

House Government Accountability and Oversight Committee
Proponent Testimony on House Bill 123
Sheri Dozier, Director of Economic Opportunity
Cleveland Neighborhood Progress
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Chairman Blessing, Vice-Chair Reineke, Ranking Member Clyde and members of the committee, thank you for the opportunity to testify as a proponent for House Bill 123. My name is Sheri Dozier and I am the Director of Economic Opportunity at Cleveland Neighborhood Progress. Cleveland Neighborhood Progress is a 30-year old community development intermediary that is committed to fostering inclusive communities of choice and opportunity for all citizens. In order to truly accomplish our vision for Cleveland's neighborhoods, we must ensure that all residents—especially the most marginalized members of the community—feel connected to the fabric of their neighborhoods, have equal access to opportunities, and are engaged in decision-making processes that affect their lives.

Before I go on any further, I want to ensure this next statement helps to frame the remainder of my testimony. I ask that you dispel any preconceived notions of the “typical” payday lending borrower. Furthermore, I respectfully request that for a moment you imagine an instance where your car breaks down on your way to work, it's a cold Ohio winter night and your furnace decides to stop working, or your child injures him/herself while playing with friends and now you have an unexpected healthcare bill. These are all likely scenarios for any one person sitting in this room. However, how one may deal with said issues varies widely depending on which end of the income spectrum you may fall on. Not all Ohioans have a safety net or access to traditional financial products.

The fact is, the million Ohioans who have borrowed from a payday lender include families who are rural, urban, single parents, veterans, and others. In fact, seven in 10 borrowers report using the loans to cover basic household expenses. The average borrower signs up for a two-week loan, but remains in debt for half the year, succumbing to a cycle of debt. At the end, a \$500 loan could end up costing that borrower thousands of dollars.

The economic well-being and financial security of Ohioans is paramount to the vibrancy of our State. Which is why, nearly four years ago our organization developed a service called the Community Financial Centers, “CFC” for short. CFC is dedicated to financial empowerment by helping our clients improve their personal finances. Each of our clients receives one-on-one coaching and advisement from one of our exceptionally skilled and compassionate Financial Services Managers. Our Managers provide each client with resources, advice, and guidance in forming and executing their personalized financial plans. We help people make smart, responsible choices, and find reliable and non-predatory resources to complete their goals.

CFC was created out of pure necessity due to the financial state of the citizens in our community. Prior to creating CFC, there was a disconnect when it came to one-on-one coaching and advisement services for low-to-moderate income Ohioans. While there was/is an array of financial literacy classes available, these classes do not avail participants the in-depth knowledge of avoiding bad or predatory products, such as payday loans. Financial literacy isn't the solution: safe, affordable products are and it is this committee's responsibility to see that safe, affordable loans are possible under Ohio's law.

House Bill 123 offers fair and reasonable reforms which mirror successful efforts that are working in another state. Contrary to the payday lenders talking points, this bill would not cut off access to credit. Payday lenders can still make plenty of money charging 28% interest and monthly fees, with all-in APRs of 120%. Threatening that these reforms will cut off access to credit or eliminate jobs is not based in the evidence. HB123 ensures that payday loan prices will be manageable for borrowers and viable for lenders. This is a reasonable compromise that legislators on both sides of the aisle should support in good faith.

Thank you for the opportunity to provide my testimony today. I would be happy to answer any questions that you have.