Support an Equitable Economic Recovery by Keeping More Money in the Pockets of Consumers Struggling to Make Ends Meet

*An Act relative to fairness in debt collection (S663/H1168)*

Senator Eldridge, Representatives Nguyen & Barber

**Why We Need the Debt Collection Fairness Act (DCFA) (S663/H1168):** As of December 2020, 19% of Bay Staters had a debt in collections—rising to 35% in communities of color. The economic strain of the pandemic will inevitably result in a tsunami of increased debt collections that will disproportionately impact low-income families and communities of color. Consumer protections like those in the DCFA are powerful and necessary economic development and recovery tools that do not require a state expenditure and will help address other systemic problems, like housing and racial equity issues by keeping more money in the pockets of disadvantaged families.

**What the DCFA Does:**
1. **Reduces the interest rate on judgments on consumer debt**—*rates are currently the highest in the nation at 12%*, making it impossible for many to ever pay off judgments even as they make good faith payments.
2. **Protects more wages from seizure by creditors**—protecting adequate wages keeps families from falling into poverty. Under present law, any income over $721.50 per week is subject to wage garnishment, even though MIT’s Living Wage Calculator indicates that a living wage for one adult with two children in MA is $1,905.60 per week. The DCFA gives additional protection from garnishment to those lower income workers and increases protected income to $945 per week.
3. **Ensures that no one in the Commonwealth shall be imprisoned for failure to pay a consumer debt**—in 2016, four Massachusetts small-claims courts issued 1,325 civil arrest warrants for alleged debtors. The use or threat of use of such warrants can terrify consumers into making payments, even if all of their income is exempt.

**The DCFA has Broad Support:**
1. **There is broad support for the bill**—the Senate has passed a version of the DCFA twice and 46 Representatives sponsored the DCFA or its inclusion as an amendment in the economic development bill last session. Forty-three groups representing many constituencies ([House letter](#), [Senate letter](#)) ranging from the Massachusetts AFL-CIO to the United Way of Massachusetts Bay and Merrimack Valley to the Massachusetts Association for Community Action (MASSCAP) support its passage. This is because residents and businesses from across the Commonwealth will be positively impacted by the passage of this legislation.
2. **The bill has been rigorously examined at the committee level**—last session, the DCFA went through a rigorous process in the Financial Services Committee, led by the House and Senate Chairs, where advocates compromised on their initial proposal, committee staff spent copious time analyzing the bill, and the debt collection industry was brought to the table to give their perspective. The bill was thoroughly vetted, and the Financial Services Committee determined that it was worthy to move forward.

**Please Support the Common Sense Protections for MA Families in the DCFA!**

Common sense consumer protections like those in the DCFA are powerful and necessary economic development and recovery tools that do not require a state expenditure. The DCFA will keep more money in the pockets of working people struggling to pay rent and put food on the table, and it does not require an expenditure from the legislature.

Questions? Email mbest@nclc.org, ncohen@gbls.org & rbertlin@law.harvard.edu