



THE
Unheard Third 2023

The True Cost of a College Degree

New Yorkers with Student Debt Face Unrelenting
Hardships Despite the Promise of Upward Mobility

Brief

CAROLINA RODRIGUEZ, JENNIFER HINOJOSA, AND
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The Community Service Society of New York (CSSS) has worked with and for New Yorkers since 1843 to promote economic opportunity and champion an equitable city and state. We power change through a strategic combination of research, services, and advocacy to make New York more livable for people facing economic insecurity. By expanding access to health care, affordable housing, employment, opportunities for individuals with conviction histories, debt assistance, and more, we make a tangible difference in the lives of millions. Join us at www.cssny.org.



Key Findings

- The 2023 Unheard Third Survey shows 1 in 4 New York City residents are grappling with student loan debt.
- Mirroring national trends, New Yorkers of color were more likely to have student loan debt: Black (30 percent), Latina/o/x (29 percent), and Asian (27 percent) all had higher rates of student loan debt compared to their White counterparts (17 percent).
- The proportion of New Yorkers hovering above the poverty line (with incomes ranging from 100 to 200 percent of the Federal Poverty Line (FPL)) who have student loan debt, rose from 26 percent in 2021 to 30 percent in 2023. This was the only income category where the share of respondents with student loans increased since 2021, while it decreased both for individuals in poverty and for individuals with income above 200 percent of FPL.
- Women (60 percent) are more likely to have student loan debt compared to men (40 percent). Student loan repayment may be harder for women due to existing structural and institutional inequities, like the gender pay gap.
- Among low-income households with student loan debt, 60 percent reported experiencing three or more economic hardships. Even among moderate-to-high income households with student loan debt, over half reported experiencing three or more hardships.
- New Yorkers with student loans face significant housing affordability challenges, with 45 percent reporting hardship compared to 18 percent of those without student loan debt.
- Forty percent of households with student loan debt experience food hardship, with disparities along racial, ethnic, and gender lines, notably affecting low-income households led by Latina/x women.
- Student loan debt correlates with higher rates of health-related challenges, with over half of low-income households burdened by student loans reporting health hardships compared to 30 percent of those without.
- Low-income households with student loan debt encounter substantial economic challenges, with nearly three-quarters facing one or more hardships, including transportation expenses, childcare, and reduced wages.
- Student loan debt presented a significant obstacle to households striving to achieve financial security.

Key Recommendations

- **Strengthen and Expand NYS Student Loan Forgiveness Programs for Increased Impact:** New York State has several student loan forgiveness programs designed to assist borrowers in easing their debt burden after graduation. Despite their existence, numerous New Yorkers face challenges in comprehending and accessing these programs. It is imperative for New York to fortify, promote, and broaden the scope of existing initiatives, ensuring they provide more robust and accessible support to residents with student debt in the state.
- **Pass the New Deal for CUNY (S2146A/A4425):** The New Deal for CUNY would eliminate tuition costs for in-state students, transforming higher educational accessibility. This is an investment that will play a pivotal role in promoting social mobility by offering academic and professional advancement to historically underserved groups, creating a pathway to debt-free education across racial and gender spectrums.
- **Create an Inclusive High School to Public University Pipeline for Reduced Student Debt:** New York State should establish streamlined pathways from high school to public universities, which are less costly than private universities. Choosing a public institution can significantly mitigate the need for individuals to borrow extensively or at all, promoting financial manageability post-graduation.
- **Establish a Statewide Initiative to Encourage Employers in New York to Alleviate Student Loan Debt for Employees:** Create a targeted incentive program, including tax benefits and other financial incentives, to motivate employers to contribute to their employees' student loan repayment.
- **Bridge Student Debt and Homeownership:** The state must collaborate with housing agencies to develop special programs or incentives for individuals with student loan debt, facilitating their entry into the housing market. This could include down payment assistance or targeted housing programs specifically designed for those managing student debt.
- **New York State and the Federal Government Must Extend Tax Exemption for Federal Student Loan Forgiveness and Cancellation Beyond 2025:** The federal government and New York State presently grant borrowers an exemption from taxation on federal student loan forgiveness or cancellation until 2025. To ensure the continuous protection of borrowers, it is imperative for both the federal government and NYS to extend this tax exemption beyond 2025.
- **Align Student Loan Bankruptcy Rules with Consumer Debt:** Congress must amend the U.S. Bankruptcy Code, allowing for the discharge of student loans in bankruptcy without the stringent requirement to prove undue hardship. While bankruptcy should be a last resort, this adjustment could offer relief to those facing prolonged repayment struggles, providing them with a chance for a fresh start.
- **Ensure Fair Treatment for Parent PLUS Loan Borrowers:** Immediate action is required to allow Parent Plus loans to be eligible for the new SAVE repayment plan. Congress must also act to implement measures to ensure the cost of higher education is not being shifted to parents and that parents do not get the worst terms and conditions when it comes to interest rates, repayment plan options, and federal relief programs.



The National Context

Student loan debt in the United States has soared to \$1.7 trillion, securing its rank as the second-largest consumer debt category after mortgages in 2023.¹ New York State is not exempt from this financial challenge, with 2.5 million individuals collectively shouldering a burden of \$92.7 billion. One million borrowers navigate this economic maze in New York City.² Student loan debt has acquired greater salience in household budgets over recent decades as those pursuing a college degree have increasingly turned to loans while public investments in higher education have dwindled.³

The student loan landscape took a positive, if unexpected, turn in March 2020 when the government suspended federal student loan payments in response to the COVID-19 pandemic.⁴ This pause was crucial, preventing individuals from descending into delinquency and default during an economic recession. Millions of borrowers also got to experience life without monthly student loan payments, which for some borrowers led to being able to buy a home or build a safety net.⁵ Then in

2022, the Biden-Harris administration launched a concerted effort to implement widespread student loan cancellation. However, this initiative faced a setback when the Supreme Court in *Biden v. Nebraska* struck it down and ruled that the administration had overstepped its authority when it aimed to cancel up to \$400 billion in student loans.⁶ By October 2023, 22 million borrowers were expected to resume federal student loan payments. About 40 percent had failed to resume making payments by mid-November.⁷ This statistic underscores the formidable challenges faced by borrowers in the post-pandemic era as they confront the resurgence of payments amid the backdrop of inflation and heightened costs for housing, healthcare, and other household expenses.⁸ These challenges have led to a discernible shift, with more individuals now questioning the return on investment of attaining a higher education. This has also led to an increased interest in borrowers finding an avenue in forgiveness or other relief to eliminate their debt, as many got a taste of what life would be like without this additional debt burden.

The Financial Burden of New Yorkers with Student Loan Debt

In our latest 2023 Unheard Third Survey, a quarter of respondents citywide disclosed having student loan debt.⁹ The burden of this debt is far from uniform, varying across demographics and posing distinct challenges for individuals within different socio-economic groups and at different life stages.

Unlike other consumer debts, federal student loan debt is especially harder to have as there is no statute of limitations, making it extremely difficult to discharge in bankruptcy. Also, the federal government has the authority to administratively garnish wages and offset up to 15 percent of an individual's social security retirement or disability benefit if the loans default.¹⁰ In essence, this debt remains a perpetual challenge and can follow borrowers to their grave if not addressed.¹¹ The challenges stemming from student loan debt are starting to raise questions about whether a college education is still a good investment as a gateway to upward economic mobility.¹²

Young adults and recent graduates, for example, may face difficulties repaying their loans as they navigate a competitive job market. Data from the Federal Reserve Bank of New York indicates that recent college graduates not only contend with elevated rates of unemployment and underemployment but also struggle to secure well-paying jobs.¹³ The lack of good paying jobs makes it even more difficult for young adults to start paying down their student debt and can often lead to increased loan balances because of accrued interest and capitalizations, further crippling their chances of attaining economic security in the longer term.



Working families with children may encounter obstacles in repaying loans due to the added financial strain of childcare and housing costs. Housing costs alone can absorb a significant part of a household’s budget, especially in NYC where 45 percent of households were moderate to severely rent-burdened, spending over 30 percent of their budget on rent.¹⁴

Older adults, who bear student debt from their own education or their children’s, may experience delayed retirement or sacrifice basic needs after retirement, especially if they are on fixed incomes. In New York, from 2012 to 2017, older adults (aged

50 or more), experienced a 44 percent increase in student debt.¹⁵

Against this backdrop, this report provides an in-depth analysis of the student loan debt situation in New York City, encompassing a comparison from before and after the pandemic and highlighting the various impacts of student loan debt on New Yorkers. Additionally, we present recommendations for federal and state policies based on our extensive experience in offering direct consumer assistance to student loan borrowers since 2019 through CSS’s Education Debt Consumer Assistance Program (EDCAP).¹⁶

For the purposes of this report, we group New Yorkers into four distinct income bands based on their distance from the Federal Poverty Line.

Income Group		Income Levels in 2023		
		Individual	1 Adult and 1 Child	2 Adults and 2 Children
LOW-INCOME	In Poverty (up to 100% FPL)	Up to \$14,580	Up to \$19,720	Up to \$30,000
	Near Poverty (101-200% FPL)	\$14,580 to \$28,160	\$19,720 to \$39,440	\$30,000 to \$60,000
MODERATE-TO-HIGH INCOME	Moderate Income (201-400% FPL)	\$28,160 to \$58,320	\$39,440 to \$78,880	\$60,000 to \$120,000
	High Income (above 400% FPL)	Above \$58,320	Above \$78,880	Above \$120,000

Source : <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>
 Notes: We have included the 2023 Federal Poverty Levels since the report is based on survey data that was collected in July and August of 2023.

New Yorkers with student loan debt: A demographic profile



Student loan debt has increased among low-income New Yorkers, while it has declined for high-income New Yorkers.

In the context of income disparities, there has been a noticeable shift in the demographic landscape of New Yorkers with student loan debt. According to the data presented in Figure 1, the proportion of all New Yorkers carrying student loan debt decreased from 29 percent in 2021 to 25 percent in 2023. This decrease is likely due to more individuals returning to employment and/or completing or discontinuing their educational or training pursuits, against the backdrop of the pandemic recovery and subsequent recession.

However, while student debt on the whole declined, this trend was not consistent across all income groups. Specifically, among households classified

as ‘near-poor’ (with incomes between 100 and 200 percent of the Federal Poverty Level), the proportion with student loan debt increased by 4 percentage points, reaching 30 percent in 2023—a contrast to the trends observed in other income brackets, where the proportion of households with student debt declined over the same time.¹⁷ This increase in student debt among the near poor suggests a growing necessity for them to borrow more to finance their higher education and underscores the financial hardships they face.

On the other hand, the percentage of New Yorkers “in poverty” who reported having student loan debt decreased from 27 percent in 2021 to 20 percent

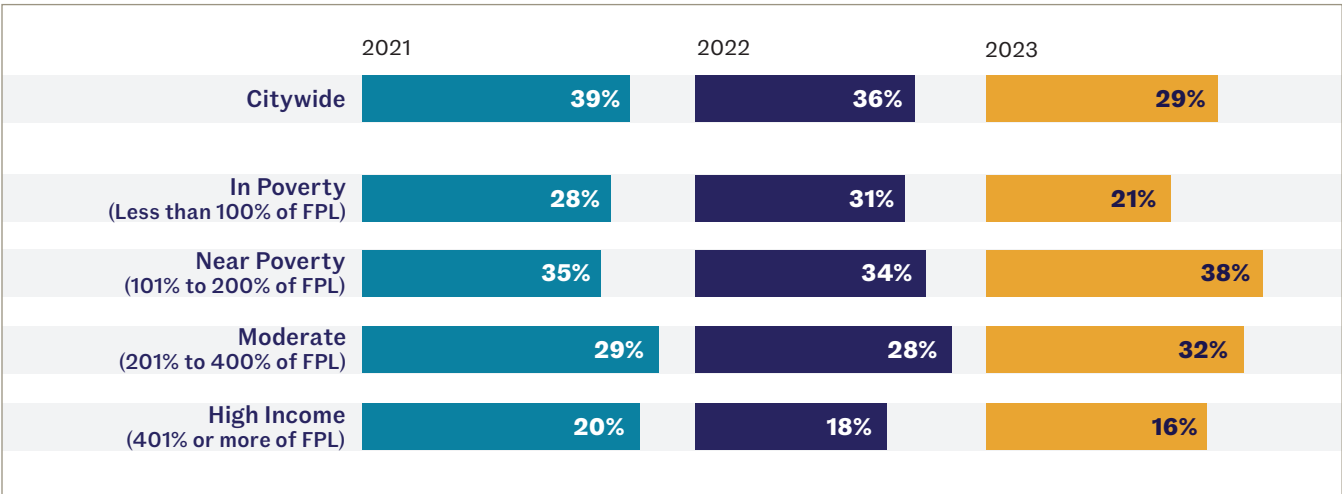
in 2023—the most significant decline among all groups. One possible explanation is the impact of the COVID-19 pandemic, which could have influenced the decisions of individuals in poverty to prioritize basic needs and other responsibilities over pursuing higher education. The economic hardships and disruptions caused by the pandemic may have deterred some from taking on additional financial commitments like student loans.

Among moderate-income New Yorkers, the proportion reporting student loan debt decreased by 4 percentage points, from 32 percent in 2021 to 28 percent in 2023. Similarly, among high-income New Yorkers, the percentage reporting student loan debt decreased by 6 percentage points, from 30 percent in 2021 to 24 percent in 2023. The decrease in student loan borrowing among moderate and high-income New Yorkers could reflect greater financial stability within

these groups. Individuals in higher income brackets might have more resources available to fund education without relying heavily on student loans.

Additionally, the shift to remote learning during the pandemic could have led to cost savings for these groups, reducing the need to borrow for non-tuition expenses like on-campus housing. Room and board can be over 30 percent of the total cost of attendance depending on the type of institution.¹⁸ Overall, the data suggests a complex interplay between socioeconomic status, pandemic-related factors, and changes in educational behavior. While individuals in poverty showed a significant decline in student loan borrowing, other income groups also experienced decreases, possibly driven by different financial circumstances and changes in the educational landscape during the pandemic.

Figure 1: Share of Households with Student Loan Debt, 2021-2023



Source: CSS analysis of Unheard Third Survey, 2021 to 2023.

Black and Latino New Yorkers are twice as likely to have student loan debt as White New Yorkers.

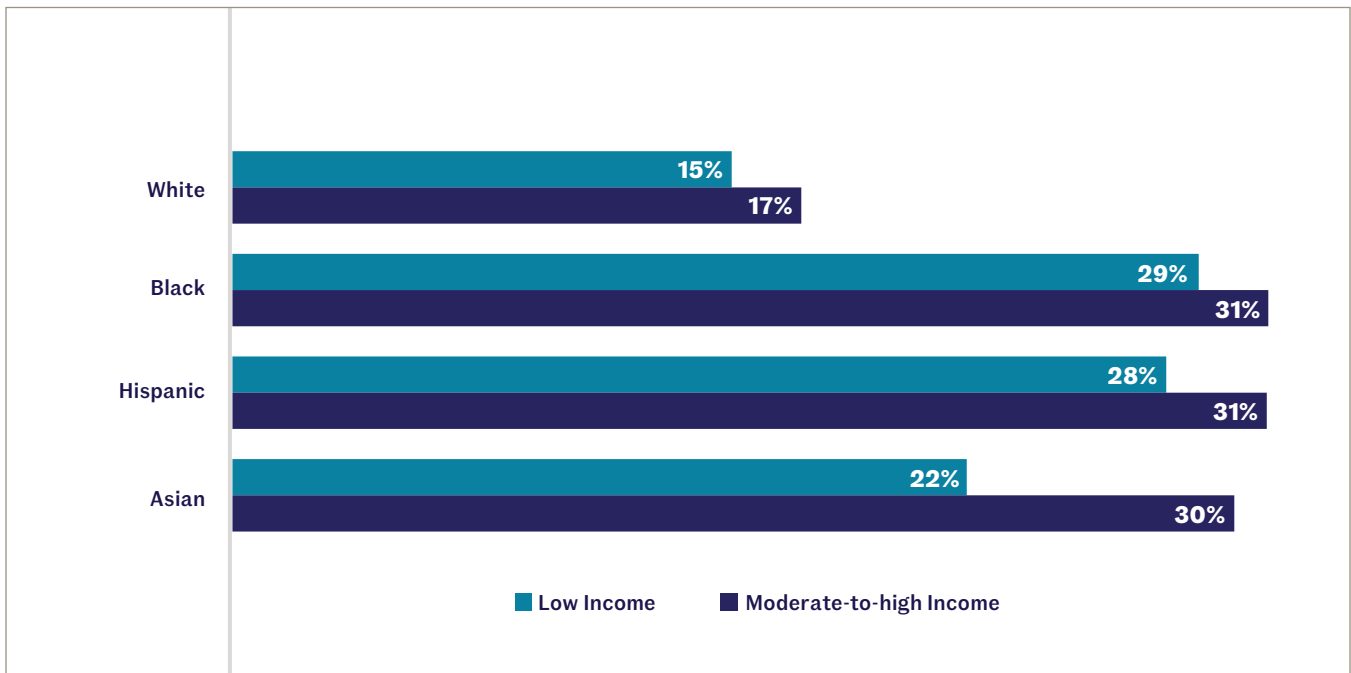
The racial disparities in student loan debt are striking. People of color are twice as likely to carry student loan debt compared to their White counterparts (Figure 2).

Approximately one-third of Black (31 percent), Latina/o/x (31 percent), and Asian (30 percent) New Yorkers with moderate-to-high incomes carry student debt, while only 17 percent of their White counterparts find themselves in a similar situation. This divergence is not limited to higher income brackets; even among low-income individuals, we see this pattern: the share of White low-income New Yorkers with student loan debt is much lower (15 percent) than the share of Black (29 percent), Latina/o/x (28 percent) and Asian (22 percent) New Yorkers with student loan debt.

This trend is present not only in New York City but also at the national level, according to a [report](#) by the Education Data Initiative.¹⁹ The report highlights that Black and Latina/o/x borrowers, in particular, are more prone to taking on larger debt burdens to cover their educational expenses, with Black borrowers owing an average of \$25,000 more in student debt than their White peers in the United States.

These figures underscore the entrenched racial disparities in student debt burden, emphasizing the need for targeted policy interventions to address the disproportionate financial challenges faced by communities of color in pursuing higher education.

Figure 2: Student Loan Debt by Race/Ethnicity and Income Levels, 2023



Source: CSS analysis of Unheard Third Survey, 2023.

Women, and women of color, are more likely to hold student loan debt compared to their male, White, peers

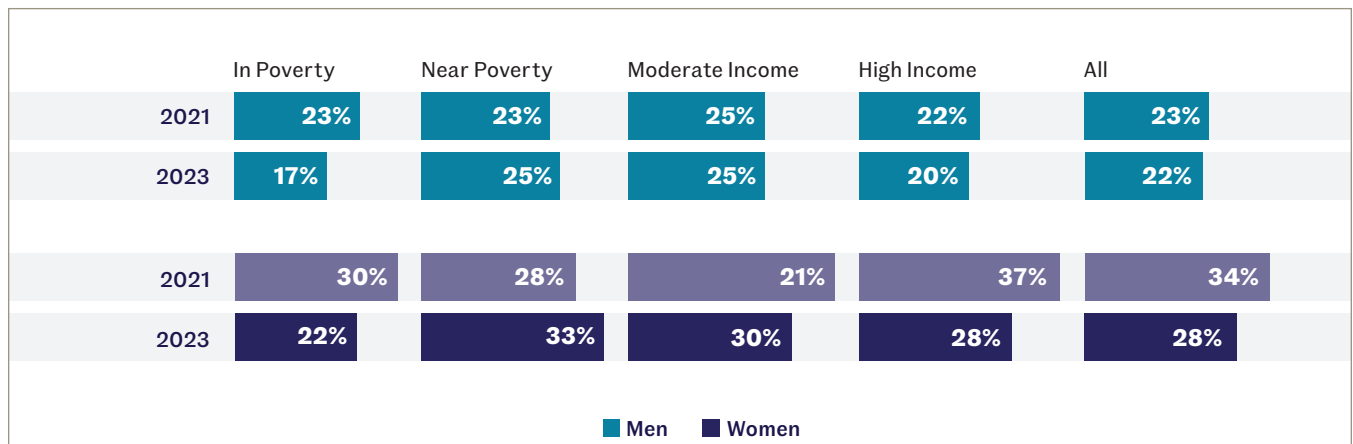
In 2023, the share of women who reported having student loans was 28 percent, 6 percentage points higher than the share of men who reported having student loans (22 percent). This ranking of women having more student debt relative to men was unchanged from 2021, although the gap between the genders was much higher then: 34 percent of women reported student loan debt compared with 23 percent of men, a gap of 11 percentage points (see Figure 3).

There is vast evidence that women are acquiring more higher education relative to men, and this has been the trend, both nationally and in NYC, for several years now.²⁰ It is thus unsurprising that

women are also more likely to have higher levels of student loan debt.²¹

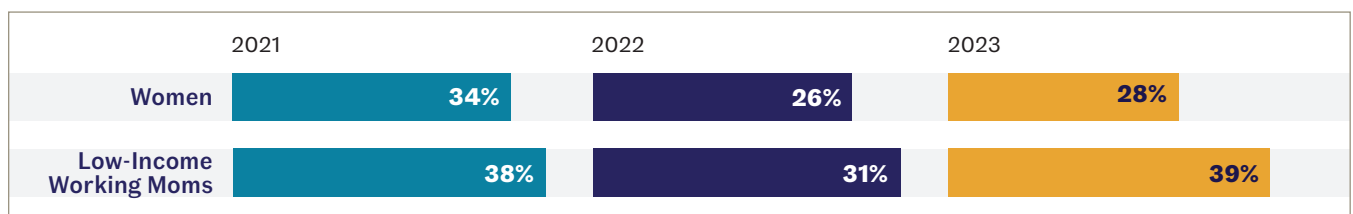
Of note, low-income working women with children bear a consistent and disproportionate burden of student loan debt. This pattern has persisted for years, from 38 percent in 2021, to 31 percent in 2022, to 39 percent in 2023 (see Figure 4). A [study](#) conducted by the American Association of University Women (AAUW) underscores the challenges women face in repaying student loans, leading to higher default rates.²² These difficulties stem from wage gaps and limited disposable income, exacerbated by the juggling of various financial responsibilities such as childcare expenses, caregiving, food, healthcare, and housing.

Figure 3: Student loan debt by gender and income levels, 2021 and 2023



Source: CSS analysis of Unheard Third Survey, 2021 and 2023

Figure 4: Student loan debt among women and low-income working mothers, 2021-2023



Source: CSS analysis of Unheard Third Survey, 2021 and 2023

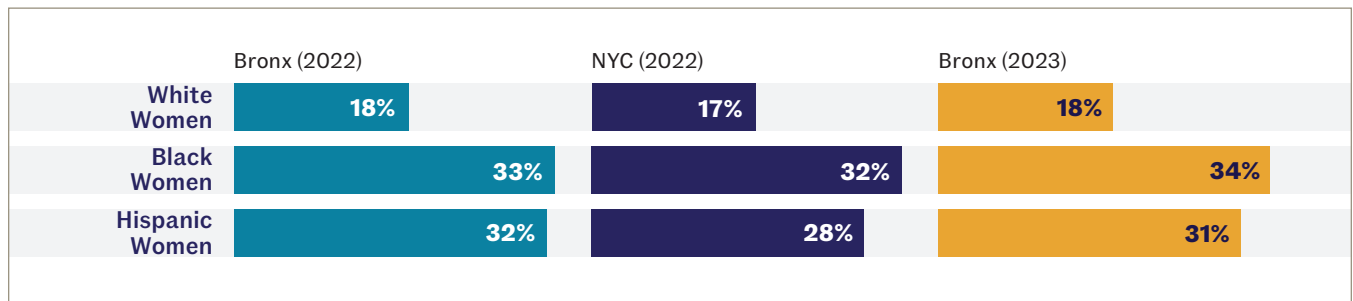
Additionally, women of color were more likely to have student loan debt irrespective of income level.

The share of Black women (33 percent) and Latina/x women (32 percent) with student loan debt far outpaced the share of white women (18 percent) who reported student loan debt (see Figure 5).

Women of color carrying a disproportionate debt burden has dire consequences, especially when compounded by the gender pay gap (Wilson and et.al 2024).²³ These women not only bear heavier debt loads but also inevitably face prolonged repayment periods, hindering

their financial stability and upward mobility.²⁴ Consequently, this situation contributes to the widening wealth gap and poses challenges in purchasing homes, starting businesses, investing, or saving for their children’s college education.²⁵ The result is a perpetuation of a cycle of indebtedness and higher risk for generational poverty. Women of color play a pivotal role in our communities and the broader economy, and addressing these disparities is crucial for fostering a more inclusive and equitable society.²⁶

Figure 5: Student loan debt among women by race and ethnicity, 2023



Source: CSS analysis of Unheard Third Survey, 2023.

Hardship Challenges Among New Yorkers with Student Loan Debt

Historically, we know that the pursuit of higher education is a means for achieving upward economic mobility. Empirical evidence has supported this notion, demonstrating that individuals with a college degree tend to earn higher incomes over their lifetimes compared to those without one.²⁷ This correlation has been attributed to increased access to better-paying jobs, opportunities for career advancement, and overall enhanced earning potential among college graduates.

However, the rising cost of college education presents a significant challenge to this narrative. Since 2010, college tuition fees have experienced an annual increase of approximately 12 percent.²⁸ This escalation in costs extends beyond tuition, encompassing related expenses such as housing, food, textbooks, and transportation. Consequently, the anticipated lifetime earning potential associated with obtaining a college degree is increasingly diminished.²⁹

Compounding this issue is the growing reliance on student loans to finance higher education. While student loans serve as a vital resource for many individuals seeking to pursue a college education, they also introduce a significant financial burden. The repayment obligations associated with student loan debt often prove challenging for borrowers, impacting their financial stability and hindering their ability to achieve long-term economic goals. As a result, individuals may find themselves in a situation where the economic returns on their investment in higher education appear diminished, particularly under the weight of student loan debt.

Our *Unheard Third* Survey offers valuable insights into the challenges faced by the city's residents regarding student loan debt, particularly on key areas like housing, food, health, and overall economic security. Our findings suggest student debt may be exacerbating hardships for NYC residents including those with a college degree.



Our Unheard Third Survey includes a rich set of questions exploring hardship facing the city's residents.

"I'd like to talk about some of the problems that families often face. Please tell me if you have experienced some of the same difficulties. Over the past year, have you or any member of your household experienced this?"



ECONOMIC

- Had your hours, wages, or tips reduced?
- Often been unable to afford subway and bus fares
- Cut back on buying back to school supplies and clothes because of a lack of money
- Been unable to afford high-speed internet access at home
- Been unable to afford childcare



FOOD

- Received free food or meals from a food pantry, soup kitchen, meal program, family or friend because you didn't have enough money to buy food?
- Often skipped



HEALTH

- Not gotten or postponed getting medical care or surgery because of a lack of money or insurance?
- Needed to fill a prescription but couldn't because of a lack of money or insurance?
- Been without health insurance coverage?



HOUSING

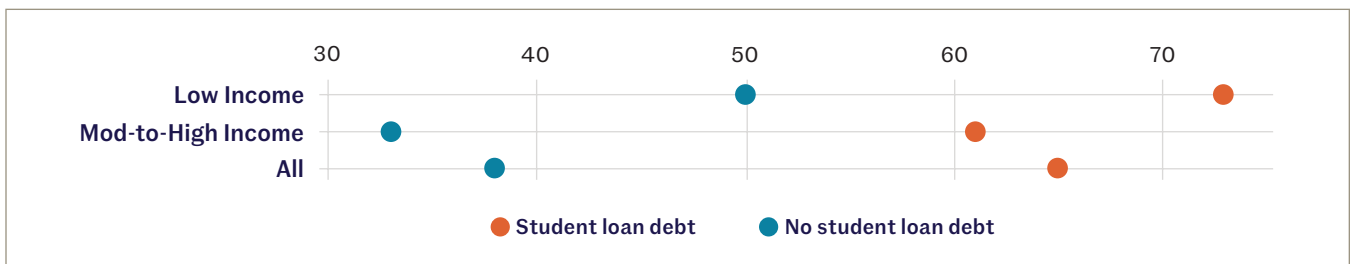
- Moved in with other people even for a little while because of financial problems?
- How much are you currently behind on rent?
- did your landlord try to evict or force you out of your home over the past year?

Housing hardship

Based on our analysis of Unheard Third Survey data, we see that New Yorkers who have student loans are struggling with multiple hardships on a regular basis, primary among them—housing affordability. While 45 percent of households with student loan debt were likely to report housing hardship, the corresponding rate was only 18 percent for households without student loan debt.

In other words, New Yorkers shouldering the burden of student loan debts were significantly more likely to struggle with paying rent, perhaps face eviction threats and might even have moved in with others. Figure 6.1: Breaks down the prevalence of housing hardship by income and shows that a staggering 53 percent of low-income households with student loan debt had housing hardship.

FIGURE 6.1: The prevalence of housing hardship by income



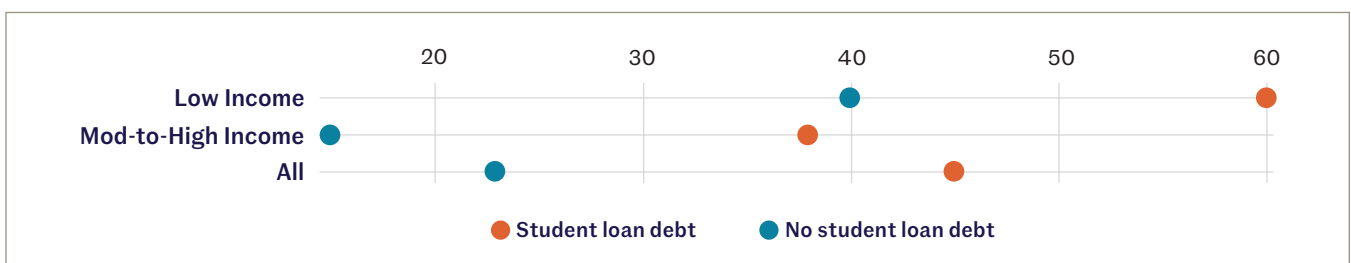
Source: CSS analysis of Unheard Third Survey data, 2023

Food hardship

Among households that reported having student loan debt, 40 percent indicated encountering some form of food hardship, including experiences of hunger or seeking assistance to obtain food. Particularly notable is the prevalence of food hardship among moderate and high-income households (earning above 200 percent of the Federal Poverty Level), where close to half (47 percent) reported facing food

challenges. However, these overall rates of food hardship obscure significant disparities along racial, ethnic, and gender lines. Prior [research](#) conducted by CSS has revealed elevated levels of food insecurity within low-income households led by Latina/x women.³⁰ Figure 6.2 illustrates that households burdened by student loan debt face particularly acute challenges in accessing an adequate food supply.

FIGURE 6.2: Food hardship rates among households with and without student loan debt



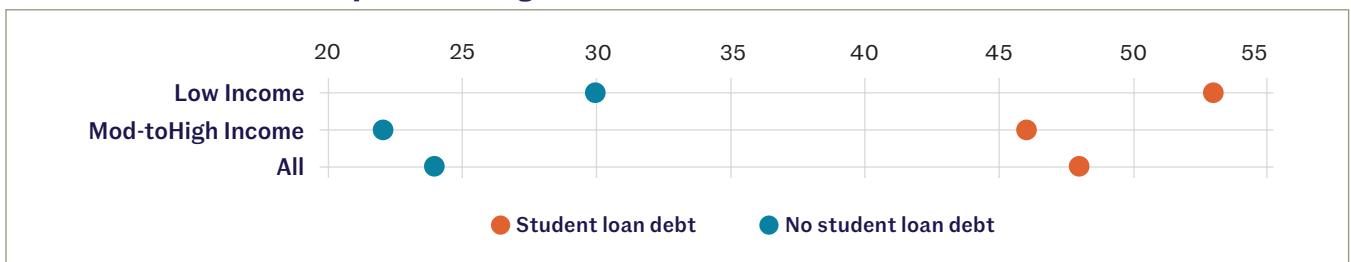
Source: CSS analysis of Unheard Third Survey data, 2023

Health hardship

Households with student debt reported experiencing higher health related hardships (Figure 6.3). Among low-income households contending with student loan debt, over half (53 percent) reported facing some form of health

hardship (e.g., postponing recommended medical care or not being able to fill a prescription). In contrast, among comparable households without student loan debt, only 30 percent reported encountering similar health-related challenges.

FIGURE 6.3: Health hardship rates among households with and without student loan debt



Source: CSS analysis of Unheard Third Survey data, 2023

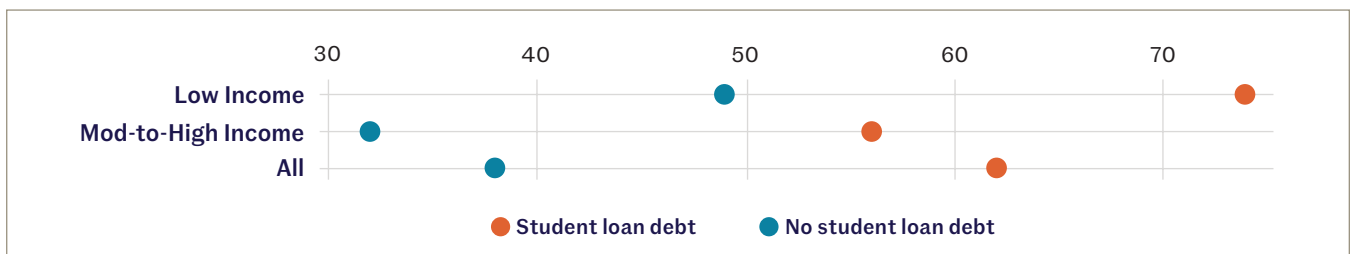
Economic hardship

Households burdened by student loan debt exhibit significantly higher rates of economic hardship across various income brackets compared to those without such debt.

For low-income households grappling with student loan debt, the prevalence of economic hardship is strikingly high. Nearly three-quarters of these

households (74 percent) reported experiencing one or more types of economic challenges, including difficulties in paying for transportation, affording childcare, facing reductions in wages and tips, and having to cut back on school supplies. Among moderate-to-high income households carrying student loan debt, over half (56 percent) reported encountering economic hardship.

FIGURE 6.4: Economic hardship rates among households with and without student loan debt

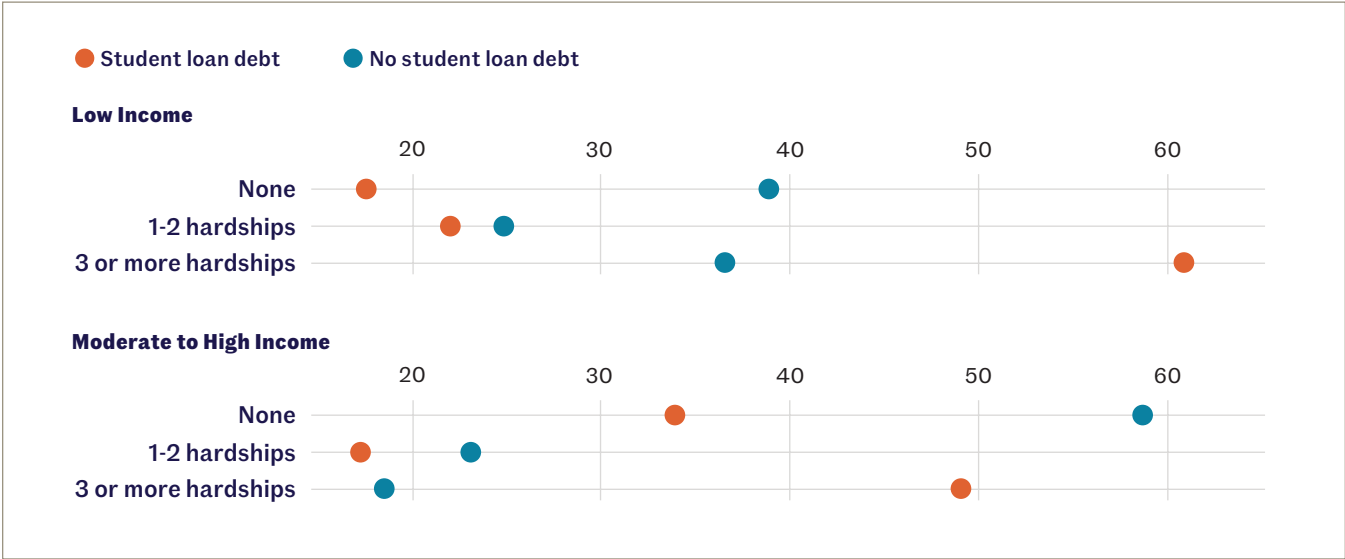


Source: CSS analysis of Unheard Third Survey, 2023.

In this section, we provide a summary by consolidating the different types of hardships encountered by households and creating a three-tiered scoring system. This system categorizes households into three groups: those reporting no hardship, those reporting one to two hardships, and those reporting three or more hardships. Utilizing this tiered approach, we find that across income categories, households with student loan debt are more likely to experience acute or severe hardship relative to households without student loan debt (Figure 7.1).

More importantly, even among households that are moderate-to-high income but have student loan debt, almost 50 percent struggle with three or more hardships. This reinforces a fact that we mentioned earlier in this report: that returns on education, as measured by increases in incomes or wages, are not keeping pace with the rate at which student loan debt is proving to be a burden for indebted households.

FIGURE 7.1: Overall hardship among households with and without student loan debt (2023)



Source: CSS analysis of Unheard Third Survey, 2023.

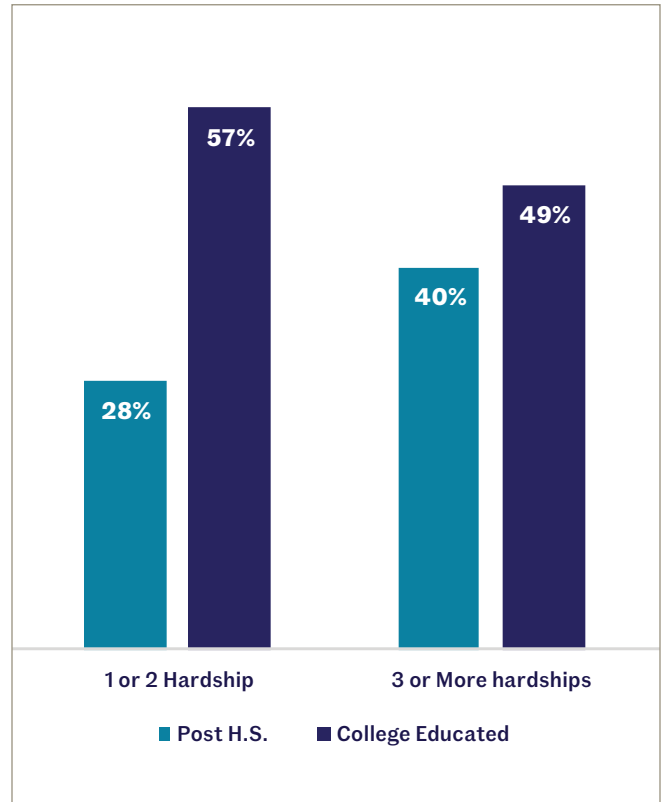
Hardship challenges from student loan debt do not ease with higher education

The persistence of hardship challenges stemming from student loan debt remains evident, even among individuals with college degrees.

In New York City, a significant proportion of college-educated residents with student loan debt face hardships. Notably, approximately two-thirds of college-educated borrowers had one or two hardships, while only 28 percent of those with post-high school qualifications experienced a similar level of difficulty (see Figure 7.2). Surprisingly, the share of borrowers experiencing three or more hardships was highest among those with a college degree, reaching 49 percent. In contrast, among individuals with post-high school qualifications, the proportion reporting three or more hardships was lower, at 40 percent.

This disparity underscores the nuanced impact of higher education on hardship experiences among student loan borrowers in New York City, challenging the notion that those with college degrees are “better off.”

FIGURE 7.2: Respondents with student loan debt by educational attainment and with hardship(s), 2023



Source: CSS analysis of Unheard Third Survey, 2023.

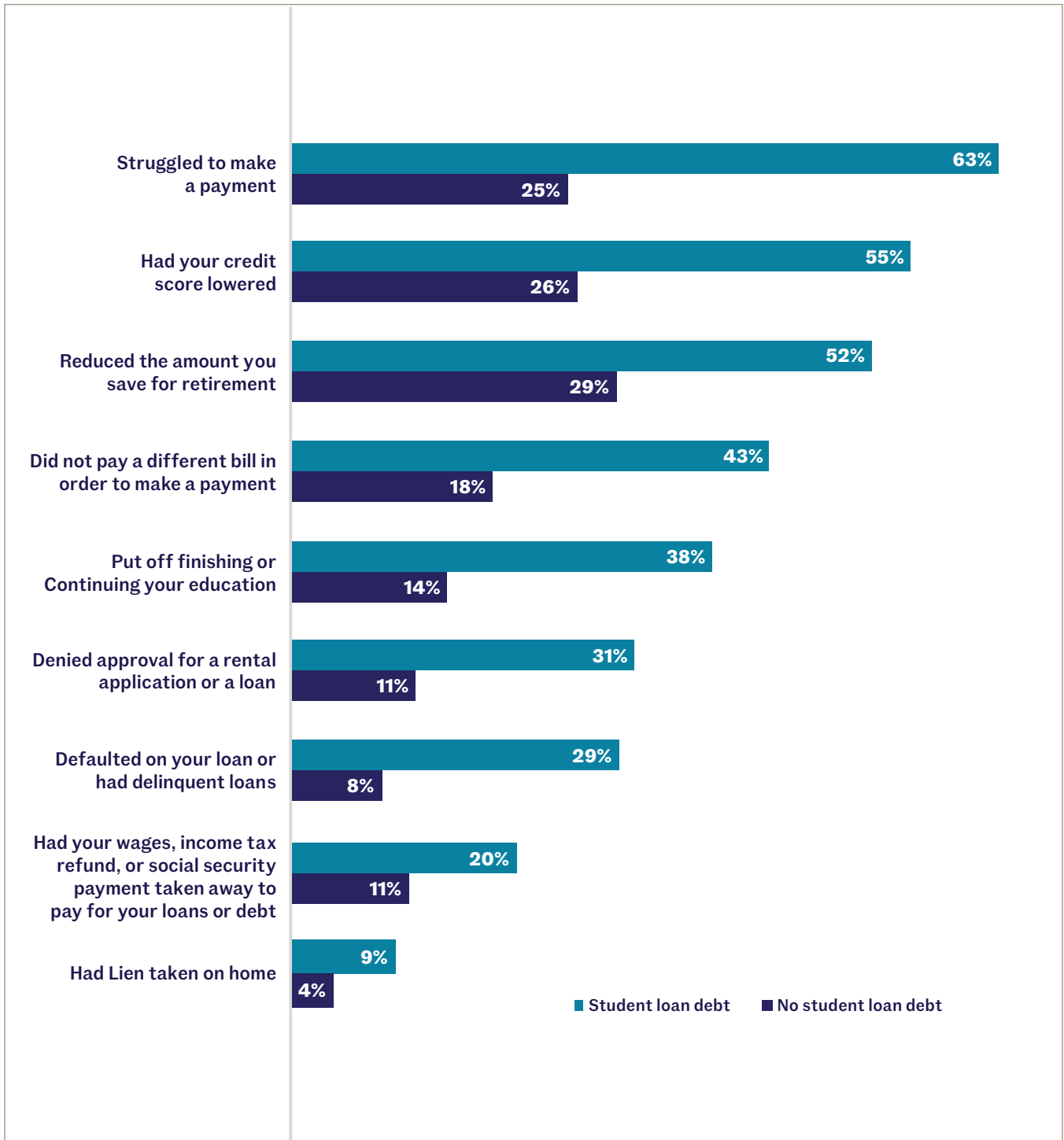
Student loan debt presents a significant obstacle to achieving financial security

In our Unheard Third survey, respondents detailed various ways in which the obligation to repay student loans has proven challenging for them (see Figure 8). These challenges manifest in diverse forms, including missed payments resulting in adverse effects on credit scores, elevated income-to-debt ratios, difficulty in accumulating savings for down payments or covering rental expenses (such as broker fees and security deposits), and excessive financial strain from rent or mortgage payments.

Furthermore, this financial burden can hinder economic progress. Individuals burdened by student loan debt may find themselves grappling with difficult decisions, such as prioritizing housing over meeting other essential needs and services while fulfilling their loan obligations. This dilemma is particularly pronounced for low-income working mothers, both in New York City and across the nation.



FIGURE 8: Impact of student loan debt on financial security



Source: CSS analysis of Unheard Third Survey, 2023.

Figure 8 illustrates that across all aspects of financial security, households with student loan debt faced more challenges compared to those without such debt. More than 60 percent reported difficulty in making payments, over half reduced contributions towards retirement, and 55 percent saw their credit scores impacted due to the

inability to make regular payments. Additionally, 38 percent of households with student loan debt reported postponing their education, suggesting that the obligation to repay student loans likely hindered these households from enhancing their skills and earning potential.

Conclusion and Recommendations

The landscape of student loan debt in New York City presents concerning disparities, with an increase observed among low-income individuals, contrasting a decline for their high-income counterparts. Disturbingly, people of color are disproportionately burdened, being twice as likely to carry student loan debt. The impact is particularly pronounced among women, especially low-income working mothers and women of color. These trends raise questions about the diminishing return on investment for higher education, as even college-educated individuals face escalating challenges. The struggle persists for employed student loan borrowers, underscoring the urgent need for comprehensive solutions to address the widening gaps and alleviate the hardships faced by diverse segments of the population.

Strengthen and Expand NYS Student Loan Forgiveness Programs for Increased Impact

New York State has several student loan forgiveness programs designed to assist borrowers in easing their debt burden after graduation. Despite their existence, numerous New Yorkers face challenges in comprehending and accessing these programs. It is thus imperative for New York to fortify, promote, and broaden the scope of existing initiatives, ensuring they provide more robust and accessible support to residents contending with student debt in the state.

Pass the New Deal for CUNY (S2146A/A4425)

The New Deal for CUNY would eliminate tuition costs for in-state students, transforming higher educational accessibility. This is an investment that will play a pivotal role in promoting social mobility by offering academic and professional advancement to historically underserved groups, creating a pathway to debt-free education across racial and gender spectrums.

Create an Inclusive High School to Public University Pipeline for Reduced Student Debt

To proactively address the issue of student loan debt, New York State should establish streamlined pathways from high school to public universities. Choosing a public institution can significantly mitigate the need for individuals to borrow extensively or at all, promoting financial manageability post-graduation. While Governor Hochul's commendable FY24-25 proposal for automatic admission of the top 10 percent is a positive step, it should be expanded to create inclusive routes for students across diverse academic profiles. This comprehensive approach not only ensures equitable access but also effectively reduces the burden of student loan debt for a broader spectrum of aspiring learners.

Establish a Statewide Initiative to Encourage Employers in New York to Alleviate Student Loan Debt for Employees

Create a targeted incentive program, including tax benefits and other financial incentives, to motivate employers to contribute to their employees' student loan repayment. Our data shows that employed New Yorkers are facing significant hardships. This policy solution aims to ease the burden of student loan debt for individuals, fostering financial well-being and employee satisfaction. By engaging employers in the effort to alleviate student debt, we promote a supportive workplace environment, contribute to the financial stability of employees, and ultimately enhance the economic resilience of the workforce in New York State.

Bridge Student Debt and Homeownership

The growing challenge of student loan debt hindering access to affordable housing demands a strategic state policy solution. The state must collaborate with housing agencies to develop special programs or incentives for individuals with student loan debt, facilitating their entry into the housing market. This could include down payment assistance or targeted housing programs specifically designed for those managing student debt.

New York State and the Federal Government Must Extend Tax Exemption for Federal Student Loan Forgiveness and Cancellation Beyond 2025

The federal government and New York State presently grant borrowers an exemption from taxation on federal student loan forgiveness or cancellation until 2025. To ensure the continuous protection of borrowers, it is imperative for both the federal government and NYS to extend this tax exemption beyond 2025. Subjecting borrowers benefiting from federal relief to an additional tax burden is inequitable. Recognizing the positive economic impact of student debt elimination, a collective commitment from the federal government and states is essential to prioritize supporting borrowers and fortifying the economy, guaranteeing sustained tax relief on student loan forgiveness well beyond 2025.

Align Student Loan Bankruptcy Rules with Consumer Debt

Despite recent attempts to simplify the process, discharging student loans through bankruptcy remains a challenging endeavor.³¹ The current requirement to prove "undue hardship" through an adversarial proceeding complicates the relief process. Even in successful cases, the stipulations attached to bankruptcy can undermine the benefits obtained.

Congress must amend the U.S. Bankruptcy Code, allowing for the discharge of student loans in bankruptcy without the stringent requirement to prove undue hardship. While bankruptcy should be a last resort, this adjustment could offer relief to those facing prolonged repayment struggles, providing them with a chance for a fresh start.

Ensure Fair Treatment for Parent PLUS Loan Borrowers

An increasing number of parents are borrowing to finance their children's education, resulting in a staggering \$108.5 billion in Parent Plus loans. Over the last nine years, the number of Parent Plus borrowers has surged by almost 20 percent, accompanied by an alarming 80 percent growth in their debt burden. This mounting financial pressure, coupled with high interest rates and restricted repayment alternatives, is not only preventing parents from retiring but also jeopardizing their financial security during retirement and compounding racial disparities.³²

Immediate action is required to allow Parent Plus loans to be eligible for the new SAVE repayment plan. Congress must also act to implement measures to ensure the cost of higher education is not being shifted to parents and that parents do not get the worst terms and conditions when it comes to interest rates, repayment plan options, and federal relief programs.

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