Household Debt In New York State

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

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Message from the Comptroller

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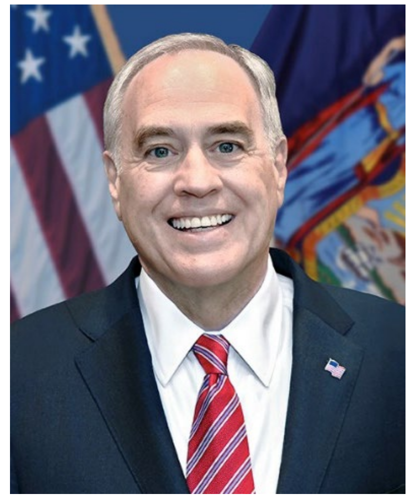

Debt is a reality for many Americans who juggle the demands of raising a family, saving for college and retirement, caring for aging parents and pursuing the dream of home ownership. Data from a 2018 survey conducted by the Financial Industry Regulatory Authority found that 28 percent of people in New York State with credit cards made only the minimum monthly payment; 41 percent of New Yorkers did not have a rainy-day fund to cover expenses in case of emergency; and 12 percent of homeowners owed more on their home than its current market value.

With rising inflation and surges in both home and auto prices, New Yorkers and consumers across the nation are experiencing growing household debt. High levels of pre-pandemic debt declined during the early part of the pandemic when an economic shutdown prompted lower spending and stimulus payments allowed consumers to pay down debt balances. In 2021, however, as pandemic relief efforts wound down and states relaxed distancing restrictions, consumer spending and credit card balances began to rise again, a trend continuing in 2022.

Used appropriately, consumer debt can be an important tool to achieving household financial goals. But care and caution must be exercised to avoid damaging effects to long-term financial health. In 2019, I signed an "Executive Order on Financial Literacy" which commits my Office to developing a comprehensive financial literacy program. Among other provisions, the Executive Order calls for reports on financial issues, including debt, student loans and mortgage defaults. Consistent with that requirement, this report provides a snapshot on household debt trends in New York. It also provides links to federal and State resources that could help New York State residents gain access to financial information that promotes and encourages well-informed financial choices. It is important that all New Yorkers are knowledgeable about personal finance and empowered to commit to financial wellness to help our State thrive in the modern economy.

Thomas P. DiNapoli
State Comptroller

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I. Executive Summary

When used responsibly, consumer debt, including home mortgages, auto loans, student loans and credit cards, can be a valuable tool to help New Yorkers achieve their household and financial goals. However, when used in excess or when necessary to support basic daily expenditures, household debt can become a burden that is a long-term threat to financial health.

The Federal Reserve Bank of New York ("FRBNY") regularly publishes data on household debt and credit that serves as an important resource to monitor changes in the total amount and composition of New Yorkers' consumer debt, as well as comparisons to the United States average and other states.[1] At the end of 2021, national household debt totaled $15.6 trillion, with New York households comprising $869.4 billion or 5.6 percent of the national total, ranking New York fourth in the nation (consistent with the State population rank) after California, Texas and Florida. These levels are now the highest on record, exceeding the previous high in 2008, during the Great Recession.

While there was a temporary decline in consumer debt across the nation at the beginning of the COVID-19 pandemic, debt levels began to rise shortly thereafter. As a result, New Yorkers' debt per capita totaled $53,830 at the end of 2021, slightly lower than the national figure of $55,810. The figures are calculated as an average across individuals with a credit report. New York fares better than the nation and five other states with large populations (the "peer group") when evaluating per capita consumer debt in relation to the average personal income level. On that measure, New York has a debt ratio of 57 percent of the average personal income compared to 73 percent for the United States.

New York does not fare as well on other important measures. Per capita student loans have quadrupled since 2003, although this growth is less than the national average. Since 2014, New York's growth rate for credit card debt has exceeded the national average and each of the peer states, with the exception of Florida. This is a concerning trend, as credit card debt typically has substantially higher interest rates than other types of household debt, and is indicative of financial stress when used for routine expenditures. Furthermore, the New York delinquency rate of 2.1 percent for all consumer debt exceeds the national average of 1.9 percent; and the New York delinquency rate for mortgage loans is highest in the peer group and, at 0.9 percent, nearly double the 0.5 percent national rate.

[1] Data used in this report come from the Federal Reserve Bank of New York's (FRBNY) Center for Microeconomic Data, including the Quarterly Reports on Household Debt and Credit and Annual Household Debt Statistics 2003-2021, as of February 2022. FRBNY's Consumer Credit Panel are based on Equifax credit-report data for a nationally representative random sample of individuals with a social security number and a credit report (usually aged 19 and over). More details regarding the FRBNY sample design can be found in the Data Dictionary available at https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/data_dictionary_HHDC.pdf. For purposes of this Report, FRBNY's Quarterly Report for the fourth quarter of 2021 (Q4 2021 Report) was used to ensure comparisons and calculations were consistent with use of the annual data for 2021 published in FRBNY's Annual Household Debt Statistics at https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2021q4.pdf. The most recently released data are at https://www.newyorkfed.org/microeconomics/hhdc.

New York residents have access to a variety of resources to help in navigating complex personal finance matters. For example, the Federal Trade Commission provides information about managing debt, credit scores and reporting, debt collection, and credit repair and debt relief programs at https://consumer.ftc.gov/credit-loans-and-debt/credit-and-debt. The Consumer Financial Protection Bureau also offers a breadth of information intended to better inform financial decisions: https://www.consumerfinance.gov/consumer-tools.

Looking forward, policymakers should carefully consider actions that can be taken to promote and expand access to financial literacy-related education for New York households as they navigate this challenging economic environment. When used wisely, consumer debt such as mortgages, auto loans, student loans and credit cards can be valuable tools for achieving household and financial goals. When used in excess, they may create unaffordable burdens that create damaging long-term consequences for New York households. Helping New Yorkers improve their financial health will help ensure the future economic prosperity of the State.

II. Household Debt in the Nation and New York

Total Household Debt: Current Snapshot

According to the FRBNY, total national household debt rose to $15.6 trillion in the fourth quarter of 2021 (fourth quarter), an increase of $333 billion (or 2.2 percent) from the previous quarter.[2] National household debt increased by $1 trillion in 2021, the largest nominal annual increase since 2007, for a total increase of $1.4 trillion since the end of 2019.[3] At the end of 2021, the aggregate U.S. household debt balance was 22.9 percent higher than the $12.7 trillion prior peak in 2008 during the Great Recession, and continued to climb by 4 percent in the first two quarters of 2022.[4]

In New York, total household debt increased to $869.4 billion in the fourth quarter, an increase of $3.7 billion (or 0.4 percent) from the prior quarter and $37.7 billion (or 4.5 percent) higher than the end of 2019. Statewide household debt saw temporary declines in the second and third quarters of 2020 but has been on the rise ever since, and has grown 2 percent in the first two quarters of 2022.

New York's household debt accounts for 5.6 percent of the federal total reported by FRBNY, ranking fourth in the nation after California, Texas and Florida, consistent with New York's share of the population with a credit report (5.8 percent).[5] A credit report contains information about prior and current credit activity, and is typically available for anyone who has at least one account with a lender reporting to a credit bureau.[6]

Per Capita Debt: New York vs. the Nation and Other States

The average household debt of people in New York with a credit report ("debt per capita") grew to $53,830 in the fourth quarter of 2021, less than the national average of $55,810.[7] As shown in Figure 1, New York's per capita debt ranks 2nd highest among the nation's five other most populated states (the "peer group"). California has the highest per capita debt in the peer group and is 46 percent higher than New York.

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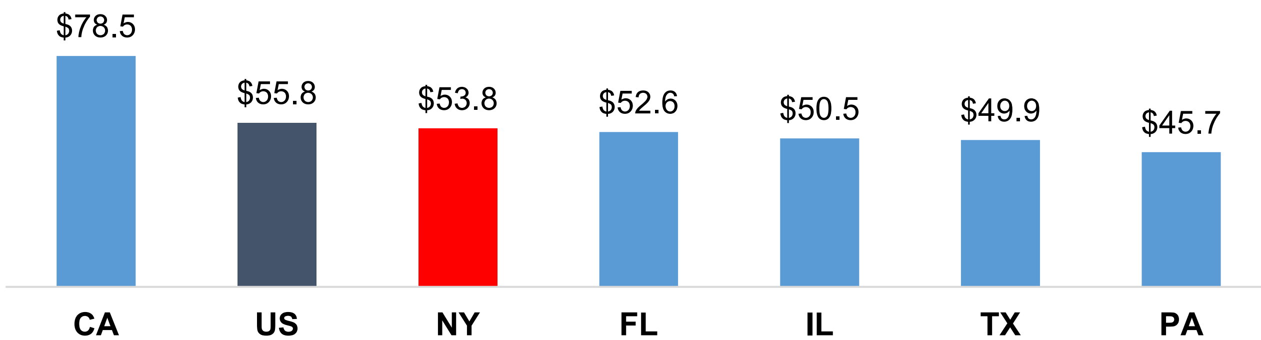
[2] See Q4 2021 Report.
[3] See Q4 2021 Report.
[4] According to the National Bureau for Economic Research, the Great Recession began in December 2007 and ended in June 2009. For more information, see https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions.
[5] See State Level Household Debt Statistics 2003-2021, FRBNY, February, 2022; New York Fed Consumer Credit Panel/Equifax data.
[6] Minors under the age of 18 typically do not have credit histories. In addition, according to the U.S. Consumer Financial Protection Bureau, 26 million Americans are "credit invisible," meaning they do not have any credit history with one of the three nationwide credit reporting companies. See Consumer Financial Protection Bureau, "Credit reports and scores key terms," accessed August 24, 2022, at https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/answers/key-terms/#credit-report.
[7] Per capita figures in this report, used to normalize state-to-state or state-to-nation comparisons where there are population differentials, are computed by dividing total debt figures from the data sample by the total number of people in the sample. Since FRBNY's sample includes all people with a credit report, the per capita averages may take into account people with a credit report who do not carry a current account balance. As such, these per capita figures do not represent average balances owed by people currently in debt.

Figure 1
Total Per Capita Debt: New York, the Nation and the Peer Group, 2021 Q4
(in thousands of dollars)

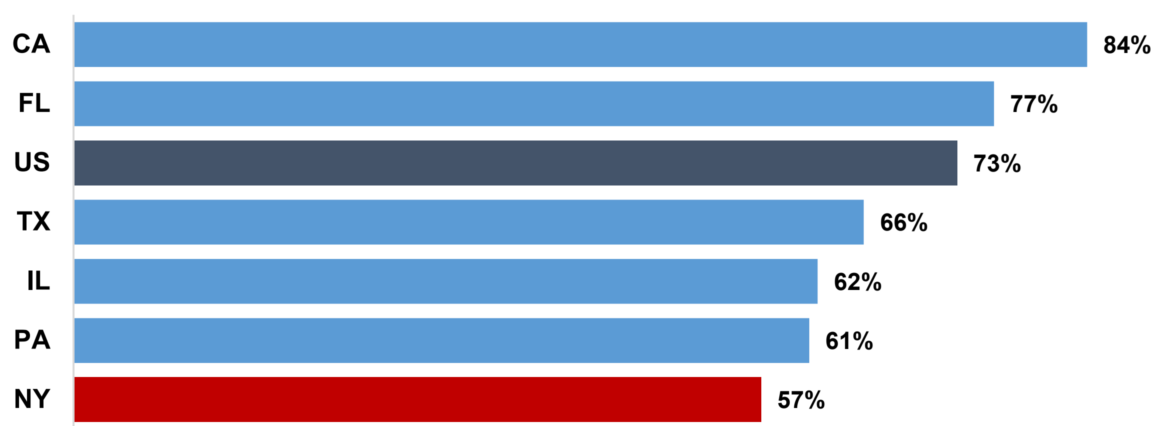


Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Differences in household debt levels among New York, the nation and the peer group may be attributable, in part, to varying levels of income from state to state. According to data from the U.S. Bureau of Economic Analysis, in 2021, Texas ($59,674) and Florida ($60,761) had the lowest per capita personal income among the group.[8] California and New York had significantly higher personal incomes per capita (over $76,000). (See Appendix.)

When looking at the ratio of household debt to income levels in these states and the nation, Figure 2 illustrates that New York had the most modest proportion at 57.1 percent. California, even with high levels of personal income, had the highest debt-to-income ratio, followed by Florida with the second highest. Among the group, only these two states carried a debt-to-income ratio that is higher than the national average.

Figure 2
Per Capita Household Debt as a Proportion of Per Capita Personal Income, New York, the Nation and the Peer Group, 2021



Source: State Level Household Debt Statistics 2003-2021, Federal Reserve Bank of New York, February, 2022; Bureau of Economic Analysis Regional Data, GDP and Personal Income; OSC calculations.

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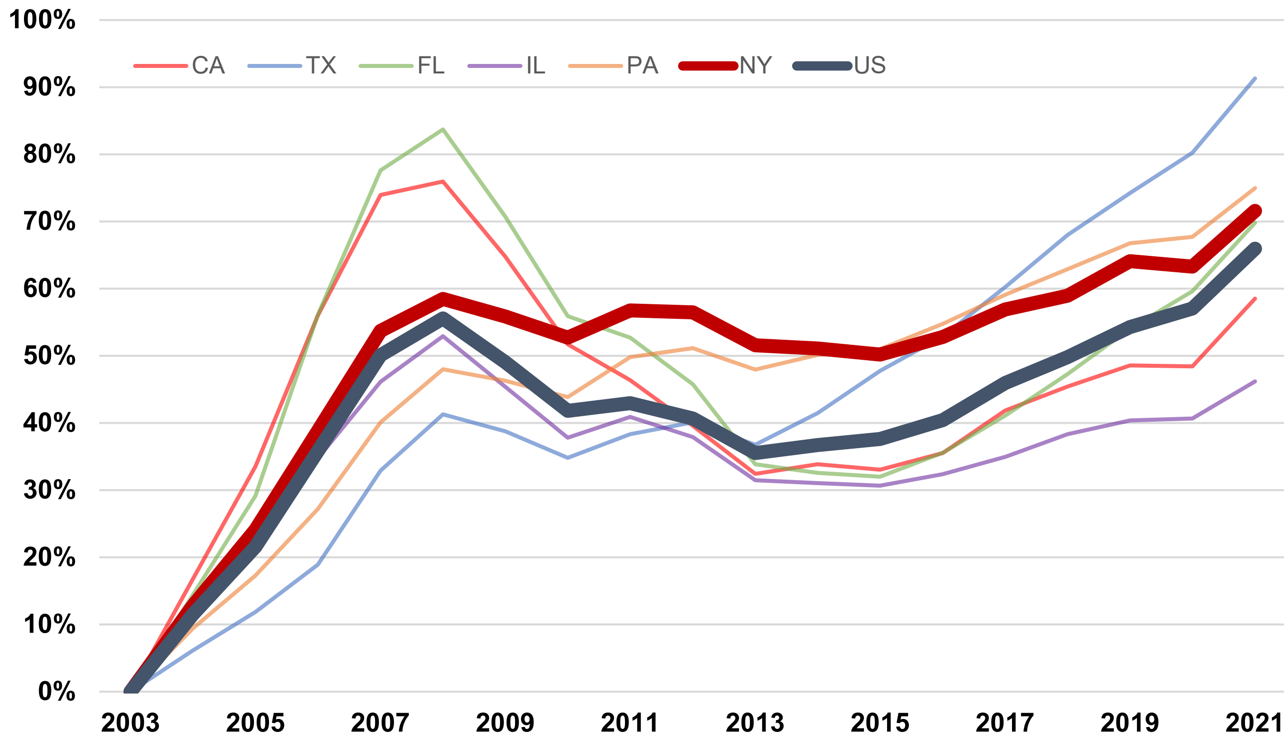
[8] Data from U.S. Bureau of Economic Analysis, Regional Data, GDP and Personal Income, https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4#reqid=70&step=1&isuri=1&acrdn=4 .

Long-Term Credit Trends

Growth in New York's per capita household debt since 2003 is similar to the national trend.[9] In the years leading up to the Great Recession, debt levels increased sharply. During and after the Great Recession, debt levels declined in most states, although at different rates, as credit availability tightened and debt was paid off. However, per capita debt started to increase again nationally in 2013. While New York saw a dip between 2013 and 2015, per capita household debt has been rising in the State since that time and is up more than 70 percent since 2003. Among the peer group, Illinois has the smallest growth in per capita debt since 2003 at 46 percent while Texas has the greatest at more than 90 percent, as shown in Figure 3.[10]

Figure 3
Indexed Growth in Total Household Debt Per Capita, the Nation, New York and the Peer Group, 2003 – 2021



Source: State Level Household Debt Statistics 2003-2021, Federal Reserve Bank of New York, February 2022; OSC calculations.

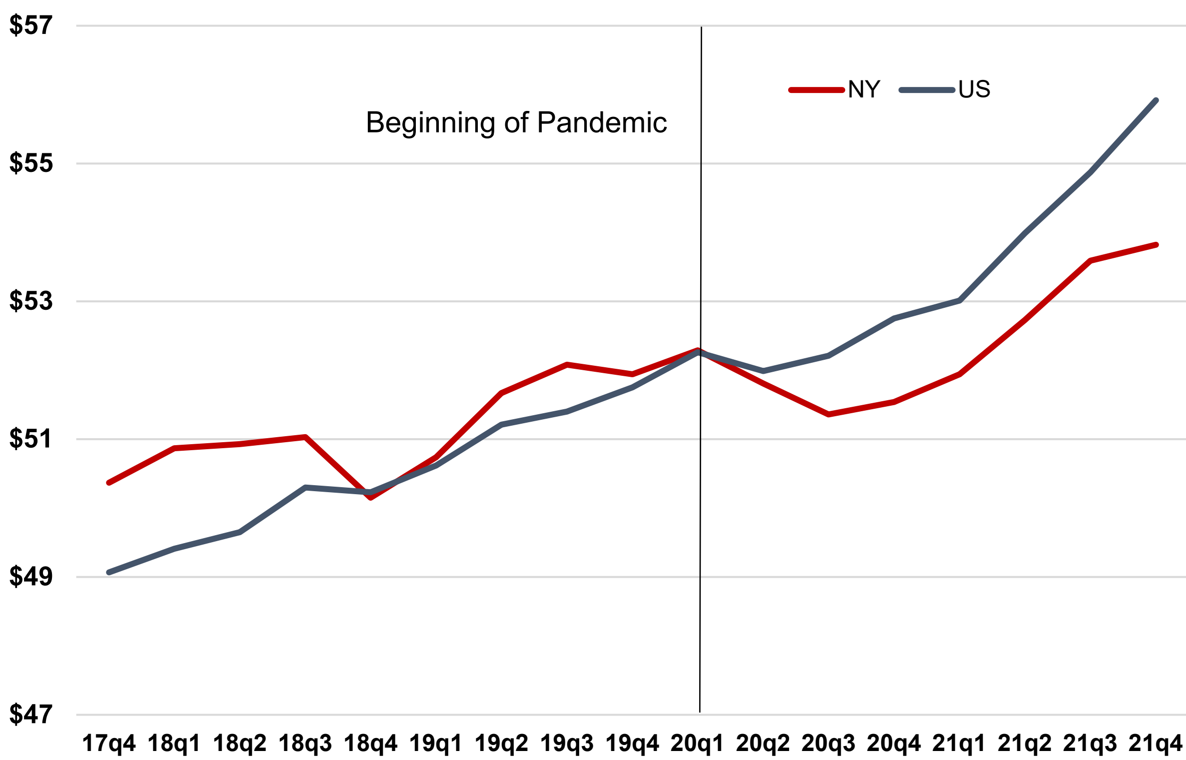
[9] Figures in this report discussing long-term credit trends are based on FRBNY's State Level Household Debt Statistics 2003-2021, and do not include U.S. territories such as Guam, U.S. Virgin Islands, Washington, D.C. and Puerto Rico. In addition, this data set does not include HELOCs or "other" debt (when combined, these two categories currently make up 5 percent of household debt in New York, 4.8 percent of nationwide debt and, on average, 4.8 percent of the remaining peer states' household debt). Due to these differences, national and state totals in FRBNY's State Level Household Debt Statistics 2003-2021 may not match those reported in FRBNY's Quarterly Report on Household Debt and Credit.

[10] Indexed growth is used to compare annual growth among numerous entities. Use of this metric also allows the reader to quickly gauge percentage changes between the initial time period and any subsequent time period.

Figure 4 looks more closely at the change in per capita debt levels starting in the two years prior to the pandemic. During that time, per capita debt grew 0.4 percent on average per quarter in New York compared to 0.7 percent nationally. The decline in New York's per capita debt in 2018 was primarily due to a short-lived decline in mortgage debt. Despite the slower growth rate, New York's per capita debt was typically higher than the nation leading up to the pandemic.

However, once the pandemic started, national debt began to grow more quickly and surpassed New York's per capita average. As the nation fell into recession between February and April 2020, there was a slight drop in New York's per capita household debt (-$930). Thereafter, in the fourth quarter of 2020, debt began to grow again in the State (by an average of $492 per quarter over the next year) but not as rapidly as nationally. As shown in Figure 4, at the end of 2021, New York's per capita household debt was about $2,000 less than the national average.

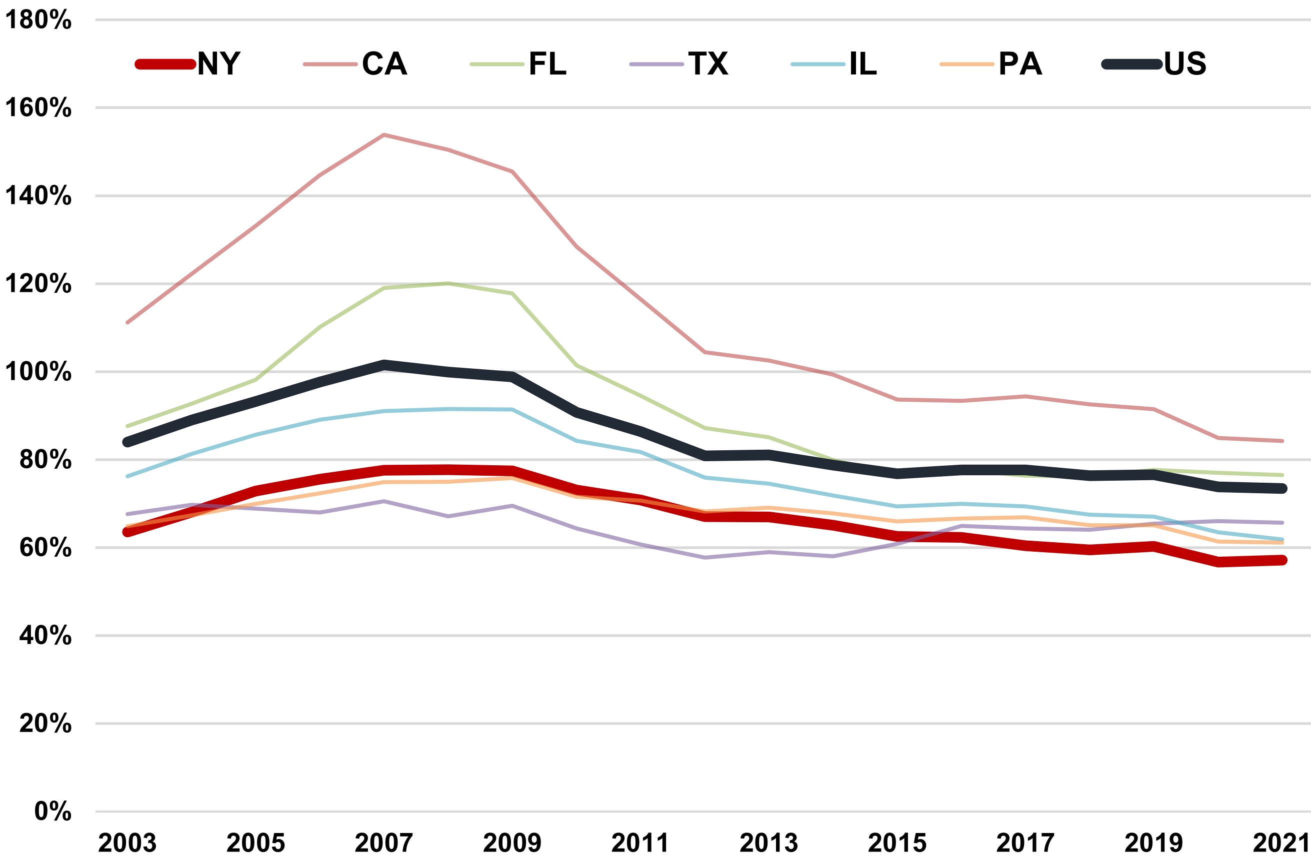
Figure 4
Recent Growth in Total Per Capita Household Debt,
New York and the Nation, 2017 Q4 – 2021 Q4
(in thousands of dollars)



Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Figure 5 illustrates that New York's ratio of household debt to personal income has remained below the national average since 2003, although the gap has narrowed over time, and was 57 percent in New York compared to 73 percent nationally in 2021.This measure, which is affected by population changes, indicates debt levels are high, but more manageable relative to income in New York than nationally and in the peer states, on average. In California or Florida, the amount of debt exceeded income in years prior to and after the Great Recession.

Figure 5
Per Capita Household Debt as a Proportion of Per Capita Personal Income, New York, the Nation and the Peer Group, 2003 – 2021



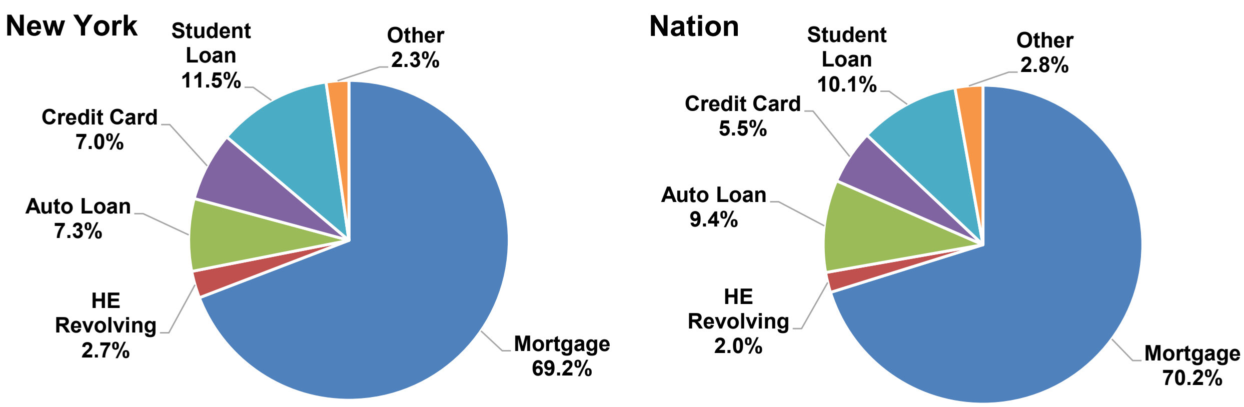
Source: State Level Household Debt Statistics 2003-2021, Federal Reserve Bank of New York, February 2022; Bureau of Economic Analysis Regional Data, GDP and Personal Income; OSC calculations.

III. Growth Trends in Types of Household Debt

Consumer debt takes on a variety of forms. In its reports on household debt and credit, the FRBNY includes the following types of accounts: mortgage accounts, home equity revolving lines of credit (HELOC), auto loans and leases, bank card accounts, student loans and "other" loan accounts. The "other" category includes "Consumer Finance (sales financing, personal loans) and Retail (clothing, grocery, department stores, home furnishings, gas, etc.) loans."[11]

Figure 6 illustrates total debt proportions by type for both New York State and the Nation.

Figure 6
Proportions of Total Debt by Component,
New York and the Nation, 2021 Q4
(percentage of total)



Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

As of December 31, 2021, Americans owed $10.9 trillion on housing, the largest component of household debt.[12] This figure, including both first mortgages and home equity installment loans (both closed-ended loans), represents 70.2 percent of total household debt nationally. Mortgage balances for New Yorkers totaled just under $601.2 billion, 69.2 percent of total household debt in the State.

The next highest category of personal debt is loans to finance educational expenses. Outstanding student loan debt in the nation stood at $1.6 trillion in the fourth quarter, accounting for 10.1 percent of the total household debt. In New York, student loans are a larger share of debt at 11.5 percent. Credit card debt also represents a higher share in New York (7 percent) than nationally (5.5 percent). Balances on credit card accounts issued by banks, credit card companies and other financial institutions were $855.7 billion nationally in December 2021.

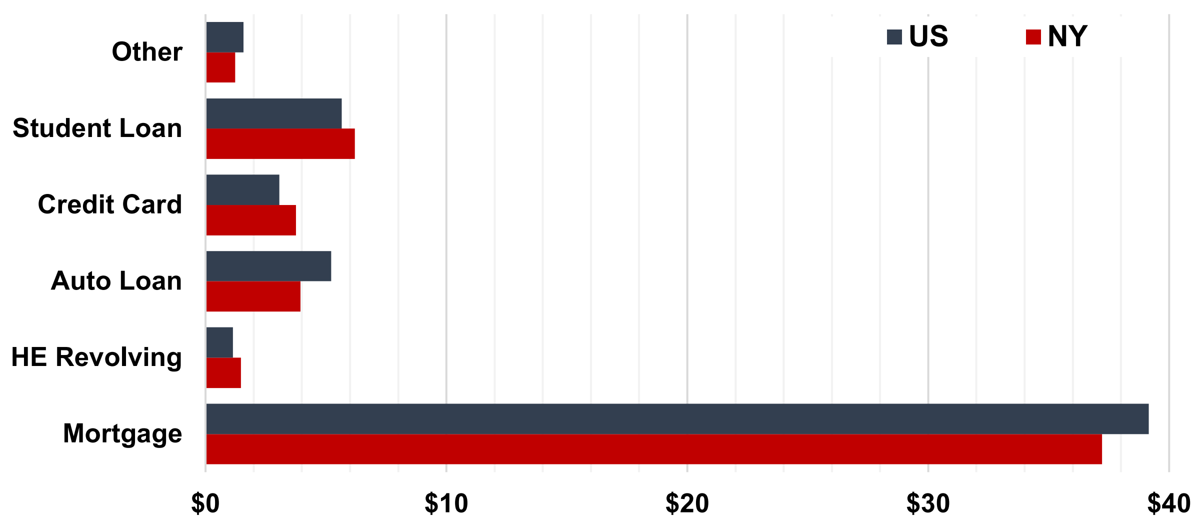
[11] See Data Dictionary at https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/data_dictionary_HHDC.pdf.
[12] See Q4 2021 Report.

Total balances on HELOCs have declined as of the end of 2021, now representing just 2 percent of total household debt. Unlike a home equity installment loan, HELOCs are more akin to a credit card, where the borrower can choose when and how often to borrow against a predetermined maximum credit amount. HELOC balances also continued to go down in New York, totaling 2.7 percent of the State's consumer debt.

Per Capita Debt Comparisons by Component: New York, the Nation and the Peer Group

As shown in Figure 7, when broken down by component, per capita debt in New York differs in notable ways from the national profile: mortgages and auto loan debt are lower, while credit card and student loan debt are higher. According to FRBNY, New York's per capita household debt for mortgages is approximately $37,220 (compared to $39,160 nationwide).[13] The next highest shares are for student loans ($6,200 per capita versus $5,650 for the nation), auto loans ($3,940 versus $5,220 nationally) and credit cards ($3,760 versus $3,070 nationwide). HELOCs represent $1,470 of New York's per capita household debt ($1,140 for the nation) and "other" credit sources account for $1,230 of the State's total per capita debt ($1,570 for the nation).

Figure 7
Per Capita Debt by Component, New York and the Nation, 2021 Q4
(in thousands of dollars)



Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Figure 8 compares the per capita debt of New York, nation and peer group. Among the peer group states, California has a significantly higher share of mortgage debt (representing 80.3 percent of California's total debt at $63,080 per capita).

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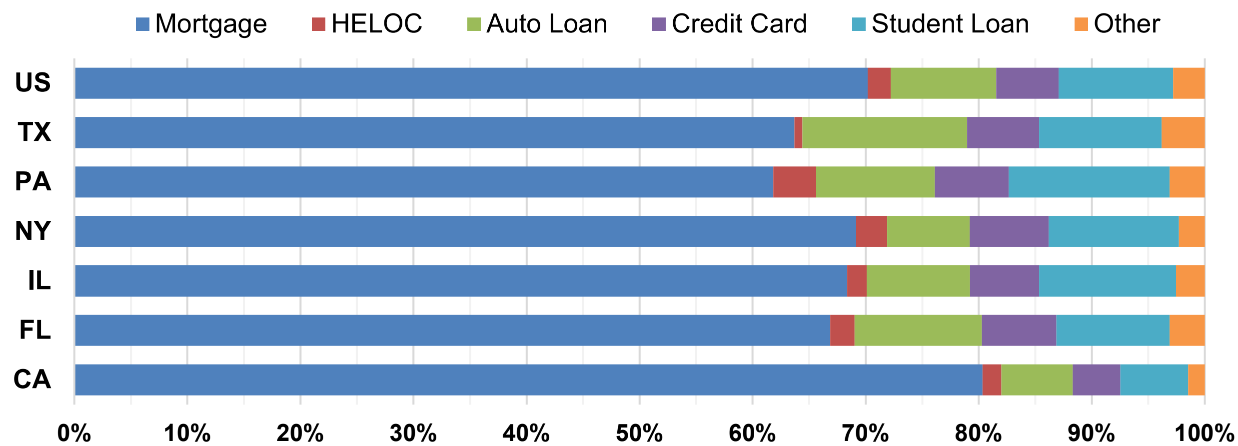
[13] Per capita averages published by FRBNY take into account individuals with a credit report that may not hold a mortgage balance, and therefore, will not represent the average mortgage account balance (or average for other debt components). According to FRBNY, as of the fourth quarter, there were 3.26 million New York State residents with a mortgage on their credit report (out of 16.1 million individuals with a credit report). This works out to an average outstanding mortgage balance of $184,480. While FRBNY has published more extensive data regarding average balances by account type, it stopped doing so with 2018 data.

Figure 8
Per Capita Debt by Component,
New York, the Nation and the Peer Group, 2021 Q4
(in thousands of dollars)

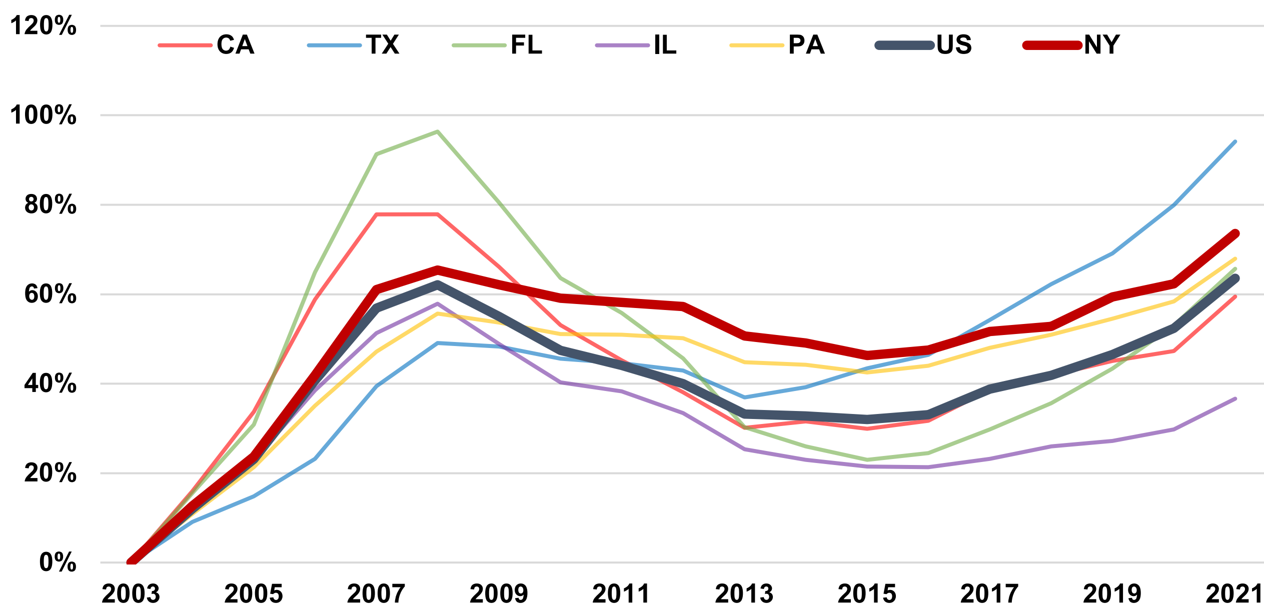


Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Mortgages: Growth Trends

Compared to the national average, New York households tend to have lower household debt associated with mortgages; however, between 2003 and 2021, per capita mortgage debt increased more quickly in New York (73.6 percent in total and by 3.1 percent annually on average) than nationally (63.6 percent in total and by 2.8 percent annually on average). New York ranked 23rd in the nation in terms of per capita mortgage debt growth during this time.

Figure 9
Indexed Growth in Household Mortgage Debt Per Capita,
the Nation, New York and the Peer Group, 2003 – 2021



Source: State Level Household Debt Statistics 2003-2021, FRBNY, February 2021; OSC calculations.

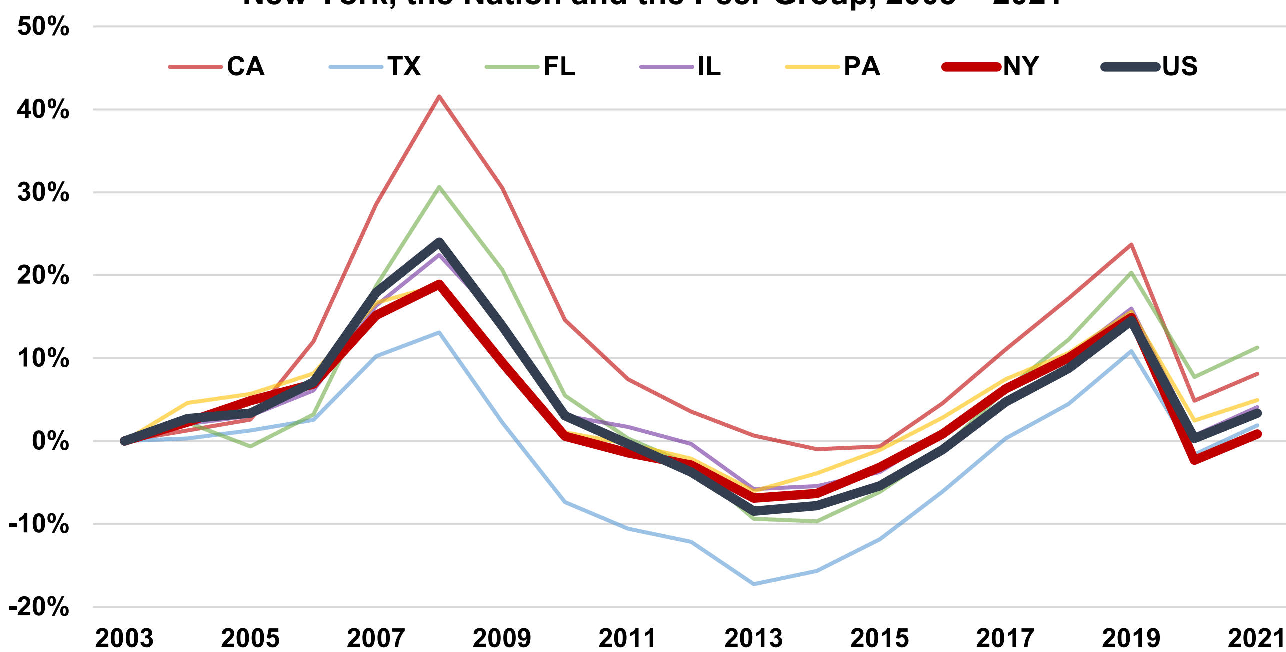
Much like other types of household debt, mortgage debt increased rapidly throughout the country in the years leading up to the Great Recession, including in New York. However, in the wake of the subprime mortgage crisis that began in 2007, there were many foreclosures across the country, and the number of new mortgage originations fell. Mortgage debt declined precipitously in many states immediately following the Great Recession. As shown in Figure 9, New York experienced declines from 2008 to 2015, a reduction of 11.6 percent over this time, although less drastic than other states.

Credit Cards: Growth Trends

In New York, credit card balances make up about 7 percent of total per capita household debt, which is high compared to other large states and the nation (5.5 percent). In California, per capita credit card debt makes up only 4.2 percent of the total.

As shown in Figure 10, since 2003, credit card debt nationally and among the peer group has seen a wide range of decline and growth, and has followed a similar pattern. After the economy sharply contracted during the beginning of the COVID-19 pandemic, debt associated with credit cards dropped in 2020, a similar trend to the plateau in 2008 and decline in 2009, during the period of the Great Recession. Overall, credit card debt has declined in 21 out of 50 states, although New York is not one of them. New York's annual credit card debt per capita increased 0.9 percent from 2003 levels, from $3,490 to $3,520 in 2021.[14] In comparison, the largest decline over the period occurred in Michigan (down 12.2 percent from 2003) and the largest increase was in Hawaii (up 12.6 percent). New York's per capita credit card debt level was 7th in the nation in 2021, a modest improvement from 2nd highest in 2003.

Figure 10
Indexed Growth in Credit Card Debt Per Capita,
New York, the Nation and the Peer Group, 2003 – 2021



Source: State Level Household Debt Statistics 2003-2020, FRBNY, March, 2021; OSC calculations.

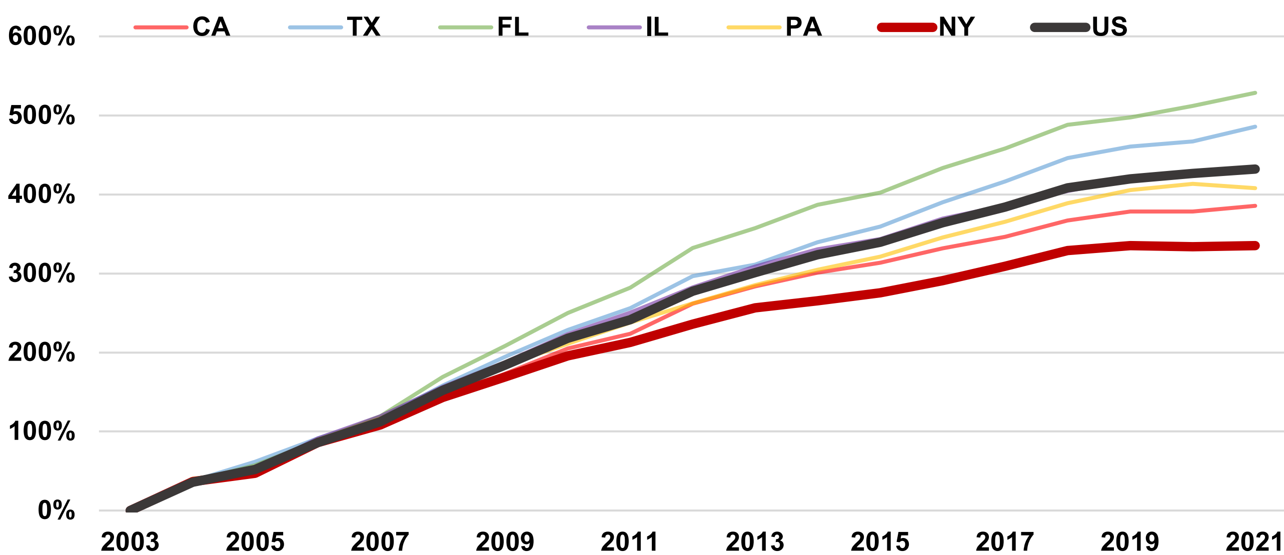
[14] This figure represents an average for 2021; the figure cited earlier in text ($3,760) is for the fourth quarter of 2021.

Although long-term impacts of COVID-19 on credit card usage remain to be seen, 2021 fourth quarter data from FRBNY indicates that credit card balances are starting to increase again, but remain $320 lower nationally and $260 lower in the State than they were prior to the pandemic, at the end of 2019.[15] The recent trend for per capita credit card balances nationwide and for New Yorkers is very similar over the most recent three-year period, although balances are rising slightly faster in New York over the last three quarters of 2021 ($450 in New York compared to $290 nationally).

Student Loans: Growth Trends

Nationally, as well as in New York and the peer group states, student loan balances have shown the most steady and significant increases since 2003 as compared to other debt types. In New York, total student loan debt has increased an average of 8.5 percent annually since 2003 (compared to the average annual 3.1 percent growth in mortgages over the same period). Student loan debt per capita has increased in triple digits since 2003 in every state. While New York's student loan debt per capita has increased 335.2 percent in the last 18 years, this is lower than most states (40th in the nation). For example, South Carolina's student loan debt per capita increased by nearly 761 percent and national average for student loan debt per capita increased by 432 percent over this time period.

Figure 11
Indexed Growth in Student Loan Debt Per Capita,
New York, the Nation, and the Peer Group, 2003 – 2021



Source: State Level Household Debt Statistics 2003-2020, FRBNY, March, 2021; OSC calculations.

The highest level of per capita student loan debt in 2021 was in Georgia, at $7,700 per capita (with the highest growth rate as well). The state with the lowest student loan debt per capita is Wyoming, at $3,670. New York's per capita student loan burden was $6,180 in 2021, 11th in the nation, representing growth of 335.2 percent from 2003.[16]

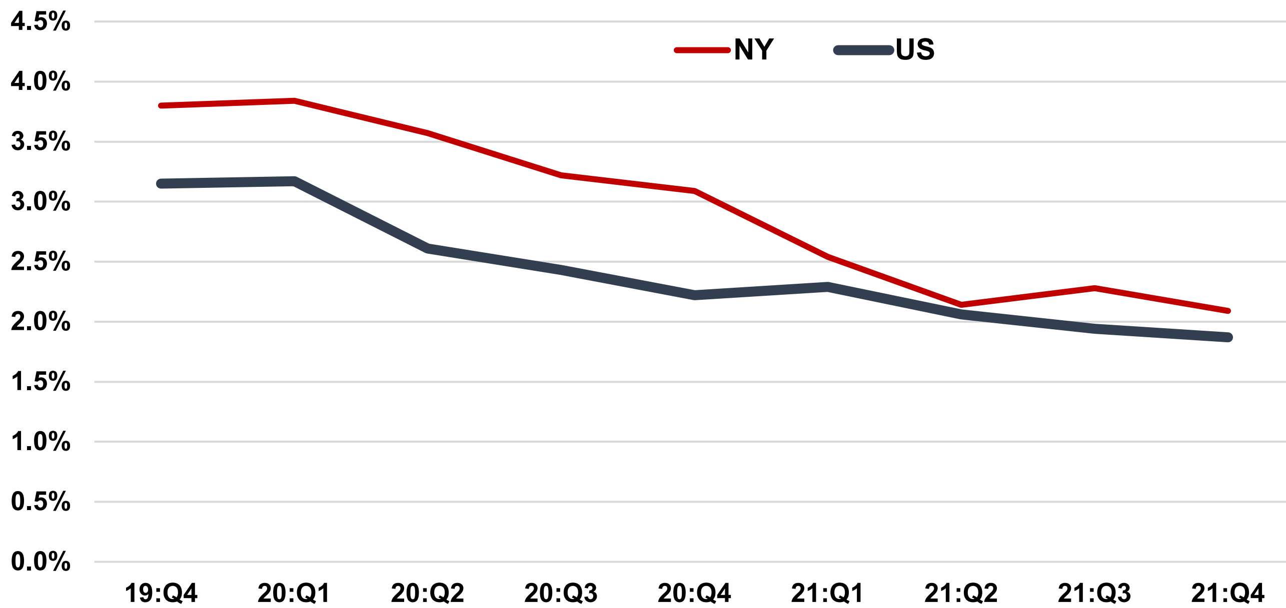
[15] Credit card accounts are "revolving accounts for banks, bankcard companies, national credit card companies, credit unions and savings & loan associations."
[16] This figure represents an average for 2021; the figure cited earlier in text ($6,200) is for the fourth quarter of 2021.

IV. Delinquencies

Total Delinquent Accounts

Another important measure of New Yorkers' financial health is the ability to pay off household debt in a timely fashion. In New York, 2.1 percent of household debt balances were reported as delinquent in the fourth quarter of 2021, meaning they are late by 90 days or more. This represents a slight decrease from the previous quarter, but a notable decline since the fourth quarter of 2019. New York has had a higher share of household debt in delinquent status than the national average, however, the difference between New York and national levels is smaller than it was before the pandemic.

Figure 12
Percentage of Balances 90 or More Days Late,
New York and the Nation, 2019 Q4 – 2021 Q4

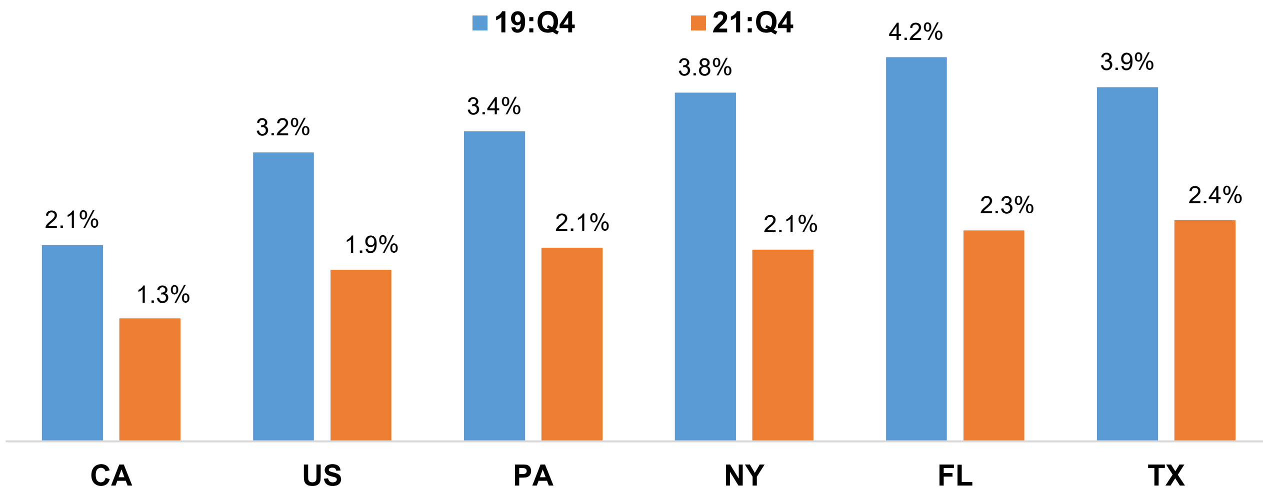


Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021; OSC calculations.

New York Versus the Peer Group: Two-Year Snapshot

With the exception of Florida, the proportion of household debt that is delinquent declined more rapidly in New York than the rest of the peer group and the nation as a whole between the fourth quarters of 2019 and 2021. New York's delinquencies decreased by 1.7 percent, followed by Texas (down 1.5 percent), Pennsylvania and the nation (1.3 percent each). While California saw the smallest two-year reduction (0.8 percent), it also enjoys the lowest overall share of delinquent debt in the peer group.

Figure 13
Percentage of Total Debt That Is Delinquent by 90 or More Days, New York, the Nation, and the Peer Group, 2019 Q4 and 2021 Q4



Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Impact of Federal Government COVID-19 Relief

Total delinquencies have significantly declined since the pandemic began. However, this may be largely attributable to federal relief efforts such as stimulus payments, interest rates that were lowered in 2020, and moratoriums on collections, and may prove to be short-lived.

According to FRBNY, nearly 37 million borrowers of direct federal student loans have not been required to make payments on their student loans since March 2020, resulting in an estimated $195 billion worth of waived payments through April 2022.[17] In addition, the U.S. Department of Education has extended this "pause" on student loan repayment, interest and collections through August 31, 2022.[18] Notably, however, 10 million borrowers with private loans or Family Federal Education Loan (FFEL) loans owned by commercial banks were not granted the same relief and some continued to struggle to make payments at the same rate as prior to the pandemic.[19]

While government-mandated suspensions of mortgage payments have already begun to wind down, researchers at the Brookings Institution estimate that, as of September 2021, mortgage amounts that need to be made up total about $15 billion (or $14,200 per borrower).[20] In addition, suspensions on other expense and debt obligations (such as rent, mortgage and student loan moratoriums) provided an opportunity to reduce credit card debt, a trend that has

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[17] See *Student Loan Repayment during the Pandemic Forbearance*, FRBNY Liberty Street Economics, March 22, 2022, at https://libertystreeteconomics.newyorkfed.org/2022/03/student-loan-repayment-during-the-pandemic-forbearance/.
[18] See U.S. Department of Education Press Release, April 6, 2022, at https://www.ed.gov/news/press-releases/biden-harris-administration-extends-student-loan-pause-through-august-31.
[19] See *Student Loan Repayment during the Pandemic Forbearance*, FRBNY Liberty Street Economics, March 22, 2022.
[20] See Cherry, Susan, Erica Jiang, Gregor Matvos, Tomasz Piskorski, and Amit Seru, "Government and Private Household Debt Relief during COVID-19." BPEA Conference Draft, Fall 2021 (Brookings Institution), at https://www.brookings.edu/wp-content/uploads/2021/09/Government-and-Private-Household-Debt-Relief-_Conf-Draft2.pdf.

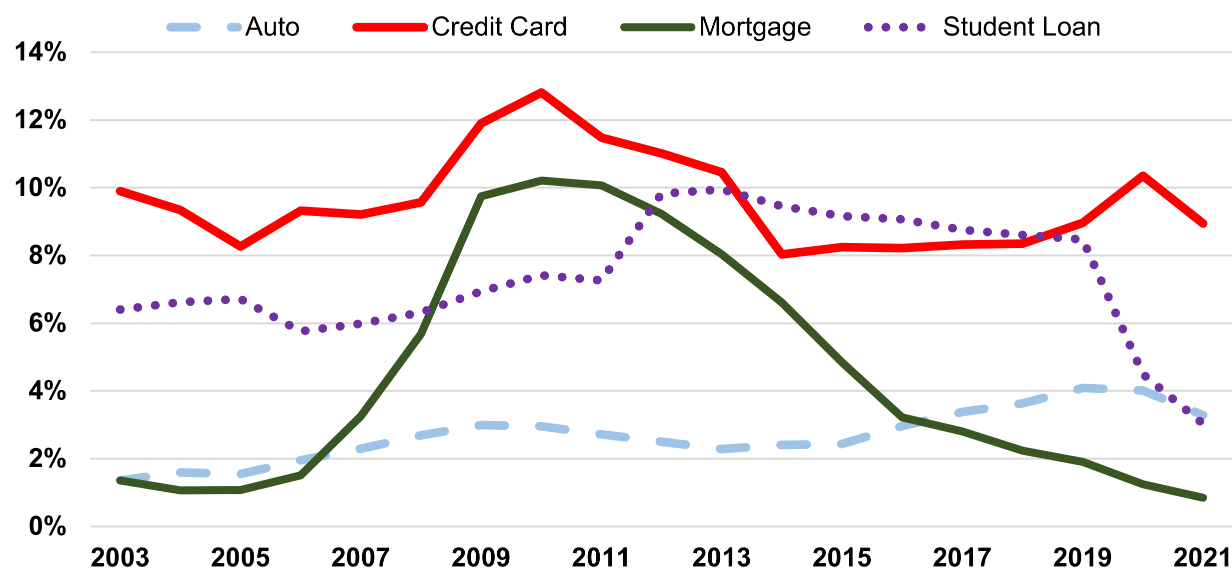
already been reversed. Given the significant financial insecurity that the pandemic brought for many New Yorkers, it is likely that delinquencies for borrowers will again be on the rise once the fully extended periods of forbearance end.

Delinquencies by Component in the State

In New York, credit card debt had the highest share of delinquent accounts at nearly 9 percent in 2021.[21] Auto loans ranked the second most delinquent category (3.3 percent), followed by student loans (3 percent).

As of 2021, mortgages have the lowest share of delinquent accounts, as shown in Figure 14. Between 2005 and 2009, not only did outstanding debt increase, but delinquencies also increased. After 2009, mortgage debt declined, as did delinquencies, reaching the lowest rate since 2003. In contrast, student loan delinquencies were higher through the period, and nearly on par with credit card accounts starting in 2013 up until 2020 when the pandemic relief forbearance programs began. The subsequent drop in student loan delinquencies in 2020 and 2021 is likely to be temporary due to the Federal Government's pause on student loan payments, interest and collections.[22]

Figure 14
Percentage of Accounts That Are Delinquent by 90 or More Days, by Component, New York, 2003 – 2021



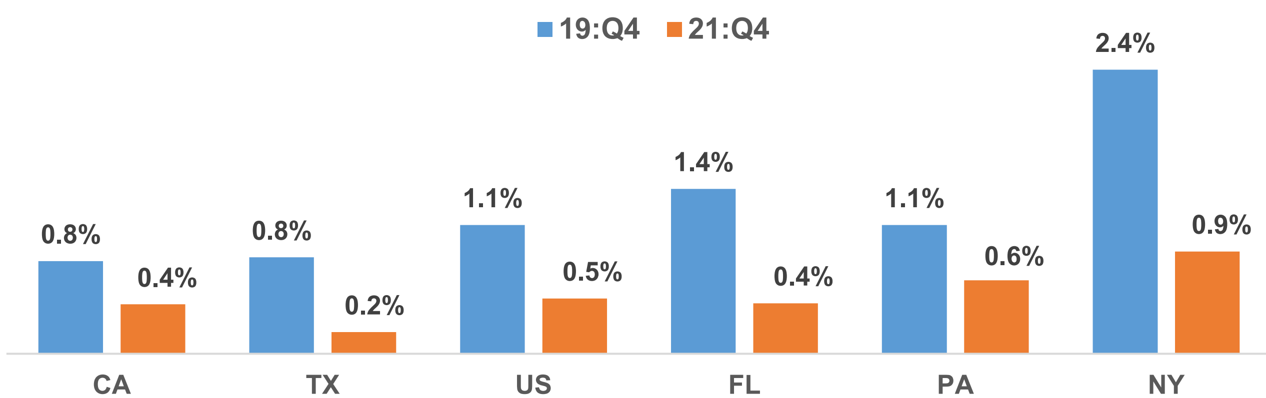
Source: State Level Household Debt Statistics 2003-2021, Federal Reserve Bank of New York, February 2022.

[21] The analyses related to delinquencies are based on FRBNY's State Level Household Debt Statistics 2003-2021 which does not include HELOCs or "other" debt.
[22] On August 24, 2022 President Joseph Biden announced a plan that extends the pause on repayment of federal loans through the end of 2022, cancels up to $20,000 of student loan debt, and caps payment amounts at 5 percent of monthly income for certain borrowers. See Whitehouse.gov, "FACT SHEET: President Biden Announces Student Loan Relief for Borrowers Who Need It Most," August 24, 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most.

Mortgage Delinquencies: New York Versus the Peer Group

Although mortgage accounts had the lowest rate of delinquency among different types of debt, New York had nearly double the national average of mortgage delinquencies. The significant drop in the fourth quarter of 2021 may be largely due to the effects of federal and State pandemic relief programs, which included moratoriums on mortgage payments and foreclosures. Eligibility to apply to such programs has expired, and the period of forbearance for participants will expire in the coming months. Thus, the true condition of account statuses remains to be seen once the forbearance period ends and payments resume.

Figure 15
Percentage of Mortgage Debt That Is Delinquent by 90 or More Days,
New York, the Nation and the Peer Group, 2019 Q4 and 2021 Q4



Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

V. Conclusion

Pandemic relief programs, including moratoriums on mortgage and student loan payments as well as stimulus payments, and lower interest rates in 2020 allowed for a small reduction in per capita household debt in New York in 2020; nevertheless, by the end of 2021, total consumer debt in the United States and in New York had reached record levels of $15.6 trillion and $869.4 billion, respectively, and continues to grow in the first two quarters of 2022.

In the aggregate, per capita consumer debt was 57 percent of per capita personal income in 2021, a far better ratio than peer states and the national average of 73 percent. Nevertheless, New York households have reached new highs of indebtedness. Through the end of 2021, average per capita debt in New York was 74 percent higher for mortgage balances, 1 percent higher for credit card balances, and 335 percent higher for student loan balances than in 2003.

While the most significant share of New York household debt is for mortgages, through which households can increase asset wealth, mortgage delinquencies are relatively high in New York, even as they have declined significantly from double-digit rates in 2010 and 2011. And the State ranks 7th in credit card balances, with credit card debt representing a larger share of New York household debt than other states. With interest rates that tend to be significantly higher than other consumer debt products, this debt can snowball very quickly. At 9 percent, delinquency rates for credit card debt were also significantly higher than for other types of debt in 2021. While per capita consumer debt is lower in New York than the nation and many peer states, the composite picture indicates debt poses a financial burden to, or demonstrates the financial insecurity of, some households.

In December 2019, State Comptroller DiNapoli issued an Executive Order recognizing the need for more robust financial literacy education in the State. The Order directs the Office of the State Comptroller (OSC) to develop a comprehensive financial literacy program that includes issuing high-level reports on topics related to economic and financial issues and consumer protection, examining financial literacy education in schools, partnering with State and local officials and external organizations to develop and promote events and foster financial empowerment, and making resources available to New York residents.

The OSC website includes a clearinghouse of information for the financial empowerment of New Yorkers, including resources for personal financial literacy and navigating financial hardships caused by the COVID-19 crisis: https://www.osc.state.ny.us/financial-empowerment-resources. In addition, New Yorkers who are facing difficulties with managing debt or who want to better educate themselves on issues of debt can refer to the resources made available by the Federal Trade Commission: https://consumer.ftc.gov/credit-loans-and-debt/credit-and-debt. The Consumer Financial Protection Bureau also offers a breadth of information intended to better inform household financial decisions: https://www.consumerfinance.gov/consumer-tools.

Looking forward, policymakers should carefully consider actions that can be taken to promote and expand access to financial literacy-related education for New York households as they navigate this challenging economic environment. When used wisely, consumer debt such as mortgages, auto loans, student loans and credit cards can be valuable tools for achieving household and financial goals. When used in excess, they may create unaffordable burdens that create damaging long-term consequences for New York households. Providing New Yorkers with the tools they need to develop a thorough understanding of managing personal finances, including borrowing and investing, can help improve the prosperity and economic health of our State and its residents.

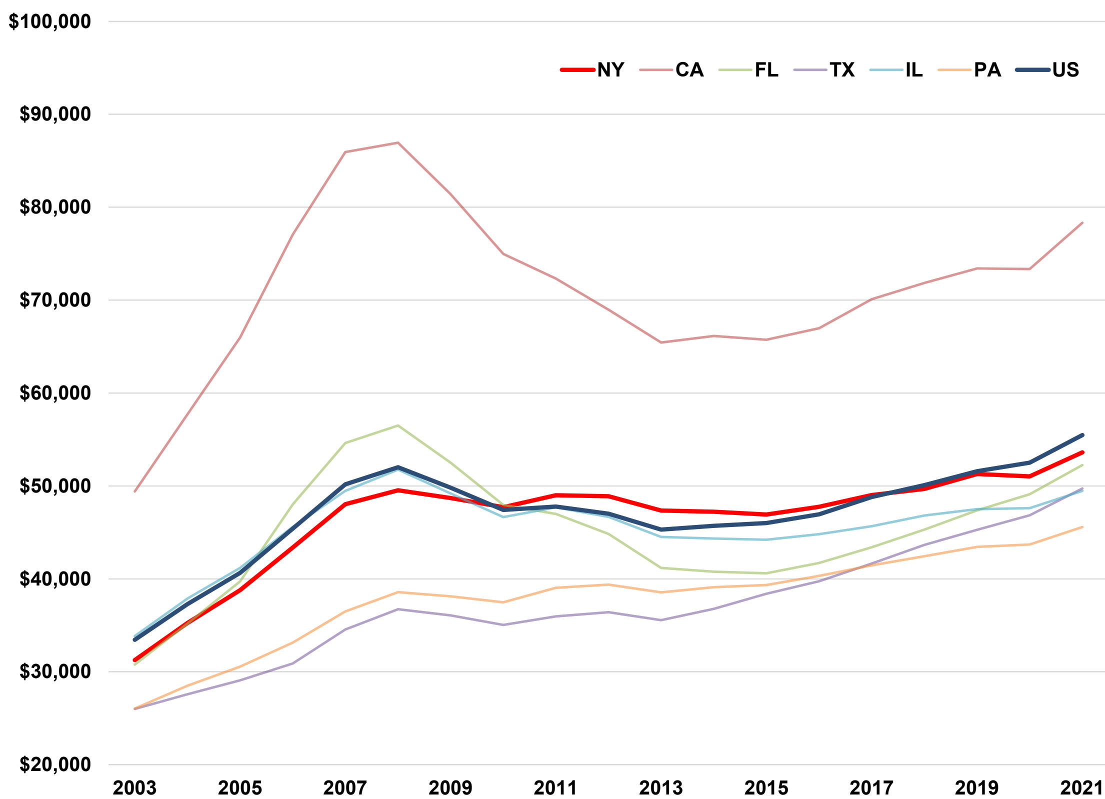
VI. Appendix

Per Capita Personal Income Comparisons
New York, the Nation and the Peer Group – 2021

State		Personal Income per Capita	Percentage of National Average
Texas	$	59,674	94.1%
Florida	$	60,761	95.8%
Nation	$	63,444	100.0%
Pennsylvania	$	64,054	101.0%
Illinois	$	67,095	105.8%
California	$	76,386	120.4%
New York	$	76,415	120.4%

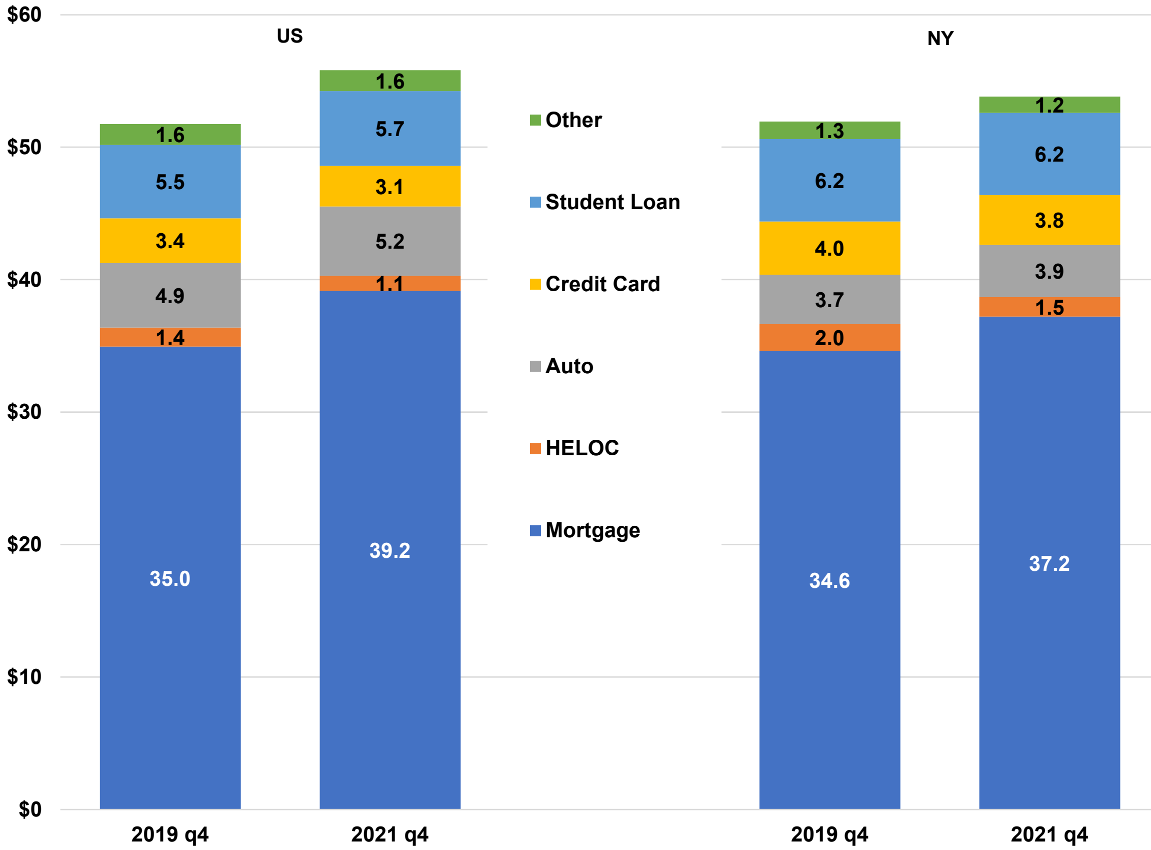
Source: U.S. Bureau of Economic Analysis, Regional Data, GDP and Personal Income.

Total Per Capita Debt: New York, the Nation and the Peer Group – 2003-2021



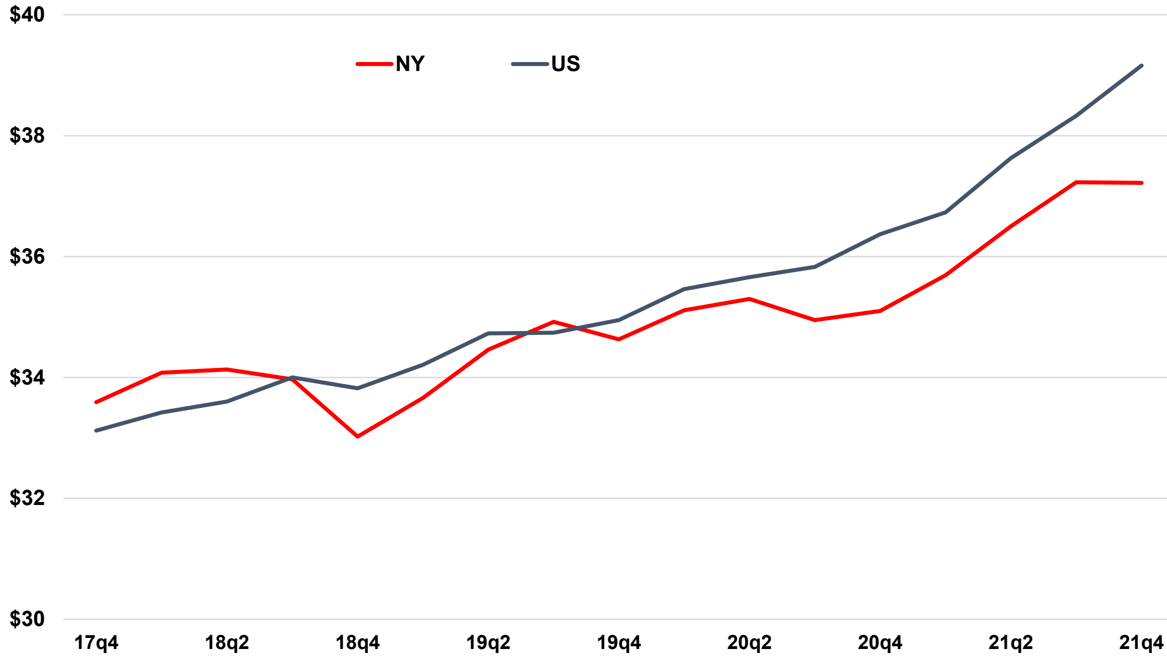
Source: State Level Household Debt Statistics 2003-2021, Federal Reserve Bank of New York, February, 2022; OSC calculations.

Per Capita Debt by Component: New York and the Nation
Q4 2019 vs. Q4 2021
(in thousands of dollars)



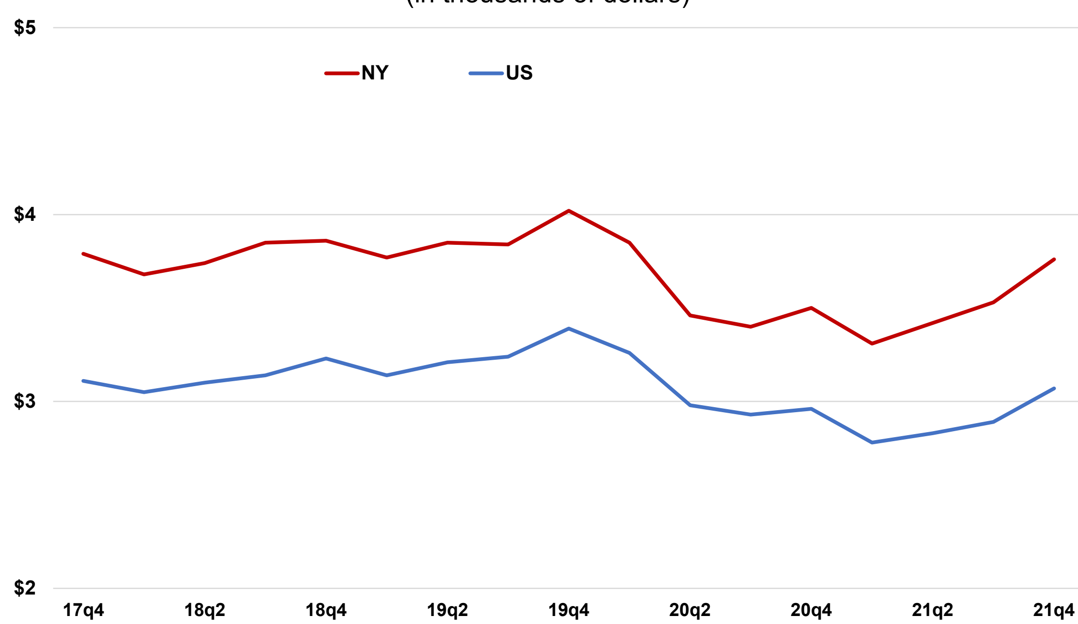
Source: New York Fed Consumer Credit Panel/Equifax Household Debt and Credit Report Q4 2021.

Growth in Per Capita Mortgage Balances, New York and the Nation, 2017 Q4 – 2021 Q4
(in thousands of dollars)



Source: New York Fed Consumer Credit Panel/Equifax Quarterly Reports on Household Debt and Credit.

Per Capita Credit Card Balances, New York and the Nation, Q4 2017 – Q4 2021
(in thousands of dollars)



Source: New York Fed Consumer Credit Panel/Equifax Quarterly Reports on Household Debt and Credit.

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