



Date: January 29, 2008

Bill: House Bill 267, relative to certain small loans

Speaker: Destie Hohman Sprague, of the Children's Alliance of NH, in support

Dear Chairman Gottesman, and members of the Committee,

Many of you may know the Children's Alliance through our work on Kids Count NH, a unique source of comprehensive data covering all aspects of the health and wellbeing on NH families and children. The Children's Alliance also staffs the New Hampshire Child Advocacy Network (NH CAN), a coalition of over 100 child-serving organizations, state agencies, and legislators, a project I am honored to coordinate.

The findings from the 2007 Kids Count NH Data Book indicate that in the past five years, child poverty in New Hampshire has increased by fifty percent, while median real family income has fallen by ten percent. Currently, children under five are at the highest risk of poverty for all populations in our state, and at least 1,000 NH children are homeless- enough to fill over thirteen school buses.

Children do well when families do well. Research has established the importance of family economic opportunity to healthy child growth and development, but broad shifts in our state's economy drive many of the challenges currently faced by NH families. Hardworking citizens find it increasingly difficult to meet the rising costs of housing, health care, and childcare. These families, in families in tough financial situations, may be especially vulnerable to short-term borrowing, a solution that often leads to a cycle of indebtedness.

While the industry's numbers indicate that the average income of borrowers is around \$40,000 per year, New Hampshire's own numbers from the 2006 Basic Needs and Livable Wage Study indicate this is the minimum salary required to meet a families' basic needs budget. In short, these are vulnerable families on the cusp of poverty, whose budgets cannot support the high fees of cyclical debt.

This is a problem with a solution. Capping interest rates on payday loans will allow low-income families to seek out the assistance they need, without undermining their precarious finances.

Each year, the New Hampshire Child Advocacy Network presents the annual *Priorities for New Hampshire's Children*, a package of recommendations for our state's children and families which is developed over 3 months through a lengthy vetting process. The member organizations of the NH CAN are in the trenches every day serving New Hampshire's communities, and this year, the Network voted not just to support a rate cap on payday lending, but to elevate the issue to the highest priority status.

As a state, we must work to overcome the structural barriers that families in poverty face in their effort towards long-term self-sufficiency. Yet while we seek permanent, structural solutions to poverty, we must not ignore its short term affects. To allow payday lending interest rates to go on uncapped until poverty is ended is to allow a disease to go untreated until the cure can be found.

Over 100 partner organizations stand with me today in respectfully requesting that you support New Hampshire children and families by supporting House Bill 267. Help us break the cycle of debt, and get low-income families on the road to long-term self-sufficiency.

Sincerely,

Destie Hohman Sprague