



Vilda Vera Mayuga
Commissioner

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nyc.gov/dcwp

United States Department of Education
Via Electronic Submission

Re: Notice of Proposed Rulemaking/Student Loan Assistance – Docket ID ED-2025-OPE-0016

May 5, 2025

The City of New York (the City) writes in response to the U.S. Department of Education (ED)’s Notice of Proposed Rulemaking proposing changes to student aid regulations, including those governing Public Service Loan Forgiveness (PSLF) and Income-Driven Repayment (IDR). The PSLF program is a crucial resource for borrowers in New York City and directly supports the ability of our and other municipal governments to recruit and retain public sector workers—from police officers and firefighters to health care and sanitation workers. We urge ED not to remove debt relief options for public service workers or raise payments for borrowers with low-incomes, which would increase debt among New York City families, destabilize our local economy, and discourage young people from pursuing degrees, technical education or other career paths leading to public service.

The New York City Department of Consumer and Worker Protection’s (“DCWP”) mission is to protect and enhance the daily economic lives of New Yorkers to create thriving communities. Through community outreach, DCWP empowers New Yorkers by providing them with the tools and resources they need to be educated consumers and to achieve financial health. DCWP also conducts research and advocates for policy that furthers its work to support New Yorkers.

Over the last decade, DCWP has made student loans a major focus of the agency by:

- Providing free one-on-one financial counseling to New York City residents through DCWP’s Financial Empowerment Centers;
- Producing original research and reports focused on student loans;
- Advocating for expanding affordable student loan repayment efforts;
- Initiating a consumer protection lawsuit resulting in \$20 million of student debt relief from for-profit school Berkeley College; and
- Disseminating student loan materials to New Yorkers, including major public awareness campaigns like the current campaign centered around ensuring City employees are enrolled in IDR plans and PSLF as an employee benefit.

Since 2017, DCWP has made confronting the student loan debt crisis a priority. According to DCWP research, 1 in 6 New Yorkers had student loan debt and more than half of student loan holders in New York City owed more than \$20,000. About half of student loan holders indicated that student loan debt had delayed or prevented them from making at least one



major life choice like saving for retirement or purchasing a home.¹ New York City residents with student loan debt need access to a fair and affordable student loan system. On behalf of our residents with student loan debt, their families, and our communities, we submit the following comments on the proposed rulemaking:

Restricting student loan forgiveness under PSLF would harm public service workers and employers – and any such changes require congressional action. With the current high cost of living, ED must ensure full access to PSLF. President Trump’s Executive Order on March 7th of this year directing ED to create new regulations restricting student loan forgiveness eligibility under PSLF² targets not only public service workers, but the local governments and organizations who employ them.

Over 300,000 public servants are employed by the City of New York, serving critical roles, including teachers, social workers, firefighters, and nurses, and an estimated 60,000 of them hold student loan debt.³ The New York City nonprofit sector also employs an additional 662,000 workers who provide vital educational, health, and social services for residents.⁴ These individuals work every day to serve their fellow New Yorkers, uplifting communities and making our city safer and stronger.

PSLF allows public service workers across the country – who make 10 years of loan payments while often forgoing higher private sector wages – to avoid lifelong student loan debt. The PSLF statute was passed by Congress and signed into law by President Bush in 2007 as part of the College Cost Reduction and Access Act. The law does not allow a President or ED to restrict PSLF eligibility to an otherwise-qualifying organization based on its activities. Importantly, the definition of a qualifying public service employer does not exclude any organization based on such organization’s ideology or geographic location, ensuring that public servants across the country can access critical debt relief without subjective and administratively complex eligibility barriers.

While PSLF is a vital program that should be protected, DCWP acknowledges that operational reforms could improve efficiency and effectiveness for both ED and borrowers. PSLF is a benefit intended to encourage and incentivize student loan holders to pursue a career in public service, but the complicated rules have resulted in only 2.3% of processed applications being accepted since November 2020.⁵ With the recent reduction in staff capacity at ED, we are concerned that employee certification and application processing will be further burdened and delayed for borrowers.

In addition to protecting PSLF access, we urge ED not to make any changes that could limit access to affordable repayment options or make repaying student loans more costly. Since there are already so few options, DCWP advises nearly all New Yorkers who are struggling with student loan debt to enroll in IDR plans which tie student loan repayment to income. Typically, this results in monthly payments that are significantly lower than those of a 10-year repayment plan, reducing financial stress for families and the need for government

¹ <https://www1.nyc.gov/assets/dca/downloads/pdf/partners/StudentLoanDebtSurvey-Report-2021.pdf>

² <https://www.whitehouse.gov/presidential-actions/2025/03/restoring-public-service-loan-forgiveness/>

³ New York City employs about 330,000 people, see: <https://bcny.org/research/nyc-employee-headcount> According to our research, 15 percent of New York City adult residents with a credit file have student loan debt, see <https://www.newyorkfed.org/medialibrary/media/outreach-and-education/community-development/creditconditions/student-loan-borrowing-nyc-neighborhoods.pdf>

⁴ <https://comptroller.nyc.gov/reports/the-economic-impact-of-nyc-nonprofit-organizations/>

⁵ <https://educationdata.org/student-loan-forgiveness-statistics>



benefits and services. Through its Financial Empowerment Centers, DCWP has observed how transformational IDR programs are. Nearly seventy percent of clients reporting successful student loan reductions are enrolled in qualifying IDR plans under PSLF program, with an average amount of \$94,600 per client. The impact can extend beyond student loans, including improving financial outcomes, often leading to increased credit scores, more savings, and the ability to pay off other types of debt. With the help of a DCWP financial counselor, one client was able to submit the required paperwork from a prior employer which had ceased operations and was ultimately appropriately credited with 45 months of qualifying payments towards public service loan forgiveness.

With the last of the pandemic-era protections set to expire over the next six months, it is more urgent than ever to provide borrowers with a student loan system capable of delivering payment relief and debt forgiveness. According to a recent Federal Reserve paper, researchers expect student loan delinquency to surpass pre-pandemic levels when new delinquencies hit credit reports.⁶ An estimated nine million student loan borrowers are likely to face substantial declines in credit standing over the first quarter of 2025 as result of these delinquencies. We must also take precautions to continue to ensure that educated professionals and skilled workers opt to serve in public sector roles to ensure that our City and our country continue to function well.

We urge you to protect PSLF and income-based student debt relief programs like PAYE and ICR – and we strongly oppose any reforms that would undermine these vital, and lawful, protections.

Respectfully,

A handwritten signature in black ink, appearing to read "Vilda Vera Mayuga". The signature is fluid and cursive, with a large initial "V" and a long, sweeping tail.

Vilda Vera Mayuga
Commissioner, New York City Department of Consumer and Worker Protection

⁶ Daniel Mangrum and Crystal Wang, “Credit Score Impacts from Past Due Student Loan Payments,” Federal Reserve Bank of New York *Liberty Street Economics*, March 26, 2025, <https://libertystreeteconomics.newyorkfed.org/2025/03/credit-score-impacts-from-past-due-student-loan-payments/>.