewide legal services organization with offices in Albany, Rochester, Westchester, Yonkers and Central Islip on Long Island. Empire Justice provides support and training to legal services and other community-based organizations, undertakes policy research and analysis, and engages in legislative and administrative advocacy. We also represent low-income individuals, as well as classes of New Yorkers, in a wide range of poverty law areas including consumer law and mortgage foreclosure defense.

Empire Justice works on a range of consumer law issues. We started working on higher education and student lending issues in 2015 when the for-profit Everest Institute Rochester closed its doors in 2015 after its parent company, Corinthian Colleges, Inc. filed for bankruptcy following a series of allegations and legal charges of deceptive practices and underperformance. Empire Justice assisted many students enroll in new colleges, obtain refunds and have student loan debts forgiven. In 2022, Empire Justice received a grant from Community Service Society of New York to provide services under its Education Debt Consumer Assistance Program (EDCAP). Empire Justice also engages in policy and legislative advocacy including participating as part of the United State Department of Justice's 2018 negotiated rule-making process regarding the gainful employment standard for for-profit higher education institutions, and advocating for greater accountability of higher education institutions in New York State. We are also a member of New Yorkers for Responsible Lending's Student Loan workgroup and actively work on a number of issues impacting student loan borrowers.

This testimony will focus on the need for continued funding in the budget for Community Service Society of New York's Education Debt Consumer Assistance Program (EDCAP).

Student Loan Borrower Assistance is Needed Throughout New York State

Empire Justice supports Governor Kathy Hochul's inclusion in the Executive Budget of \$3 million in funding for the Education Debt Consumer Assistance Program (EDCAP) run by the Community Services Society of New York (CSS), and we support CSS's ask for an additional \$500,000 in the final budget for a total allocation of \$3.5 million for EDCAP. The total amount of \$3.5 million will enable CSS to continue the incredible work started in 2022 to ensure EDCAP services are available throughout New York State.

This past year, Empire Justice received a grant from Community Service Society of New York (CSS) to expand its Education Debt Consumer Assistance Program (EDCAP) to the Capital Region. In July 2022, we hired a Student Debt Financial Counselor located in our Albany office, Jordan Daniels. Jordan has received considerable training through CSS to enable her to provide professional direct counseling services to individuals regarding their student debt. Jordan focused heavily on outreach and education through October 2022 regarding the Public Student Loan Forgiveness Waiver program. Since then, she has continued to provide one-on-one counseling to individuals with student debt, she is creating a series of educational videos and increases our outreach efforts to get the word out about our services. Jordan is available for one-on-one counseling to folks in the Capital Region as well as to consumers in other parts of the state who do not have a counselor in their region. The EDCAP services we provide are the only resources in the northeastern part of New York State helping individuals navigate their student debt.

EDCAP is a unique and wonderful program designed to provide student loan borrowers with comprehensive and impartial information and guidance so that student loan borrowers can make informed decisions that are best for them. EDCAP focuses on being a “one-stop shop” for all higher education debt issues. EDCAP provides a toll-free helpline, workshops, and free one-on-one counseling to guide student loan borrowers through the complex student loan repayment system. Since its inception in 2019, EDCAP has helped hundreds of borrowers, saved consumers more than \$2 million and managed over \$38 million in student loan debt.

EDCAP is the only resource of this kind in New York State. Only a few legal services organizations in New York State have the resources to dedicate a unit to serving student loan borrowers. Housing counseling agencies provide general budget counseling and may provide basic student loan counseling but they do not have the resources to go deep into these issues with consumers. With the funding provided in last year’s budget, the expansion of EDCAP services statewide through ten community based organizations including Empire Justice has been groundbreaking and incredibly meaningful.

Without impartial services delivered by non-profit organizations or a state agency, consumers are left with getting their information either from their student loan servicers who have been found to provide too often incomplete or misinformation. The other source of information as noted above, is for student loan borrowers to succumb to the solicitations increasingly coming from for-profit student loan scammers. We saw during the growth of the foreclosure crisis in New York State, the growing industry of loan modification and foreclosure rescue scams. Entities like these charge high sums to provide biased advice and services that benefit themselves above all, and very often provide little or no benefit to the consumer. Many times, these schemes put the consumer in a far worse situation. Many folks reading this testimony likely have received phishing emails from student loan companies, as they have become pervasive.

It is for these reasons that Empire Justice strongly supports the inclusion of \$3.5 million in funding in this year’s state budget to continue EDCAP. This funding will enable EDCAP to continue and deepen its reach across New York State. CSS had a strong track record of partnering with community-based organizations even prior to EDCAP and they have been well situated to create and lead this new statewide network to ensure New Yorkers who are struggling with student loan debt have access to direct consumer assistance.

According to CSS, in 2022 there were 2.8 million student loan borrowers in New York State, with a cumulative debt of approximately \$99.8 billion. New York’s average student loan debt was \$41,429, and 279,433 borrowers are in delinquency. Women, first-generation college students, low-income borrowers, seniors, and communities of color are particularly hard hit by the student loan crisis in New York State. Without the availability of other services, student loan borrowers rely on a federal loan servicer industry or a growing body of student loan scammers, that disseminates incomplete and sometimes erroneous information, resulting in missed opportunities for reducing or eliminating debt. New York State must ensure that every borrower has access to the basic information and reputable resources they need to address their student loan debt.

Conclusion

Thank you again for the opportunity to submit written testimony. If you have questions or seek additional information please contact Kirsten E. Keefe, kkeefe@empirejustice.org, 518-429-0837.