



**Powering a
more equitable
New York**

Testimony by
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Introduction

Thank you for the opportunity to provide testimony for the Legislative Joint Budget Hearing on Economic Development and the 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 inception in 2019, EDCAP has played a critical role in assisting New Yorkers struggling with higher education debt. Through its statewide helpline, network of eleven community-based organizations, and personalized counseling services, EDCAP has managed 40,392 cases, addressing over \$328 million in student debt and saving borrowers more than \$35 million. By helping individuals navigate repayment options, access forgiveness programs, and resolve issues with loan servicers, EDCAP provides essential support to those facing financial hardship.

Through its work, EDCAP strengthens New York's workforce by enabling borrowers to remain in or return to critical industries—including healthcare, education, and public service—without the burden of unmanageable debt. By preventing defaults and improving borrowers' financial stability, EDCAP helps mitigate the economic ripple effects of student debt, promoting homeownership, entrepreneurship, and overall economic growth.

In Fall 2024, EDCAP expanded its services to include comprehensive financial aid application assistance, including FAFSA, TAP, Excelsior, and the Dream Act, as well as pre-college counseling. This expansion aligns with New York's universal FAFSA commitment and strengthens the state's workforce pipeline by ensuring that students and families make informed financial decisions, minimize borrowing, and avoid unnecessary debt. By providing in-person clinics and individualized counseling, EDCAP helps remove financial barriers to higher education, increasing college access and completion rates. Investing in these services not only empowers New Yorkers but also fosters a more financially stable and skilled workforce, driving long-term economic growth.

The Future of U.S. DOE and Student Loan Borrowers

At a time of growing uncertainty in the federal student loan and higher education landscape, New York must take proactive steps to protect its 2.4 million student loan borrowers, and current and future college students from potential harm. The White House has signaled its intent to significantly alter the administration of federal student aid, including threats to shut down the U.S. Department of Education (U.S. DOE), reduce its workforce, and even grant private entities access to borrower data. These drastic measures could lead to serious disruptions in the management of student loans and financial aid while weakening critical borrower protections and creating security risks.

The dismantling of the U.S. DOE would strip away essential oversight of loan servicers, allowing companies to operate with limited accountability. During the Trump administration's first term, a [report](#) from the Inspector General found that loan servicers were rarely held accountable for violations, leading to borrowers losing money due to errors and mismanagement. Additionally, recent actions to dismantle the Consumer Financial Protection Bureau (CFPB) would further erode safeguards against predatory and deceptive financial practices, leaving student loan borrowers with even fewer avenues for recourse.

The potential instability in federal oversight also puts key financial aid programs, such as Pell Grants, work-study, and subsidized loans, at risk. These programs provide vital support for low-income students striving for upward mobility and any reduction in funding or administrative capacity could have lasting consequences. In addition, proposals to eliminate the Plus loan program would force borrowers to rely more heavily on private loans, resulting in more debt with limited repayment options and few protections.

EDCAP's Impact

The need for EDCAP's services is evident in the financial realities of its clients. Approximately 88% of EDCAP clients carry federal student loan debt, while 9% hold private student loans, and 3% face institutional or other education-related debt. With an average student loan balance of \$80,000, nearly double the national average, EDCAP plays a critical role in supporting borrowers struggling under the weight of substantial financial obligations.

The program's impact is particularly significant among populations facing systemic financial challenges. Women comprise 71% of EDCAP's clientele, reflecting national trends in student debt burdens, with Black women disproportionately affected. Additionally, student debt extends across all age groups, and EDCAP serves a diverse range of borrowers: 45% are under age 39; 21% are between 40-49; and 34% are over 50.

From a racial and ethnic perspective, close to 60% of EDCAP clients are people of color, emphasizing the critical need for targeted and equitable debt relief support. Furthermore, 53% of clients have household incomes at or below \$60,000, underscoring the program's essential role in helping low- and moderate-income borrowers navigate repayment options, access relief programs, and regain financial stability.

EDCAP's comprehensive approach, spanning debt resolution, financial aid navigation, and pre-college planning, ensures that New Yorkers are not only managing their existing debt but also making informed choices to prevent excessive borrowing in the future.

Identifying Systemic Issues and Collaboration with the Department of Financial Services

One of EDCAP's key strengths lies in its ability to identify and address systemic issues that impact student loan borrowers. Through its direct interactions with borrowers and in-depth case handling, EDCAP has developed a comprehensive understanding of the challenges faced by borrowers navigating the complex world of student debt. This insight allows the program to not only provide individual support but also identify trends and patterns that highlight broader systemic problems, including predatory loan servicing practices, inaccuracies in borrower records, and barriers to accessing repayment and relief programs.

In the current environment, EDCAP recognizes the importance of collaboration with key state entities. As the program is overseen by the New York State Department of Financial Services (DFS), which has student loan servicer oversight authority, it will continue to work closely with DFS to monitor emerging issues and ensure that student loan borrowers have access to critical protections and resources. This partnership enables EDCAP to identify and communicate regulatory gaps and ensure that borrowers receive the support they need. EDCAP is also well-positioned to identify trends and issues in the financial aid landscape and report them to relevant state agencies and stakeholders, as it continues to expand its financial aid and pre-college counseling services.

EDCAP Funding is More Important Than Ever

By supporting EDCAP, New York has demonstrated its commitment to protecting student loan borrowers and strengthening the state's economic future. Ensuring that borrowers have access to expert assistance not only helps them manage their debt but also preserves their financial stability, allowing them to contribute to local economies, invest in homeownership, and pursue careers in key sectors.

With federal policies in flux and growing concerns about mismanagement in federal student loan and financial aid programs, sustaining and expanding EDCAP is critical. A diminished U.S. Department of Education and lapses in loan servicing could leave millions of borrowers vulnerable to misinformation, lost records, and confusion about their repayment options, leading to increased defaults and financial distress. Without dedicated, state-based assistance, New York risks higher rates of delinquency and economic hardship that could undermine local businesses, reduce consumer spending, and hinder workforce participation. Investing in EDCAP is an investment in financial security, economic resilience, and long-term prosperity for New York.

Conclusion

Addressing higher education debt is critical to New York's economic stability and workforce development. We urge the legislature to support the **\$3.5 million funding request for EDCAP** in the upcoming fiscal year to sustain and expand its impact. Investing in EDCAP is not just a commitment to borrowers and college students, it is a strategic investment in the state's long-term economic growth and financial resilience.

Thank you for the opportunity to submit written testimony.