

Senate President Karen Spilka
State House, Room
Boston, MA 02133

Chairman Michael Rodrigues
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Cc: Senator Jamie Eldridge

Dear President Spilka and Chair Rodrigues,

The 50 groups below respectfully urge you to swiftly and favorably report out *An Act Relative to Fairness in Debt Collection*, or the “Debt Collection Fairness Act (DCFA)” ([S2858/H4749](#)) filed by Senator Jamie Eldridge and Representatives Tram Nguyen and Christine Barber.

Why Passing the DCFA is Urgent: Families are struggling as [historic inflation](#) pushes gas prices over [\\$5 a gallon](#) in some MA counties, and almost $\frac{1}{3}$ of Massachusetts families face [food insecurity](#). All while Bay Staters try to pay rent in the [third most expensive state to rent](#) housing (after only CA and HI) in the nation. Families need help now. *The DCFA will help keep families in homes and food on the table by increasing the amount of wages protected from seizure for old debts from \$712.50 to \$926.25 per week and reducing the nationally high interest rates on old debts from 12% to 6%.*

The DCFA is a Racial Justice Issue: While 14% of folks in Massachusetts’ white communities have a debt in collection, 31% of folks in communities of color have a debt in collection, rising to [42% in Hampden county](#). *The DCFA will reduce the economic impact of debts that disproportionately affect communities of color. It will also reform the use of civil arrest warrants in debt collection matters—which are most troubling in communities of color as it may increase law enforcement interactions in those communities.*

The DCFA Has Been Thoroughly Vetted and Is Ready for Passage: For the last two sessions, the Financial Services Committee together with his Senate counterpart has led a rigorous negotiation process among bill stakeholders, in which advocates compromised substantially on their initial proposal, committee staff spent extensive time analyzing the bill, and the debt collection industry was at the table to give its perspective. The bill was thoroughly vetted, and the Financial Services Committee determined that it was worthy to report out favorably and move forward the last two sessions. 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. *The DCFA has been considered and improved by the General Court for [over half a decade](#)—the bill is ready and will start helping struggling families quickly at no cost to the Commonwealth.*

What the DCFA Does: The DCFA updates an old statute and more fairly balances the power between debt collectors and families. Under the DCFA, debts can be collected—but the collection process does not push a family over a financial precipice and destabilize working communities in already precarious financial times. Three of the most important provisions are:

1. **Protecting More Wages from Garnishment:** Current MA law protects 50 times the minimum wage (\$712.50) per week or 85 percent of the debtor's gross wages--whichever is greater.

The DCFA would protect 65 times the minimum wage (\$926.25) per week, and allow the garnishment of 10% of wages over that amount.

2. **Reducing the Interest Rate on Debts a Court Has Determined a Consumer Owes:** The interest rate on judgments in Massachusetts is the highest in the country at 12%--an anachronistic rate that belongs in the 1980s.

The DCFA would reduce that rate to 6%, putting it in line with most other states.

3. **Ensuring that no one in the Commonwealth shall be imprisoned for failure to pay a consumer debt:** In 2016 (the most recent data available), 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 breadwinners into using the rent money to make payments on old debts.

The DCFA reforms the use of civil arrest warrants in debt matters and makes clear that no one will be imprisoned in the Commonwealth for failure to pay a debt.

None of these reforms remove any tools from the debt collector's kit. They just make sure that ordinary working folks have enough left over to survive while they pay back their debts.

Sincerely,

ACLU of Massachusetts
Action for Equity
Acton-Boxborough United Way
Asian Community Development Corporation
Boston Builds Credit
Boston Tenant Coalition
Boston Ujima Project
Center for Social Justice, WNE School of Law
Chelsea Collaborative
Children's HealthWatch

Citizens for Citizens, Inc.
City Life/Vida Urbana
Codman Square Neighborhood Development Corporation
Economic Mobility Pathways (EMPath)
ESAC Boston
Greater Boston Legal Services, on behalf of its low-income clients
HRI
Jewish Alliance for Law and Social Action
Jewish Community Relations Council
Jewish Vocational Service
Justice Center of SE MA, subsidiary of South Coastal Counties legal Services
Lawrence CommunityWorks
Legal services Center of Harvard Law School
Local Initiatives Support Corporation (LISC) Boston
Main South CDC
Massachusetts AFL-CIO
Massachusetts Association for Community Action (MASSCAP)
Massachusetts Association of Community Development Corporations
Massachusetts Communities Action Network
Massachusetts is Not for Sale
Massachusetts Law Reform Institute
Massachusetts Senior Action Council
Metro Housing | Boston
National Consumer Law Center (on behalf of its low income clients)
Neighborhood of Affordable Housing, Inc.
Northern Berkshire United Way
Ora's Place, Inc.
South Boston NDC
Springfield Neighborhood Housing Services
Strong Women In Action SWIA
The Boston Tax Help Coalition
The Journey Community Church, Worcester
The Midas Collaborative
The Neighborhood Developers
Union of Minority Neighborhoods Citizens Congress on Poverty's Unemployment Project
United Way of Massachusetts Bay and Merrimack Valley
United Way of the Franklin and Hampshire Region
Urban Edge
Worcester Area Mission Society, United Church of Christ (WAMS)
Worcester Community Action Council