



NEW YORK STATE SENATOR

James Sanders Jr.

Senator Sanders, Advocates, Applaud Governor Hochul's Funding of EDCAP to Assist Student Loan Borrowers

JAMES SANDERS JR. February 3, 2022

The respective chairs of the State Senate and Assembly Banks committees today joined several nonprofit organizations who advocate on behalf of the 2.4 million New Yorkers struggling with student loan debt to thank Governor Kathy Hochul for including funding for EDCAP (Education Debt Consumer Assistance Program) in her executive budget.

Launched in 2019 with support from the State Legislature, **EDCAP** helps student loan borrowers effectively manage their debt and improve their financial health by providing free, unbiased, one-on-one consumer assistance. Since its inception EDCAP has helped hundreds of borrowers, saved consumers more than \$2 million and managed more than \$38 million in student loan debt. With the increased funding from the Governor -- \$3 million annually -- along with current support from the State Legislature, EDCAP will be able to expand statewide and establish a network of community-based organizations that will provide free and unbiased direct consumer assistance in their respective communities.

“Student loan debt is a crisis in New York, impacting New Yorkers in both urban and rural communities and across socio-economic categories,” **said State Senator James Sanders Jr., Chair of the Senate Banks Committee.** “As the rest of the nation waits to see what the White House will do on the question of student debt cancellation, New York is stepping up with

tools and resources to help borrowers get direct assistance fixing immediate issues such as delinquent or defaulted loans, unaffordable payments and developing long-term strategies for addressing their debt including applying for forgiveness or discharge programs. We thank the Governor for her support of this program.”

“New York State has been a leader in supporting and protecting student borrowers,” **said State Senator Kevin Thomas, Chair of the Senate Consumer Protection Committee.** “Since 2019, EDCAP has saved consumers more than \$2 million and managed more than \$38 million in student loan debt. By helping EDCAP expand their critical programs and services across the state, New York is once again showing the rest of the country not only what can be done, but what should be done to protect borrowers. I thank Governor Hochul for supporting this important work.”

“Every 28 seconds someone defaults on their student loan, “**said Assemblymember Patricia Fahy, Chair of the Assembly Banks Committee.** “Student loan debt burdens are holding New Yorkers back from fully participating in the economy, saving for retirement and achieving financial stability. We should do all we can to help New Yorkers get sound advice on managing their debt so they can make informed decisions. That is what EDCAP offers, and with the Governor’s help, we can expand these crucial services to more New Yorkers.”

“EDCAP has been a vital service for so many New Yorkers facing student loan debt problems. Governor Hochul clearly understands this important work and I look forward to a budget that will help more students afford college, while assisting those who navigate a road to financial stability,” **said Assemblymember Deborah J. Glick, Chair of the Assembly Higher Education Committee.**

“To effectively navigate the complex student loan repayment system, New York’s student loan borrowers need reliable advice and information,” said **Chuck Bell, Programs Director for Consumer Reports**. “EDCAP is leading the way by providing one-on-one counseling, presentations and resources, so that borrowers can get specific advice and help when they need it. We applaud Gov. Kathy Hochul and legislative leaders for expanding EDCAP’s vital borrower assistance program in this year’s state budget.”

“There are scarce resources for student loan borrowers to get advice and assistance with working with their loan servicers and schools, especially throughout upstate New York and on Long Island,” said **Kristin Brown, President & CEO, Empire Justice Center, a statewide legal services and advocacy organization for low-income New Yorkers**. “When government or non-profit resources aren’t available, for-profit scammers fill the space. We support funding for EDCAP to ensure borrowers across New York State get guidance from reputable sources, working in the borrowers’ best interests.”

"New Yorkers have very few places to turn to for trustworthy advice about their student loan situation, and in many rural and urban areas outside of New York City, help simply does not exist, leaving these borrowers vulnerable to predatory companies and scams," said **Anna Anderson, Supervising Attorney at Legal Assistance of Western New York, Inc.** "With the impending repayment start date threatening already struggling families' financial well-being, it is imperative that the State Legislature fully fund EDCAP to provide New Yorkers access to free one-on-one assistance to manage their student loan burdens and achieve economic stability."

"People of all income and education levels struggle to navigate the byzantine student loan repayment process," said **Evan Denerstein, Senior Staff Attorney at Mobilization for Justice**.

"Unfortunately, the private companies paid by the federal government to service borrowers have repeatedly demonstrated they cannot be trusted to provide accurate and reliable information. This is why the counseling provided by EDCAP is so essential. As a consumer advocate, I am thrilled that Governor Hochul has included funding that will allow EDCAP to expand statewide."

"Despite receiving billions of taxpayer dollars to assist student loan borrowers, a long track record of consumer harms and government investigations has shown that student loan servicers are either unwilling or unable to provide accurate and quality support," **said Mike Pierce, Executive Director of the Student Borrower Protection Center.** "New York and its Student Loan Ombudsman are leading the way to uphold borrowers' protections, but borrowers also need access to one-on-one help. We applaud Governor Hochul for committing funds in her budget to a well-funded network of free counselors and legal aid lawyers, managed by EDCAP, to support New York student loan borrowers and set them on a path toward financial stability."

The Governor's funding for EDCAP coincides with three major events that will increase demand for EDCAP services:

- the current moratorium on federal student loan repayments, implemented due to COVID, will expire on May 1, 2022. The resumption of student loan payments, even as borrowers continue to struggle with COVID-related pressures on their income, will increase the need for EDCAP to assist borrowers in managing their debt;
- the roster of companies acting as student loan servicers will change in 2022, which will surely result in added confusion and financial problems for loan holders as their accounts are transferred; and
- the federal government recently implemented changes to the Public Service Loan Forgiveness program to ensure more borrowers receive the relief promised for those

working in public service. However, individuals only have until October 31, 2022, to take the steps necessary to receive relief under these new program modifications. New York has tens of thousands of public servants who could see their debt eliminated if they act on time.

EDCAP is a program of the nonprofit [Community Service Society \(CSS\)](#) that works to promote economic opportunity for all New Yorkers. Using a “hub-and-spokes” service delivery model with CSS as the “hub” and managing a centralized helpline, EDCAP will 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. All partner CBOs would be selected through a competitive Request for Proposal (RFP) process. Consideration will be given to organizations that serve communities most adversely impacted by student loan debt.

This model is like [Community Health Advocates \(CHA\)](#) but focused exclusively on helping student loan borrowers navigate the complex higher education lending system.

“Without programs like EDCAP, borrowers must continue to rely on a federal loan servicer industry that disseminates incomplete and sometimes erroneous information, resulting in missed opportunities for reducing or eliminating debt,” **said David R. Jones, CSS President and CEO.** “Thanks to the support of the Governor and State Legislature, we can scale this program up to meet the need for direct, one-on-one counseling and services to help New Yorkers attack their debt.”

“Higher education debt is impacting everyday New Yorkers in unimaginable ways. I thank

Governor Hochul for her commitment to funding EDCAP. Like the Governor, I also want to make sure no individual lives with this debt for longer than necessary, and I truly look forward to expanding our services statewide,” **said Carolina Rodriguez, EDCAP Director.**