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

Written Submission by

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## 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.

This testimony touches on our work in higher education. We will discuss the positions set forth below:

- 1. 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.

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

## **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 3<sup>rd</sup> quarter of 2024, and now stand at **\$1.61 trillion** nationally – compared with **\$0.33 trillion** 2004, and **\$1.13 trillion** in 2014.<sup>1</sup> In New York alone, over **2.4 million consumers** carry a total of **\$94.4 billion** in federal student loan debt.<sup>2</sup>

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

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

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

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**

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.

Thank you for the opportunity to submit testimony today.