



Re: Support for SB 1595, the Family Financial Protection Act

February 7, 2024

Chair Taylor, Vice-Chair Bonham, and members of the Senate Committee on Labor and Business:

Thank you for the opportunity to submit testimony in **strong support of SB 1595**, the Family Financial Protection Act. My name is Jenny Lee, and I am the Deputy Director at the Coalition of Communities of Color, an alliance of culturally specific community-based organizations. Our mission includes addressing the socioeconomic disparities experienced by individuals, families, and communities of color; and to engage in collective action for social change to obtain self-determination, wellness, justice, and prosperity.

Debt is an issue that negatively impacts communities of color and affects their ability to build financial stability and generational wealth due to the economic burden that comes with owing debt that can plague them for years to decades. A recent report by Aspen Institute Financial Security Program, "[Disparities in Debt](#)," studied how various types of debt affect households of color and continue to fuel America's racial wealth gap. They found that "[a]mong adults ages 18–64, 31% of Black people hold unpaid medical debt compared to just 23% of white adults," and, "Black households are more likely to hold student loan debt than mortgages. They are also particularly affected by student loan debt, with 30% of Black households holding outstanding loans compared to only 20% of white households."

Debt comes in many forms, and oftentimes, even the smallest of debts can turn into bigger problems for everyday people. An article by ProPublica, "[The Color of Debt: How Collection Suits Squeeze Black Neighborhoods](#)," describes that, "Collection suits — typically over smaller amounts like credit card debt — fly across the desks of local judges, sometimes hundreds in a single day. Defendants usually don't make it to court, and when they do, rarely have an attorney."

The Oregon Family Financial Protection Act would create stronger mechanisms to protect individuals who are sued by debtors and have wage or bank account garnishments. If there are liens on their house because of debts (besides their mortgage), if they sell their home or file for bankruptcy, the debtor can keep \$40,000 of home equity (\$50,000 for a couple) to help them reset and restart. This legislation would protect \$150,000 for individuals/\$300,000 for couples. These protections are especially important for communities that are disproportionately impacted by wage garnishments like people of color. A study by Kellogg Insight, "[Wage Garnishment in the U.S. is More Common Than You Might Think](#)," found that "garnishments were much more common in neighborhoods with higher proportions of Black residents." This legislation would also increase the amount exempted from wage garnishment up to the value of Oregon's standard minimum wage per week by 2027, and then be adjusted annually to keep up with inflation. This legislation will also prevent debt collectors from wiping out someone's entire bank account and

instead protect the first \$2,500 ensures that Oregonians can still meet their basic needs while paying off debt.

Moreover, Oregonians will be able to better protect themselves from debt collectors and debt buyers that use predatory tactics like trying to collect from the wrong people. These tactics are especially difficult to navigate for individuals that have limited English proficiency, like immigrants and refugees, who may not understand the claims brought against them or know what to do to respond. If a consumer loses their case, they are responsible for paying the attorney and legal fees of the plaintiff (creditor, debt collector, and sometimes the debt buyer). Thus it's crucial that consumers know their rights, understand how consumer laws work in Oregon, and can access support throughout these intimidating processes.

On behalf of the Coalition of Communities of Color, I urge you to support SB 1595, the Family Financial Protection Act, to create better protection for Oregon consumers across the state.

Thank you,

Jenny Lee
Deputy Director
Coalition of Communities of Color