



**TESTIMONY OF THE
NEW YORK PUBLIC INTEREST RESEARCH GROUP
BEFORE THE NEW YORK CITY COUNCIL HIGHER EDUCATION COMMITTEE
“How Can Student Debt Impact College Success?”
JANUARY 31ST 10:00 AM – 250 BROADWAY**

Hello, my name is Kevin Stump and I am the Higher Education Program Coordinator for the New York Public Interest Research Group (NYPIRG) and a part-time student enrolled in a master’s program at Baruch College. I am joined today by Kathleen Jordan, a Brooklyn College student and chair of NYPIRG’s board of directors. We would like to thank Chairman Rodriguez for inviting us to be here today, but more importantly for having such a timely discussion about how student loan debt can and does impact college success.

The New York Public Interest Research Group is the state’s largest student-directed, non-partisan research and advocacy organization. Our board of directors consists of college and university students elected from campuses with NYPIRG chapters from across the state. NYPIRG students become well-trained, powerful advocates by working on public policy issues like environmental protection, consumer rights, voter registration, and higher education affordability and access.

The Student Loan Crisis

The Consumer Financial Protection Bureau now estimates that total student loan debt in the U.S. has surpassed \$1 trillion,ⁱ exceeding that of national credit card debt.ⁱⁱ This is not surprising since student loan debt has risen 511% from 1999 to 2011.ⁱⁱⁱ There are more than 37 million Americans who hold outstanding student loan debt,^{iv} with Americans 60 and older still owing roughly \$36 billion.^v All in all, roughly one out of five households owed student loan debt in 2010, 40% of which are headed by someone younger than the age of 35.^{vi}

Rising Tuition

In the past three decades, the cost of attaining a college degree across the country has increased more than 1,000 percent.^{vii} During the academic years of 2008-2009 to 2012-2013 (five year period), CUNY tuition jumped \$1,400. As part of NY SUNY 2020, tuition at SUNY and CUNY will increase by \$300 each year for five consecutive years (a total of \$1,500). By the end of that term, tuition at CUNY four-year colleges will reach \$6,330.^{viii} **The NYC Council should support the expansion of dual-missioned programs that encourage access through increased financial aid and college success, such as CUNY ASAP, to help New Yorkers avoid massive student loan debt.**

High Cost of Textbooks

As costs associated with going to college have soared in recent years, students are being priced out of buying essential college course materials. A recent survey found that 7 in 10 college students did not buy at least one textbook because the cost was too high.^{ix} The yearly books-and-supplies estimate for the average student at a four-year public college is about \$1,168 per year.^x The Government Accountability Office estimates that the cost of textbooks is comparable to 26% of in-state tuition at public universities and 72% at community colleges.^{xi} **The NYC Council should seek solutions to lower the cost of college textbooks and explore cost-saving alternatives.**

Inadequate Financial Aid

The previously NYC Council-funded Peter F. Vallone Scholarship, which was completely eliminated in 2011, helped over 14,000 New York City public high school graduates who maintained a “B” average or higher attend CUNY each year with an award of up to \$1,250 per year. The scholarship was also the only publicly funded award available to undocumented students. **The NYC Council must restore its commitment to the people of New York by restoring a council-funded scholarship, which will help offset the rapidly rising costs of obtaining a college degree.**

Stop Credit Discrimination in Employment

According to a Rutgers University study, half of all college graduates over the last five years are unemployed or underemployed.^{xii} Now, up to sixty percent of employers check people's credit when making hiring and promotion decisions^{xiii} — even though there is no credible evidence linking credit history with the ability to perform well at work. With more college graduates entering into a bleak job market with historically high levels of student loan debt, more needs to be done to help students get high paying jobs in New York City, not impede their potential for success. **We strongly urge the NYC Council to pass Intro. 857, the Stop Credit Discrimination in Employment Act, which would prohibit credit checks by employers throughout the five boroughs.**

In Closing

Rising costs coupled with waning public investment in financial aid programs have consequently caused student loan debt to exceed \$1 trillion. As a SUNY college graduate and now a part-time Baruch College student, studying to get my MPA, I can personally attest to the impact student loan debt has had on my ability to stay matriculated into my program and finish my degree. I do not qualify for any federal, state, or city financial aid (loans are not financial aid), and I simply cannot afford to saddle myself with more student loan debt than I already have. Moreover, as a staff member with NYPIRG who deals with thousands of students throughout NYC, I hear stories everyday of students having to suspend their education, drop out altogether, take on massive loans, and more.

Thank you for inviting us to testify today on this important issue and we look forward to working with you to come up with real-time solutions that foster access to higher education by providing sustainable financial aid programs to reduce student loan debt and drive student success.

Testimony of Kathleen Jordan, Brooklyn College

When I applied to college at the age of 18, I had no clue how I was going to pay my tuition. My dad has never attended college and my mom enrolled the year before I started. Somehow, my parents and I never had the discussion on how I was going to pay for my education. I went to the financial aid office on my first day of school where I was immediately handed a form to apply for a student loan. That was the first legal contract I had ever signed, and I had signed it without

an ounce of research. I didn't know what else to do because I didn't want to be dropped from my classes. I became more knowledgeable the longer I attended college – but student loans are the primary way I am paying my tuition and expenses. Unforeseen costs like textbooks, metro cards and food add a huge amount to what I have had to borrow.

Unfortunately, my story is not unique. When I attended Borough of Manhattan Community College, there were plenty of families with more than one person enrolled. The financial aid office is always full of students who don't have a plan for how to pay their bills. As you on city council all know, it is difficult to control how financially prepared people are for college. However, you do have the power to make sure that when students start looking for ways to pay for school that the scholarships and opportunity programs exist. It makes a huge difference to the total bill at the time of graduation.

Testimony of Veronica Pires, Borough of Manhattan Community College

My name is Veronica Pires and I am a full-time student at Borough of Manhattan Community College. My experience with student loans is not a good one. In fact, because of student loans, my education has been delayed, my studies have been hampered, and I am less optimistic about my future than I was when I graduated high school.

Like many others, the rising cost of a college degree meant that I had to depend on lenders in order to finance my education. So, I signed my name on countless dotted lines, but was not educated about how the loans would work. I had no idea that these school loans would affect me for the rest of my life.

I ended up defaulting on my loans and therefore could not file for financial aid to continue on with school. So for nearly six years, I was not in school because of financial hardships. When I had my daughter in 2007, and filed taxes for that year, my loans were paid off because they kept my tax return. Finally, I was able to reapply for school and also get the financial aid I needed. Unfortunately, during my young adult years, I challenging financial decisions to make and had to take out private loans for other things that I needed to pay for. Now I'm finding out that my past is going to haunt me for a long time to come. For instance, I have seen first-hand how employers are denying people jobs because of their credit history. When I start looking for a job online and see certain jobs that say they do credit checks, I don't even apply because I know with my loans and my credit history I'm not going to get that job. But I'm a good worker and my credit history doesn't determine my ability to perform well at my job.

I am currently interning at Brooklyn Community Service where I am assisting clients in finding employment. Recently, I went to Planet Fitness in Brooklyn with a client who was interviewing for a job and they asked the client to authorize a credit check. I could not believe that a job that even a low paying job will (or will not) hire people based on their credit history. When so many honest, hard-working people have had their credit affected by things beyond their control, it seems unfair that they should struggle to find the very jobs that will help them get their lives together. I know for myself, I am frightened that I will be denied a job after I graduate because of my credit history.

There's always a reason behind why people have bad credit. You don't know if it's because they have school loans like me, or medical debts, or other unforeseen events. There are always things in people's lives that you don't know about. This is my last semester at BMCC and I am looking forward to transferring to a four-year school. I hope that the Council will protect me from credit discrimination so that all the work I'm doing to earn my degree isn't for nothing and that when I graduate, I'll be eligible for a good job.

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- ⁱ CFPB, “Annual Report of the CFPB Student Loan Ombudsman,” October 2012, Page 2, http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf (January 9, 2013).
- ⁱⁱ CFPB, “Annual Report of the CFPB Student Loan Ombudsman,” October 2012, Page 4, http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf (January 9, 2013).
- ⁱⁱⁱ The Atlantic: Business, “Chart of the Day: Student Loans Have Grown 511% Since 1999,” August 2011, <http://www.theatlantic.com/business/archive/2011/08/chart-of-the-day-student-loans-have-grown-511-since-1999/243821/> (16 August 2012).
- ^{iv} Center for American Progress, “The Student Debt Crisis,” Anne Johnson, October 2012, Page 10, <http://www.americanprogress.org/wp-content/uploads/2012/10/WhiteStudentDebt-3.pdf> (January 9, 2013).
- ^v Federal Reserve Bank of New York, “Grading Student Loans,” Meta Brown, March 2012, <http://libertystreeteconomics.newyorkfed.org/2012/03/grading-student-loans.html>, (January 9, 2013).
- ^{vi} Pew Research Center: Social & Demographic Trends, “A Record One-in-Five Households Now Owe Student Loan Debt: Burden Greatest on Young, Poor,” September 2012, <http://www.pewsocialtrends.org/2012/09/26/a-record-one-in-five-households-now-owe-student-loan-debt/> (10 January 2013).
- ^{vii} Bloomberg.com, “Cost of College Degree in U.S. Soars 12 Fold: Chart of the Day,” Michelle Jamrisco & Ilan Kolet, August, 15 2012, <http://www.bloomberg.com/news/2012-08-15/cost-of-college-degree-in-u-s-soars-12-fold-chart-of-the-day.html> (8 January 2013).
- ^{viii} New York State United Teachers, “NYS Public Tuition Rates 1971-Current,” Jacob Crawford, (10 January 2013).
- ^{ix} Student PIRGs, “Making Textbooks Affordable,” Spring 2013 <http://www.studentpirgs.org/sites/student/files/resources/S13%20Textbooks%20Project%20Packet.pdf> (22 January 2013).
- ^x The College Board: Big Future, “Quick Guide: College Costs,” <https://bigfuture.collegeboard.org/pay-for-college/college-costs/quick-guide-college-costs> (22 January 2013).
- ^{xi} U.S. Government Accountability Office, “Enhanced Offerings Appear to Drive Recent Price Increases,” July 2005, <http://www.gao.gov/products/GAO-05-806> (28 January 2013).
- ^{xii} Stone, Charlie, Carl Van Horn & Cliff Zukin. Chasing the American Dream: Recent College Graduates and the Great Recession. Rutgers State University. May 2012.
- ^{xiii} Society of Human Resources Management, Background Checking: Conducting Credit Background Checks, January 22, 2010, <http://www.shrm.org/Research/SurveyFindings/Articles/Pages/BackgroundChecking.aspx>