

Manhattan - 11 People
Bronx - 16 People
Brooklyn - 2 People
Queens - 1 People
Staten Island - 1 People



A BET ON DEBT



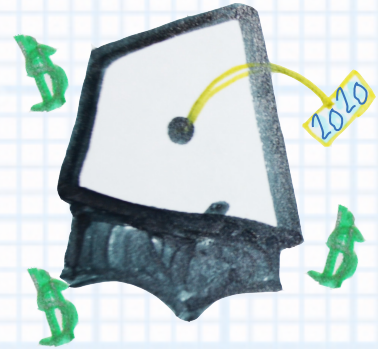
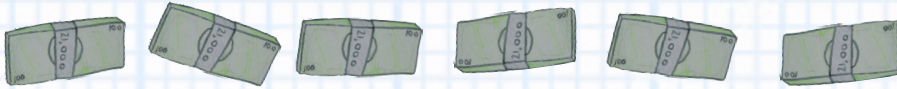
- Shih
- Waf
- Beatr

Class / Wafa's group

WHY IS THERE SO MUCH STUDENT LOAN DEBT?

In New York City, more than one in six adults – about 1 million people — have at least one student loan. Collectively, these New Yorkers owe \$34.8 billion!

What should students and their families know before taking out a loan to pay for college? How do student loans impact your future?



In the spring of 2019, CUP collaborated with Teaching Artist Elizabeth Peralta and Grace Beniquez's internship class at the International Community High School (ICHS) in the Bronx to dig deep into the issue of student loan debt and its impact on students and their families. To investigate, students got out of the classroom to speak to community members, interviewed stakeholders working on the issue, and created art to visualize the potential pitfalls of student loans.

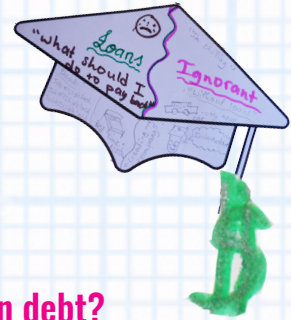
Students created this booklet to teach others what they learned and to help other students and their families navigate the complicated world of student loans and debt.



What is a student loan?

“Student loans are money that people borrow to cover the cost of education they receive after high school, which could be vocational training, an associate’s degree, a bachelor’s degree, a graduate degree or a professional degree.”

—Amelia Josephson, Policy Analyst, Office of Financial Empowerment,
New York City Department of Consumer Affairs



What is student loan debt?

“After people leave school, whether or not they leave with a degree, they have to repay their loans... and that’s where the debt comes in.”

—Amelia Josephson



WAIT, HOW MUCH DEBT?

\$1.5 trillion: total student loan debt owed in the U.S.

\$82 billion: total student loan debt owed in New York State

\$34,000: average student loan debt owed by New Yorkers

HOW DO STUDENT LOANS WORK?

When you take out a student loan, you have to pay back **the amount you borrowed** plus **interest**, a percent of the loan.

You can find the **interest you owe every month** like this:

$$\begin{array}{l} \text{Principal} \\ \text{Balance} \end{array} \times \begin{array}{l} \text{\# of days} \\ \text{in the month} \end{array} \times \begin{array}{l} \text{Interest} \\ \text{Rate} \end{array} \div \begin{array}{l} \text{\# of days} \\ \text{in a year} \end{array} = \begin{array}{l} \text{Monthly} \\ \text{Interest} \\ \text{Payment} \end{array}$$

[This is the amount you borrowed.] *[This is the fee you pay to borrow money from a lender.]*

Let's look at an example. Say you borrowed **\$10,000** at a **5% interest rate**. You would find your **monthly interest** like this:

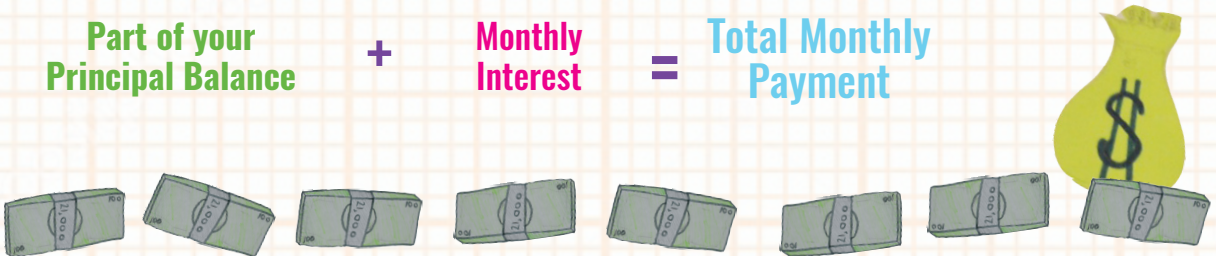
Example:

$$\begin{array}{l} \$10,000 \\ \end{array} \times 30 \times 0.05 \div 365 = \begin{array}{l} \$41 \end{array}$$

[This is the amount of interest you owe every month.]

You can find your **total monthly payment** like this:

$$\begin{array}{l} \text{Part of your} \\ \text{Principal Balance} \end{array} + \begin{array}{l} \text{Monthly} \\ \text{Interest} \end{array} = \begin{array}{l} \text{Total Monthly} \\ \text{Payment} \end{array}$$



WHAT ARE THE DIFFERENT KINDS OF LOANS?



Federal Student Loans

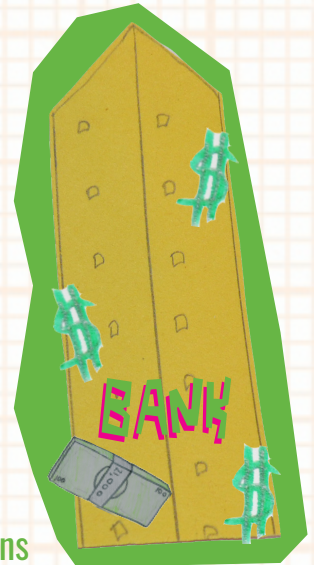
- Apply through the FAFSA
- Money borrowed from Federal Government
- Limits on amount of money you can borrow
- Interest rate locked in at the time you borrow (currently around 5%)

To learn more about FAFSA and apply, visit: studentaid.ed.gov/sa/fafsa.



“Be very wary about private student loans... Not only do they not offer great repayment plans but more than likely [you] would probably require a co-signer [like a parent].”

—Scott Ahrens, Student Protection Program Administrator,
New York State Department of Financial Services



Private Student Loans

- Money borrowed from private banks and other financial institutions
- No limit on the amount of money you can borrow
- Interest rates will probably increase over time (can be over 10%)



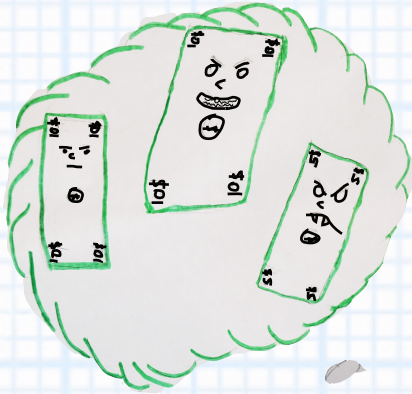
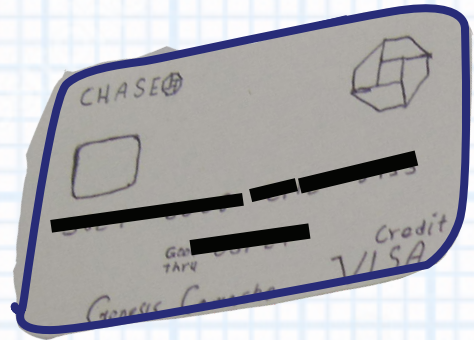
HOW DOES STUDENT LOAN DEBT AFFECT OUR FUTURE?

You are **delinquent** on your loans if you are late or miss payments. After nine months, you will be in **default**. This can have serious consequences. Read on for tips and resources to help you manage your student loans.

Debt Can Make Life Really Hard

“If you have too much debt it can mean that you don’t have enough money to pay for basic expenses like housing and food, childcare, and healthcare.”

—Amelia Josephson



Student Loans Don't Disappear

“Student loans never go away.... If you stop paying it and it defaults, there’s going to be a penalty placed on the loan. But the interest keeps [growing]. [Eventually] it’s going to be assigned to a collection agency and they’re going to try and contact the individual. They’re ultimately going to try to find out where the individual is working and then they can [collect] some of their wages.”

—Scott Ahrens



WHO'S MOST AT RISK OF DEFAULTING ON THEIR STUDENT LOANS?



Students from the Bronx and Brooklyn

“[The New York City neighborhoods with] the highest default rates on student loans [are located] in the Bronx and in Brooklyn.”

—Amelia Josephson

Students of Color & Students from Low-Income Communities

“Students of color and students from low income communities are at higher risk of defaulting on their student loans, which makes sense when you consider that they might not have the same access to [financial] support from family and from their community and might face some discrimination in the labor market.”

—Amelia Josephson



Students Who Attend For-Profit Colleges & Independent Students

For-profit schools are private schools run as businesses. They're usually expensive and many of their programs are unaccredited.

“When students attend for-profit schools, if they go to school part-time or if they leave without finishing their degree—what we call ‘non-completion’—that puts them at higher risk for default. Independent students ... who go to college a little later, or have other circumstances like maybe they have kids when they go to college, they're at higher risk of default and so are veterans.”

—Amelia Josephson



WHO BENEFITS FROM STUDENT LOANS?



Students

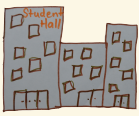
“Some research says that as borrowing increases, graduation rates increase too. But only up to around \$10,000. If a student needs a little bit of loan assistance to really make it possible to focus on school and [graduate] on time that’s not always a bad thing.”

—Amelia Josephson

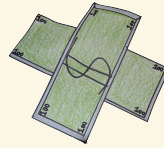
“People with bachelor’s degrees earn on average over \$1 million more over their lifetime than somebody with a high school diploma. Let’s say you do go \$30,000 dollars in debt [from] student loans, but over your lifetime you’re going to earn a million more dollars... It’s a great investment... As long as you manage it properly.”

—Scott Ahrens





WHO BENEFITS FROM STUDENT LOAN DEBT?



Debt Collection Companies

“There are private debt collection companies that benefit from this system. They collect pretty [high] fees when people go into default. [For private loans] the repayment system is harder to tie your payments to your income [to make your payments more affordable].”

—Amelia Josephson

Loan Servicers

“[Loan servicers] are companies that get paid [by the federal government] to administer the student loan system... When you graduate from college ... you get a letter from a private company that says, ‘We’re managing your loans. Every month when you make a payment you pay us and if you want to change your payment plan talk to us.’”

—Amelia Josephson



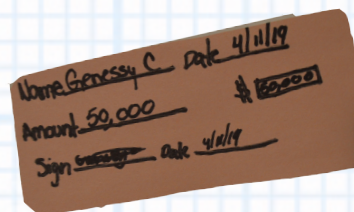
WHAT YOU NEED TO KNOW...

BEFORE YOU TAKE OUT A STUDENT LOAN

Consider Public Universities

“A lot of students make the mistake of going to NYU or Columbia or the private college with the name brand and not going to a CUNY where they would graduate debt-free.”

—Scott Ahrens



To find scholarships available to New York students, visit: hesc.ny.gov/pay-for-college.



Apply for Scholarship & Grants

“Scholarships and grants are more valuable [than loans] because you don’t have to pay them back.”

—Amelia Josephson

Don’t Borrow More Than You Actually Need

“[Loan Lenders] are going to offer you thousands of dollars extra. If you don’t take it you are going to graduate with less debt.”

—Scott Ahrens

Negotiate with the Financial Aid Office

“You can call the financial aid office of the college that you really want to go to and say, ‘I really would like to attend your school, but I have much better offers [of less loan debt from other schools]. What can you do?’ It’s a negotiation.”

—Scott Ahrens

Let’s negotiate!



WHILE YOU'RE IN SCHOOL

Work, But Leave Enough Time for Studying

"A lot of people work when they're in college. The thing about working while you're in school is that you want to make sure that it's not cutting into the time you need to do your schoolwork."

—Amelia Josephson



Reduce Your Cost of Living

"Students can sometimes underestimate the cost of living expenses - things like your housing, transportation, your meal plan... Sometimes there are ways to cut down on what you borrow if you can be a little creative with some of those living expenses."

—Amelia Josephson



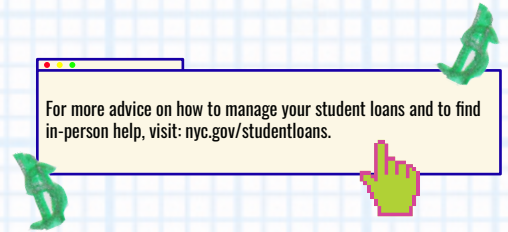
AFTER YOU GRADUATE

Communicate with Your Loan Servicer

"After graduation, you have six months from the end of your last semester to start repaying [a federal student] loan. Your loan will be assigned to a servicer... Always keep current your email address and phone number available to them. If you're having a problem with your student loan, please call them first thing. There are so many great programs available for folks who are struggling to repay their student loans."

—Scott Ahrens

For more advice on how to manage your student loans and to find in-person help, visit: nyc.gov/studentloans.



Go to a Financial Empowerment Center

"Financial empowerment centers... are places where you can go... for free confidential one-on-one financial counseling. Our counselors ... can help you choose a repayment plan that's right for you. The standard repayment plan, if you just have federal student loans [puts] you on a path to pay that debt off in 10 years."

—Amelia Josephson

HOW COULD THINGS BE DIFFERENT?

Pressure Politicians to Invest in Public Colleges & Universities

“The prices of college are too high. Part of that comes from state legislatures putting less money into public education systems... When the public schools raise the tuition, then the private schools can raise their tuition.”

—Amelia Josephson



Increase the Value of Pell Grants

“The value of the Pell Grant, which is for people from families that have modest means, is the lowest it’s ever been. It only covers about a 1/3 of the average cost of attendance.”

—Amelia Josephson

To learn more, visit: studentaid.ed.gov/sa/types/grants-scholarships/pell.



Make For-Profit Schools Provide More Information

“We have proposed rules that will make it so that for-profit schools have to share more information with students who are considering going to those schools [such as] the percentage of people that graduate on time.”

—Amelia Josephson



Hold Loan Providers & Collection Agencies Accountable

“We and the elected officials [in the New York State legislature] are proposing that the student loan servicers be regulated. [For example,] they have to make reasonable attempts to contact an individual [and] get them into an affordable payment plan.”

—Scott Ahrens



WHAT DO STUDENTS SAY?

"I learned that there are a lot of negative and positive effects of student loans and student debt. One takeaway is that you should be very careful in taking student loans and how much [you're] borrowing. Once you borrow... you're going to have to pay for it whether you like it or not."

—Oumar Kane, ICHS Student



"Student loans can help you a lot in your college but at the end the student debt will be a hard situation because you must pay everything. I would change the amount of interest that people have to pay."

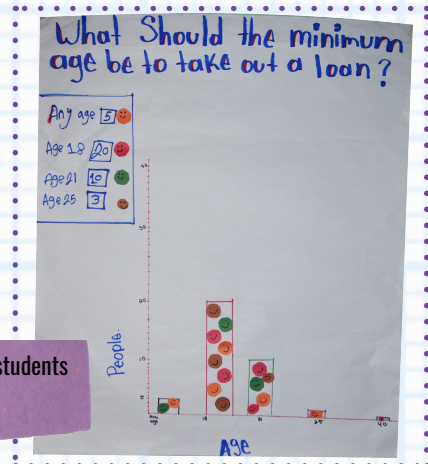
—Nashley Pichardo, ICHS Student



"I learned that student loans are a good way to get the money to go to college, but it can affect your credit if you don't pay it back."

—Ambar Polanco, ICHS Student

In the spring of 2019, ICHS students surveyed their peers about student loans.



"I think that there should be more programs to help students to pay their loans... It is surprising how many [people] are in debt in adulthood."

—Cristhine Rodriguez, ICHS Student

SHOULD COLLEGE
BE free?!



"I learned that there are a lot of alternatives to pay for student loans and also that most students haven't been educated about student loans."

—Fresa Fernandez, ICHS Student



The **Center for Urban Pedagogy (CUP)** is a nonprofit organization that uses the power of design and art to increase meaningful civic engagement, particularly among historically underrepresented communities.

City Studies are CUP's project-based, in-class and afterschool programs that use design and art as tools to research the city. To learn more, visit welcometoCUP.org.

The **International Community High School (ICHS)** is a progressive public school for English Language learners in the South Bronx. To learn more, visit ichs.weebly.com.

CUP

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ICHS

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