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Memorandum Of Concern
A.7705-B/ S.5920-B

Relates to the "Community financial services access and modernization act of 2017"

June 19, 2017

United Neighborhood Houses (UNH), the federation of settlement houses serving over 750,000 New Yorkers annually, respectfully submits this memo of concern regarding A.7705-B/S.5920-B. We are concerned about its potential to undermine consumer banking protections to the detriment of immigrant and low-income communities throughout New York City, a core constituency of settlement houses.

UNH's membership comprises one of the largest human service systems in New York City, with 38 organizations working at more than 600 sites across the five boroughs to provide high quality services and activities to over 750,000 New Yorkers each year. UNH members provide a comprehensive array of services that meet a wide range of community needs, including adult literacy and English as a Second Language classes, senior services, youth and afterschool services, and eviction prevention services. A majority of individuals served by settlement houses have limited income, and settlement houses often provide services in low-income neighborhoods and New York City Housing Authority developments.

Certain provisions of A.7705-B/S.5920-B are troubling due to the potential to increase the reach of fringe financial services that are often responsible for perpetuating cycles of debt for low-income individuals without consumer safeguards in place. The bill would increase the amount of money check cashers may cash, from \$15,000 to \$20,000, without setting any limit on the fees or reducing the check-cashing rate that they charge. The proposed new limit could harm New Yorkers through high fees, as well as personal risk as they leave check-cashing outlets with large sums of cash.

We also recognize an improvement in this version of A.7705-B/S.5920-B, insofar as it removes a provision that would have allowed cashing of checks at any face value for lawsuit and settlement advances – which are notoriously predatory products. The bill, however, continues to expand the types of checks that can be processed for which there would be no limit on the face value.

These provisions are of concern due to the potential for low-income individuals to be exploited, especially if they have limited English proficiency. New York City is home to over 3 million foreign-born residents, who collectively comprise over 37% of the total population and 43% of the City's workforce. Immigrants are significant drivers of our economy, generating over \$257

billion in economic activity annually¹. Yet many experience barriers to economic success, including low educational attainment and limited English proficiency that can leave them vulnerable to predatory practices like wage theft or financial exploitation:

- Within NYC, 13% of the US- born population over the age of 19 lacks a high school diploma, but for immigrants, the rate is more than double at 27%².
- Of the City's 1.7 million Limited English Proficient (LEP) population, fully 88% are foreign born, and of these LEPs, 40% *also* lack a high school diploma³.
- Nationally, Spanish-speaking English learners lose approximately \$3,000 per year in earnings, on average, as a direct result of inadequate English skills⁴.

It is due to these issues that UNH expresses its concern about provisions of A.7705-B/S.5920-B, and we call for a thorough examination of the potential impacts of the bill on low-income and immigrant communities.

For more information, please contact Nora Moran at nmoran@unhny.org or (917) 484-9322.

¹ DiNapoli, Thomas. Office of the New York State Comptroller: *The Role of Immigrants in the NYC Economy*; <http://www.osc.state.ny.us/osdc/rpt7-2016.pdf>. November 2015

² McHugh, Margie and Morawski, Madeline. Migration Policy Institute: *Immigrants and WIOA Services; Comparisons of Sociodemographic Characteristics of Native- and Foreign-Born Adults in New York City, New York*; <http://www.migrationpolicy.org/sites/default/files/publications/WIOAFactSheet-NewYorkCityNY-FINAL.pdf>. April 2016.

³ Ibid.

⁴ Schwartz, Amber and Soifer, Don. The Lexington Institute: *The Value of English Proficiency to the United States Economy*; <http://lexingtoninstitute.org/wp-content/uploads/2013/11/ValueOfEnglishProficiency.pdf>. December 2012.