Student Loan Debt Distress Across NYC Neighborhoods

Public Hearing and Policy Proposals

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NYC Consumer Affairs

Bill de Blasio
Mayor

Lorelei Salas
Commissioner

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DCA thanks all those who testified at the June 2018 public hearing, *Speak Up, Speak Out: A Public Hearing about Student Loan Debt in NYC*.

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Executive Summary and Background

In 2017, the NYC Department of Consumer Affairs (DCA) released a report in partnership with the Federal Reserve Bank of New York titled *Student Loan Borrowing Across NYC Neighborhoods*. We found that, of the approximately one million student loan borrowers in New York City, 14 percent are 90 days or more past due on their student loan payments. Moreover, our research showed that this student loan debt burden is not shared evenly across borrowers in New York City, with student loan delinquency and default rates higher in neighborhoods with lower median incomes.[1]

The implications of student loan debt can be enormously consequential to individual and family financial health. Carrying even non-delinquent student loan debt reduces a borrower's ability to save for the future and build assets. In addition to financial costs, debt that is delinquent or defaulted may have psychic costs, such as symptoms of depression, anxiety, and ill health.[2]

To explore these issues more fully, on June 20, 2018, DCA Commissioner Lorelei Salas chaired *Speak Up, Speak Out: A Public Hearing about Student Loan Debt in NYC*.[3] At the hearing, legal service providers, experts in the higher education field, advocates for students and veterans, and members of the public came together to share their experiences with student loan debt. The panelists and attendees also shed light on some of the barriers to successful loan repayment, including:

- misinformation by postsecondary education institutions about the types of financial aid available and associated repayment obligations;
- lack of accurate, trustworthy information about repayment options; and
- inadequate support and direction from student loan servicers—the entities paid by the U.S. Department of Education to facilitate repayment.

In this latest report we outline the scale of the student loan debt problem; highlight findings from *Student Loan Borrowing Across NYC Neighborhoods* and DCA's follow-up report *Student Loan Debt Distress Across NYC Neighborhoods: Identifying Indicators of Vulnerability*; summarize testimony from *Speak Up, Speak Out: A Public Hearing about Student Loan Debt in NYC*; and offer policy recommendations. Some recommendations require action on the part of New York State or the federal government, but many the City of New York can implement—as can other municipalities that want to devote resources to helping residents struggling with student loan debt, as well.

About the NYC Department of Consumer Affairs

The NYC Department of Consumer Affairs (DCA) protects and enhances the daily economic lives of New Yorkers to create thriving communities. DCA:

1. enforces key consumer protection, licensing, and workplace laws that protect consumers and workers from unfair and/or predatory behavior;
2. focuses the work of our Office of Financial Empowerment (OFE) on initiatives that educate, empower, and protect residents and neighborhoods with low incomes so they can improve their financial health and build assets;
3. conducts research and advocates for public policy that furthers our work to support New York City's communities; and
4. empowers consumers and working families through community outreach by providing the tools and resources they need to be educated consumers and to achieve financial health and work-life balance.

Scale of the Student Loan Debt Problem

Nationwide

Total student loan debt in the United States has reached $1.5 trillion, with the individual debt load for students who graduated with bachelor's degrees in 2016 averaging $30,301.[4] Beyond student borrowers, debt levels for parent borrowers are also rising as more parents—and even grandparents—avail themselves of federal Parent PLUS loans to help finance the cost of a child's college education.[5]

Unlike other types of consumer debt, student loans are difficult to discharge in bankruptcy.[6] Consequently, defaulting on student loans poses serious financial and even legal problems:

- Defaulted debts can lower borrowers' credit scores and subject them to lawsuits by private creditors who seek to obtain court-ordered judgments to garnish borrowers' bank accounts.
- Borrowers who default on federal student loans can have their wages, benefits, and tax refunds garnished by the government without a court order or judgment.
- Defaulting on student loan debt leaves a borrower unable to access federal loans, such as Federal Housing Administration loans, which provide an affordable pathway to homeownership.[7]

In 2017, 11.5 percent of borrowers defaulted on their loans.[8]

Moreover, the effects of student loan debt are not felt equally across race and gender lines.

Over half (54 percent) of black households in the age group 25-40 have student loan debt, compared to 39 percent of white households in the same age group. Of householders aged 25-40 who make $50,000 or less per year, 35.9 percent of black borrowers have student loan debt, compared to 15.5 percent of white households.[9] Even among holders of bachelor's degrees there are racial disparities in student loan repayment outcomes. Overall, only 9 percent of borrowers with a bachelor's degree default on their student loans, but the number is one in four for black borrowers within this group.[10]

Women who pursue higher education are more likely than their male counterparts to be of color, single parents, and have low incomes;[11] they are also more likely to borrow for their education than men. Women hold nearly two-thirds of the outstanding student loan debt in the United States. Because their earnings tend to be lower, women struggle to repay what they borrow. Between one and four years after graduation, men paid off an average of 38 percent of their debt, while women paid off 31 percent. Among women, race is also a factor in the pace of repayment, with black and Hispanic women repaying more slowly than white women.[12]

The student loan debt burden is having a measurable effect on women's financial health. Thirty-four percent of all women and 57 percent of black women who were repaying loans reported being unable to meet essential expenses within the past year, compared to 24 percent of all men.[13]

These statistics indicate that student loan debt is an issue that should be top of mind for policymakers seeking to promote financial health and improve racial and gender equity. For too many borrowers, student loan debt is not a ladder to the middle class but is instead a path to financial distress.

New York State

Across New York State, borrowers are facing the same kinds of student loan debt problems evident in national-level statistics. In 2016, New York State Comptroller Thomas P. DiNapoli published an in-depth report on student loan debt in New York State, detailing several disconcerting trends. Between 2006 and 2015, the delinquency rate among New York student loan borrowers rose by more than a third, while average borrower balances in the state increased by nearly 48 percent, to $32,200. Average balances for student loan borrowers in New York are consistently higher than the nation overall.[14]

As the amount of indebtedness has risen, so, too, has the cost of attending college in New York State. Between 2005 and 2015, the average cost of tuition, fees, and room and board rose by nearly 55 percent for in-state students at public four-year institutions in New York and by more than 50 percent at private four-year institutions.

State-level data reveals another important fact: *Where* a student attends school matters when it comes to student loan debt outcomes. Default rates for students who attended for-profit schools—those operated by private, profit-seeking businesses—were more than triple the rates of those who attended private nonprofit institutions.[15] One in four New Yorkers in default on student loans attended a for-profit school, even though for-profits enroll just 7 percent of all New York students.[16] In New York State, 72 percent of black students who attend for-profit colleges default within 12 years, while the default rate is only 25 percent for black students who attend public and nonprofit colleges.[17]

New York City

Student Loan Borrowing Across NYC Neighborhoods, a 2017 report in partnership with the Federal Reserve Bank of New York, was a first-of-its-kind neighborhood-level examination of student loan outcomes. The data allowed us to examine how particular neighborhoods fared in comparison to the city as a whole—as well as to the nation—using metrics, such as median student loan balance, delinquency, and default rates.

Some topline findings include:

- At the end of 2016, there were approximately one million student loan borrowers in New York City, representing approximately 15 percent of New York City adults. New York City borrowers' average student loan balance ($34,900) was $5,400 higher than American borrowers' average balance ($29,500).
- Despite New Yorkers' higher student loan balance, delinquency and default rates were slightly lower than the national average. This finding is consistent with New York City having a higher-than-average concentration of individuals with advanced professional degrees, such as doctors and lawyers, who have high student loan balances that they manage to successfully repay because of high earnings.[18]
- Delinquency and default rates average 20 percent in the city's lowest-income neighborhoods, compared to just 8 percent in the city's highest-income neighborhoods. Twenty-four percent of New York City borrowers in the city's lowest-income neighborhoods with delinquent and defaulted student loans owe less than $5,000.[19]

- Borrowers in the Bronx are more likely than borrowers elsewhere in the city (19 percent compared to 14 percent) to be delinquent on their student loans despite having lower median student loan balances ($14,784 compared to the citywide median of $16,957). Default rates are similarly high in the Bronx relative to other boroughs. Four of the five neighborhoods with the highest default rates are in the Bronx (the fifth is in Brooklyn). For households in the Bronx, median student loan balances represent 43 percent of median income in comparison to 32 percent for New York City overall.[20]

Published in November 2018, our latest research report, *Student Loan Debt Distress Across NYC Neighborhoods: Identifying Indicators of Vulnerability*, highlights the relationships between neighborhood-level default rates and indicators of vulnerability to default, including attendance at a for-profit institution, non-completion, low income, part-time attendance, black or Hispanic race/ethnicity, and independent student status (using age as a proxy). We found higher rates of non-completion, one of the strongest predictors of default, among students who were older, of color, had low incomes, attended part time, or attended for-profit institutions. Fifty-four percent of the city's independent students (older learners) ended enrollment before obtaining a degree compared to 35 percent of New York City enrollees of all ages.[21]

This New York City-level data on student loan debt provides valuable insight into how the national student loan debt crisis is affecting residents of our city. As DCA pursues strategies to help New Yorkers struggling with student loans, we will continue to use data, particularly at the local level, to inform our efforts.

DCA Jurisdiction

DCA was created on April 29, 1969 when the New York City Council passed the landmark Consumer Protection Law that gave the Agency its broad authority to protect the public from deceptive business practices, making it the first municipal agency of its kind in the country. It was at this time that the City's Department of Markets, which included the City's Weights and Measures division, merged with the Department of Licensing to form one unified Department of Consumer Affairs.

Created in 2006, DCA's Office of Financial Empowerment (OFE) focuses on initiatives that educate, empower, and protect residents and neighborhoods with low incomes so they can improve their financial health and build assets. Among OFE's five core strategies is "Advocating for Consumers in the Marketplace." We use a multi-pronged approach of enforcement, advocacy, and education to protect New Yorkers from predatory and deceptive business practices across a variety of industries, including debt collection and student loans. Our goal is to promote systems and policies that work for all consumers and provide meaningful pathways to financial security and opportunities for financial inclusion.

DCA's regulatory tools—specifically enforcement of the Consumer Protection Law; licensing authority; and public hearing authority—uniquely situate the Agency to influence the national and local debate regarding the student loan debt crisis.

Consumer Protection Law

The City's Consumer Protection Law forbids deceptive or unconscionable trade practices in the offering of, or sale, lease, rental, or loan of, any consumer goods and services or in the collection of consumer debts.[22] Together, the Consumer Protection Law and the New York City Charter give DCA authority to issue subpoenas, promulgate rules, and bring charges in court or before an administrative tribunal.

Licensing Authority

DCA licenses more than 81,000 businesses in more than 50 industries. DCA's licensing of debt collection agencies, for example, gives the Agency unique jurisdiction over individuals and entities that attempt to collect debts owed by New Yorkers.[23]

Public Hearing Authority

DCA's wide purview on matters of business compliance, workplace safety, financial health, and consumer education enable the Agency to leverage a wide range of relationships with business associations, community organizations, legal service providers, and worker associations to help facilitate messaging on pervasive community topics like student loan borrowing and debt. Under the New York City Charter, DCA's Commissioner is authorized to hold hearings and take testimony in furtherance of the duties of the Agency.[24] This invaluable authority helps us more completely assess issues of strategic importance to the Agency.

DCA Public Hearing

On June 20, 2018, DCA Commissioner Lorelei Salas convened *Speak Up, Speak Out: A Public Hearing about Student Loan Debt in NYC* at John Jay Educational Campus Auditorium in Brooklyn. The hearing, convened to further examine issues impacting student borrowers, consisted of two panels—The Higher Education Landscape and Legal Services and Counseling—as well as stories from borrowers who shared their experiences and struggles with student loan debt. Time was allocated for audience testimony. DCA received additional testimony, by electronic submission, in the days before and after the hearing.

Panel 1: The Higher Education Landscape

The Higher Education Landscape panel featured testimony from Marissa Martin, Northeast Regional Director, Young Invincibles; Mark Zuckerman, President, The Century Foundation; Matt A.V. Chaban, Policy Director, Center for an Urban Future; and Alexander Shebanow, Director of "Fail State."

Highlights from Testimony of Marissa Martin

Martin framed the student loan debt crisis in New York as one defined by equity and inclusion barriers. Race, gender, and socioeconomic disparities in student loan and graduation outcomes, she asserted, demand robust student supports.

Martin recommended:

- expanding and providing more funding for New York State financial aid;
- increasing college resources, such as student counseling;
- addressing ”dropout” and ”stopout” rates by creating greater consumer protections and disclosures for students to understand student loans and financial aid.

About Young Invincibles

Young Invincibles is a national organization dedicated to expanding economic opportunity for young adults ages 18 to 34.[25]

Highlights from Testimony of Mark Zuckerman

Zuckerman painted a bleak picture of the politics governing higher education policy decisions in Washington, D.C. Congressional Republicans and the Trump Administration have put forward legislation and deregulation agendas that threaten to further obscure consumer transparency, embolden unscrupulous for-profit schools, and deepen the growing financial crisis resulting from student borrowing.

Zuckerman recommended that the City do more to:

- help prospective students evaluate their higher education options and steer them away from schools that prey on vulnerable populations with targeted recruitment but then deliver poor instruction and career guidance;
- highlight federal repayment options currently available to borrowers—noting that the results of such an information campaign could have profound effects on borrowers' understanding of their debt.

About The Century Foundation

The Century Foundation is a nonpartisan think tank committed to reducing inequality and fostering opportunity.[26]

Highlights from Testimony of Matt A.V. Chaban

Chaban asserted four main findings:

1. Graduates of for-profit colleges face high debt burdens.
2. Students at for-profit colleges are at risk of student loan default because of low postgraduate earnings.
3. While both for-profit and public colleges have low graduation rates, students at for-profit colleges are more likely to take out and struggle to repay student loans.
4. New York State, by making for-profit colleges eligible for financial aid, is effectively subsidizing exploitive institutions.

Chaban suggested that the City do more to influence New York State to limit public aid to for-profit colleges and, much like Zuckerman suggested, do more to educate prospective and current students about how to effectively manage their student loans.

About Center for an Urban Future

The Center for an Urban Future advocates for policy proposals designed to increase economic mobility in New York City.[27]

Highlights from Testimony of Alexander Shebanow

Shebanow noted that, in the making of his film, testimony from over 75 students revealed recurring themes of promises made—and, ultimately, broken—by for-profit institutions. He described the story of a first-generation Latino student named Louis from Illinois whose dream was to become a police officer. A recruiter for the for-profit institution he was considering suggested a degree from the school would lead to a job with the Chicago Police Department. After taking on $60,000 in debt, Louis learned that the school's accreditation was not recognized by the Department he wished to join. Louis's dream of working for the Chicago Police Department was still out of reach. Shebanow noted that the misleading and inaccurate statements and advertisements were not isolated to Louis. Instead, these tactics were pervasive among for-profit institutions interested more in their bottom line than in the academic offerings for their students.

About "Fail State"

"Fail State," a documentary on higher education, paints a disturbing picture of the for-profit college landscape in America.

Panel 2: Legal Services and Counseling

The Legal Services and Counseling panel featured testimony from Evan Denerstein, Staff Attorney, Mobilization for Justice; Johnson Tyler, Director of the Social Security/Consumer Rights Unit, Brooklyn Legal Services; Jessica Ranucci, Staff Attorney, New York Legal Assistance Group (NYLAG); and Molly Ornati, Associate Manager, Asset Building, Bedford Stuyvesant Restoration Corporation (Restoration).

Highlights from Testimony of Evan Denerstein

Denerstein asserted that student loan servicers often either fail to provide borrowers with any information about available debt relief or present inaccuracies that only compound confusion and enable an environment where unscrupulous individuals and entities can scam student borrowers.

Mobilization for Justice recommends that New York State license student loan servicers and that the City direct additional resources to educate student borrowers and explore options to use its existing resources and regulatory authority to increase accountability for New Yorkers.

About Mobilization for Justice

Mobilization for Justice is an organization dedicated to addressing inequity with direct service and legal representation for the most vulnerable New Yorkers.[28]

Highlights from Testimony of Johnson Tyler

Tyler testified that, in his experience, the issues that contribute meaningfully to the student loan debt crisis are a lack of consumer understanding about the complete cost of college, an influx of for-profit schools, debt relief scammers preying on borrowers, and student loan servicers that are not providing complete and accurate information to distressed consumers.

Brooklyn Legal Services recommends that the City:

- re-launch the Know Before You Enroll public awareness campaign that highlighted abuses at proprietary schools and for-profit colleges and alerted New Yorkers to free and low-cost alternatives, among them education and training opportunities and financial education;
- urge New York State to cut off taxpayer-funded financial aid to poorly performing schools.

About Brooklyn Legal Services

For over 50 years, Brooklyn Legal Services has provided legal advocacy and information to low-income residents of Brooklyn.[29]

Highlights from Testimony of Jessica Ranucci

Ranucci testified to the inadequate relief options available to student borrowers and the lack of direction and leadership from the Trump Administration.

NYLAG recommends that DCA use its existing authority over debt collectors and process servers to explore and litigate circumstances that cross ethical and legal boundaries.

Ranucci also called on the City to dedicate more resources to financial counseling.

About NYLAG

NYLAG provides free legal services for New Yorkers who cannot afford a private attorney. Their work spans areas including, but not limited to, immigration protection, tenant rights, public benefits, and consumer protection.[30]

Highlights from Testimony of Molly Ornati

Ornati, a financial counselor at Restoration, frequently meets with clients with student loan debt. She described one memorable client who took out a loan to attend beauty school. The client's inability to pay her debt led to her tax refund being garnished and, unfortunately, a series of decisions that led to her not doing her taxes because she knew her future returns would be garnished, as well. The experience, Ornati testified, was emblematic of the distress some borrowers face and the need for more financial counseling and literacy offerings for New Yorkers.

About Restoration

Restoration is the nation's first Community Development organization and is dedicated to advancing strategies to improve Central Brooklyn.[31]

Stories from Student Loan Borrowers

Some of the most compelling testimony came from the individuals dealing firsthand with the financial realities of carrying student loan debt. Featured in this report are just a few of their stories.

Karina

Karina painted the picture of her struggles as a single mother making monthly student loan payments, of which only a fraction applies to the principal balance. Karina suggested that the federal government set interest rate caps on all student loans to help borrowers repay their debts in a timely manner. She also suggested that the City and state work together to consider student borrowers' obligations when considering eligibility for affordable housing and the calculations for the rent affordable housing residents owe.

Keenan

A Bronx native, Keenan attended a competitive four-year institution in the belief that a degree would provide career opportunities and increased earning potential. However, during the enrollment process, he didn't fully understand that the loans he was taking out to pay for his degree would be such a paralyzing burden once he graduated from school. Today, because of his outstanding student loan debt, he must put aside his graduate degree aspirations. He urged the City to invest in financial literacy.

Milo

A New York City resident, Milo detailed his nine-year service in the Navy and how, following an honorable discharge and after returning home to New York City, he fell prey to misleading advertising and recruitment from ITT Technical Institute (ITT Tech). Milo realized soon after enrolling at ITT Tech that the school lacked academic credibility but, because he had already begun using his Post-9/11 GI Bill benefits, which are limited, he decided to complete his degree and graduate. Within one year of his graduation date, Milo asserted, ITT Tech declared bankruptcy and closed its doors, rendering his degree worthless.[32] Today, he has $40,000 of student loans that he struggles to repay.

Tracy

A graduate of Brooklyn College's Mental Health Counseling Master's program, Tracy testified to her own daily financial struggles with her $42,000 student loan debt. Tracy described that after paying rent, health insurance, and other miscellaneous bills, she only has approximately $200 a month left over. She believes government can, and must, do more, including providing free transit benefits and allowing all recent graduates to make a pre-tax repayment of student loan debt. All these ideas, she noted, could ease the financial strains on young New Yorkers.

DCA Policy Recommendations

DCA's public hearing was the culmination of actions undertaken to understand the impact of student loan debt on New Yorkers, and it both confirmed overarching themes and illuminated new issues of concern.

Based on the neighborhood-level research, beginning in January 2018, DCA coordinated student loan debt clinics in the Bronx and Brooklyn—two boroughs with significant borrower distress—where borrowers could get free one-on-one financial counseling with an NYC Financial Empowerment Center counselor and free consultation with a legal aid professional.

Beginning May 2018, DCA conducted a listening tour to hear directly from New Yorkers about their experiences with student loans, with the goal of informing Agency interventions and resource provisioning.

In the months before the public hearing, DCA again used the neighborhood-level research to focus Agency outreach and education where borrower distress was most prevalent, encouraging New Yorkers to attend the hearing and providing information about NYC Financial Empowerment Centers.

Before the hearing, DCA's independent research and outreach efforts had revealed a sizable knowledge gap between prospective student borrowers' understanding about student loans and the financial realities of student loan debt. Based on additional findings from the hearing and DCA's second research report, we have developed policy recommendations that we believe will improve the outcomes for prospective and current student borrowers in New York, and promote equity in the city's higher education landscape.

Recommendations to Bridge the Information Gap about Student Loans

Student borrowers—prospective, current, former—need to understand the financial realities of financial aid and student loans.

1. Hold Free Student Loan Debt Clinics.

Clinics should provide education and student loan literacy as well as opportunities for free financial and legal counseling to help borrowers understand their student loans and how to repay them. In New York City, clinics should be in communities with high levels of student loan-related financial distress as identified in DCA research.

2. Develop and Disseminate Tips for Student Borrowers.

To reach students before, during, and after they research and incur loans, DCA recommends customized tips that should include:

- Tips to select reputable and affordable postsecondary education programs (*for prospective students of all ages, including independent students who may have additional financial, work, and family obligations)*
- Tips to understand options for financing postsecondary studies (for example, explaining the difference between loans and grants) *(for prospective students of all ages, including independent students)*
- Tips to lower monthly loan payments, get out of delinquency or default, or access opportunities for loan forgiveness *(for New Yorkers who already have student loan debt)*

3. Raise Awareness about Loan Forgiveness Options.

Resources should include a toolkit and presentation for Human Resources staff and government employees to help drive enrollment in existing forgiveness programs, such as the Public Service Student Loan Forgiveness program and others offered by New York State.

4. Launch a Citywide Awareness Campaign.

There are one million New Yorkers who already have student loans and tens of thousands more who may be planning to pursue higher education. The campaign should inform New Yorkers about their rights and responsibilities when it comes to student loans, including payment options, and warn about predatory practices by some schools.

DCA would coordinate with relevant sister City agencies and stakeholders to launch a campaign.

Recommendations to Increase Consumer Protections in Higher Education

1. Protect Consumers Against Predatory Schools.

DCA recommends promulgating rules requiring clear disclosures and prohibiting discrete predatory acts by regulated for-profit institutions.

2. Regulate Student Loan Servicers.

Because of the significant evidence of financial distress in the student loan marketplace, DCA recommends regulating the student loan servicers who are the conduit between borrowers and lenders. Regulation should promote transparency and accuracy in the repayment process.

3. Increase Higher Education Institution Disclosure.

New York State should adopt regulations to require the disclosure of certain program information to prospective and current students. Particularly with Gainful Employment regulations under threat of revocation by the U.S. Department of Education, statewide mandates requiring schools to disclose information related to program costs, median debt for graduates, completion rates, and job placement rates are critical to ensure that consumers have access to important information to make decisions about a program or school and financial aid.

Recommendations to Support Students in Postsecondary Pursuits

1. Facilitate Affordable Transit for Students.

Providing free MetroCards to New York City community college students can address a key barrier to college completion among students with low incomes. MetroCards should be available throughout the year—not just the academic year—to help students who work during the summer or take summer classes.

The City University of New York (CUNY) Accelerated Study in Associate Programs (ASAP) initiative, a nationally recognized program designed to boost on-time completion, has already demonstrated the value of providing community college students with free MetroCards.[33] The Center for an Urban Future estimates that the City could provide MetroCards to the 37,000 community college students not currently receiving MetroCards as part of the ASAP program for a cost of $34 million.[34]

2. Expand Access to New York State Higher Education Grant Funds.

Research indicates that postsecondary students bear increasing family and work obligations, which prevent many from attending school full time.[35] It is important that New York State keep up with the needs of these "non-traditional" students, also known as independent students. By modifying existing programs—and even creating new supports for New Yorkers who need to attend school on a part-time basis—the state would ensure that valuable grant funds go to more of the New Yorkers who need them, while protecting these students from underperforming schools that may target them. DCA recommends:

- increasing the dollar value of the New York State Part-Time Scholarship (PTS) Award and Aid for Part-Time Study (APTS) programs;
- reevaluating the eligibility requirement for Part-time TAP (Tuition Assistance Program). Currently, this program is available only to students who were previously enrolled full time for at least one year. This presents a barrier to access for New Yorkers who are unable to attend school full time.

3. Tie Taxpayer-Funded Aid to Institution Outcomes.

In addition to controlling the disbursement of state funds to students, policymakers also hold the power of the purse over New York schools, and could use this power to incentivize better outcomes for New York students.

For example, state policymakers could make schools' continued receipt of TAP and Enhanced Tuition Awards (ETA) funds contingent upon student outcomes, such as degree completion or graduates' average debt-to-earnings ratio, and could impose reporting and disclosure requirements tied to these key metrics.

4. Expand Access to Excelsior and TAP.

New York State's Excelsior Scholarship and Tuition Assistance Program (TAP) have both helped in the fight against unsustainable student loan debt. However, more needs to be done by state policymakers to ensure that New Yorkers can access this assistance and that funds only go to institutions that deliver positive educational and professional outcomes.

Recent research found that seven New York schools—all for-profit institutions—receive TAP funding despite the fact that a majority of their students take on debt and go on to earn less than $25,000 (the average wage of a high school degree holder).[36] The Excelsior Scholarship, meanwhile, benefits just 3 percent of public college students in New York State, according to a recent analysis of program data from the first year.[37]

5. Increase Investment in Integrated Education, Developmental Education, and Advisors at CUNY.

DCA believes that CUNY can play a role in boosting completion rates and recommends the following:

- Allocate additional resources to build on the success of existing CUNY initiatives, such as the ASAP, Percy Ellis Sutton Search for Education, Elevation, and Knowledge (SEEK), and College Discovery (CD) programs. These programs offer students a variety of academic support services, as well as supplemental financial assistance and dedicated advising.

- Extend the model of integrated learning communities, supplemental financial and academic support services, and smaller caseloads for student advising staff to CUNY's part-time students and across all programs and schools.
- Expand access to CUNY Start and Math Start programs to help students with developmental education needs transition out of remedial courses that use financial aid dollars and into credit-bearing classes as quickly as possible.
- Reduce the caseload of academic and financial aid counselors by increasing counseling staff numbers to provide more students with the resources they need to maintain their academic good standing and their financial aid.[38]
- Prioritize the use of early alert systems to provide extra support for students at risk of dropping out.[39]
- Make academic and financial aid advising available outside of working hours so more working students can take advantage of these resources.

Conclusion

Student loan debt is currently the second largest source of consumer debt in the United States. In New York City, the student loan debt crisis is more acute in some neighborhoods than others.

Confronting this crisis is a strategic priority for DCA. We have already started to implement a number of the recommendations, in particular regarding education and enforcement. DCA actions include:

- coordinating additional free student loan debt clinics;
- expanding DCA tips beyond those currently available to student borrowers;
- developing a plan to increase awareness about loan forgiveness options and, more broadly, about student loans and repayment options;
- bringing charges against Berkeley College that alleged violations of the City's debt collection and Consumer Protection laws.

The nation's progressive spirit has always been strongest in our cities. Indeed, time and time again, cities have risen to the challenges facing their residents, and municipal action has been a model for national reform. National advancements in critical issues like environmental protection and workplace safety have roots in local achievements, and education is no exception. New York City has established itself as a leader in recognizing the importance of, and facilitating access to, pre-Kindergarten citywide, and schools in the CUNY system are regularly lauded for their success in social mobility. For postsecondary students, a quality and affordable higher education remains a critical tool to improve one's economic outlook, yet we know that too many struggle for too long with the burden of student loan debt.

Given the climate in Washington, D.C., the City has a greater imperative to identify and put forward solutions that can help empower our residents and influence broader reforms at the state and national levels. Greater cooperation among stakeholders and a renewed conviction to supporting more research into the barriers standing between students and favorable educational outcomes will empower New Yorkers to succeed for generations to come.

Endnotes

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