

May 3, 2010

The Hon. Sander Levin
U.S. House of Representatives
Washington, DC 20515

Re: Benefit Card Fairness Act, H.R. 4552 (Support)

Dear Congressman Levin:

The undersigned labor, anti-poverty, consumer and civil rights organizations are pleased to support your Benefit Card Fairness Act, H.R. 4552. The bill protects the vital unemployment insurance, state-disbursed child support, and other federal, state and local payments that are increasingly being disbursed on prepaid cards instead of by paper check.

Prepaid cards are typically Visa- or MasterCard-branded debit cards that look and function like bank account debit cards but do not come with a bank account and lack the clear federal protections that bank cards receive. Moreover, while consumers can choose the bank account that fits their needs, consumers who receive government payments on a prepaid card may have no choice in the matter. Some government prepaid cards come loaded with inappropriate fees and substandard protection for the crucial income paid through the cards. By contrast, the new prepaid card that the Treasury Department has developed for Social Security recipients, the Direct Express Card, is optional and has minimal fees and greater consumer protections.

Modeled after the features of the Direct Express Card, the bill provides these protections for government payments prepaid cards:

- **Choice.** Consumers who have bank accounts will have the choice of payment by direct deposit or prepaid card. Consumers who live in remote areas without ATMs or have disabilities or other hardships making prepaid cards expensive or unworkable can choose to receive a paper check.
- **Information.** Consumer must be given clear information about prepaid card fees and other terms, not buried in the fine print.
- **No inappropriate fees.** Fees for balance inquiries, overdrafts, denied transactions, customer service and other inappropriate fees are not allowed. Consumers can make an ATM and a bank teller withdrawal once for each deposit without a fee. A limited number of other fees, such as for subsequent withdrawals per deposit and optional services like bill payment, are permitted.
- **Right to statements and transaction information.** Consumers can monitor fees and unauthorized charges by electing to receive paper statements for \$1 per month

or by accessing balances and transaction information by telephone or electronically.

- **Unauthorized charges and billing errors.** Consumers will have the same dispute rights and procedures as they do for bank account debit cards.
- **FDIC insurance.** Consumer funds that are held in pooled prepaid card accounts must be structured to ensure FDIC insurance that is payable to the individual consumers.

Individuals who receive unemployment insurance, child support, welfare payments, and other government payments depend on that income for their basic necessities and need every penny. For consumers with bank accounts, prepaid cards are typically inferior to direct deposit. For unbanked consumers, prepaid cards can help avoid check cashing fees and can have other advantages over cash. But prepaid cards can also carry hidden fees that eat away at critical funds and can lack adequate protection against unauthorized transfers and billing error. The Benefit Card Fairness Act will ensure that consumers receiving government payment prepaid cards can use those cards with confidence. We applaud you for introducing the bill and are pleased to support it.

Yours very truly,

AFL-CIO

American Federation of State, County and Municipal Employees

American Postal Workers Union, AFL-CIO

Americans for Democratic Action (ADA)

Center for Public Policy Priorities

Center for Responsible Lending

CLASP, the Center for Law and Social Policy

Coalition on Human Needs

Consumer Action

Consumer Federation of America

Consumers Union, the nonprofit publisher of Consumer Reports

Demos

Empire Justice Center

First Focus Campaign for Children

Florida Legal Services, Inc.

International Brotherhood of Boilermakers

International Brotherhood of Electrical Workers

International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)

NAACP

National Association of Consumer Advocates

National Law Center for Economic Justice

National Consumer Law Center (on behalf of its low income clients)

National Consumers League

National Employment Law Project
National Council of Jewish Women
National Council of La Raza
National Women's Law Center
Sargent Shriver National Center on Poverty Law
SEIU
Single Stop USA
Sugar Law Center for Economic and Social Justice
United Food and Commercial Workers
United Steelworkers (USW)
U.S. PIRG
Woodstock Institute
Working America