



Slipping Through the Cracks: Policy Options to Help America's Consumer During the Pandemic – Testimony before the House Financial Services Subcommittee on Consumer Protection and Financial Institutions

Ashley Harrington, Federal Advocacy Director

March 2021

Good morning Chairman Perlmutter, Ranking Member Luetkemeyer, and Committee Members. Thank you for the opportunity to testify for today's hearing.

I am the Federal Advocacy Director and a Senior Policy Counsel for the Center for Responsible Lending (CRL), an affiliate of Self-Help, one of the nation's largest community economic development lenders.

A year ago today, the World Health Organization declared that we were in a global pandemic. In the past year, we have watched as the number of lives lost grew to an alarming 520,000 souls and as families and communities struggled to adjust to a new reality. The economic crisis caused by COVID-19 has devastated the financial lives of millions of Americans. We've seen the images: long lines of cars outside food banks; the shuttered storefronts of restaurants and other small businesses; and, people sleeping in parking lots in the shadow of empty Las Vegas hotels.

People have lost their jobs at a nearly unprecedented rate. Many low-income renters and homeowners have been unable to make their monthly payments, racking up debt and praying for a change in fortune.

The financial devastation from the COVID recession has not been evenly shared. The pain has been most acute for Black, Latino, and low-income Americans as well as women – groups that typically had far less of a financial backstop to begin with due to ongoing systemic inequities. Black women and Latinas are especially suffering and currently have the highest unemployment rates of any group.

Federal policymakers have responded with relief that has been both essential to preventing additional widespread suffering in the form of another Great Depression – and also, insufficient in meeting many basic human needs. Lawmakers should be commended for these urgently needed relief packages, including the just-passed American Rescue Plan, but packing it up and calling it a day would ignore the precarious position in which countless families find themselves.

To sufficiently protect American consumers and set the stage for an equitable recovery, policymakers must take a range of steps. These include straightforward, commonsense actions such as:

- 1) Extending the Paycheck Protection Program, which will expire at the end of March and ensuring many very small businesses have the chance to get full loans under the recently fixed schedule C solution;
- 2) Requiring that private mortgage loans adopt the foreclosure moratorium and forbearance policies offered by Fannie Mae, Freddie Mac, or the Federal Housing Administration, as well as mirror the federally-backed loans in providing a post-forbearance solution that does not increase borrowers' monthly payments;

- 3) Addressing the nation's student debt crisis, starting with executive action to cancel \$50,000 per federal borrower and ensuring that relief is extended to private student loan borrowers and other federal borrowers who have thus far been excluded from federal support;
- 4) Stopping banks from gouging consumers with overdraft fees that are unreasonable, harmful, and regressive through comprehensive reform, including a limit on the number of fees that can be charged;
- 5) [Before a fast-approaching Spring deadline](#), using the Congressional Review Act to overturn a 2020 OCC rule that severely weakens state usury laws that protect people and small businesses from predatory, high-interest loans; and,
- 6) Exempting consumers' stimulus payments from assignment and garnishment by debt collectors.

These steps will help everyone as we work to move from rescue to recovery. They will be particularly impactful for people of color and low-income, low-wealth people who have had to bear the brunt of every crisis we have faced, including this one.

This is a watershed moment. We get to determine how we respond to a crisis that is compounding longstanding inequities that have plagued our country for centuries. We get to prove that the lessons of the Great Recession will not go unheeded. In short, we get to do better.

The policy choices made now will determine whether the next "new normal" will look more like the old status quo or whether economic opportunity and financial stability are widely available to everyone.

Thank you. I look forward to answering questions.