

Bills being considered in Texas Legislature would expand high-cost lending, hurting struggling families

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Two companion bills moving in the Texas Legislature would double charges allowed under Texas law for a \$2,000 loan, from an already high 35 percent annual percentage rate, to more than 79 percent. These bills are particularly concerning because so many families are struggling to make ends meet due to the COVID-19 pandemic and the added hardship of Winter Storm Uri.

Our parishes, schools, hospitals and Catholic Charities in San Antonio and across Texas have stepped up our work during this time of particular need, providing millions of dollars in charitable assistance to keep individuals and families fed, housed and receiving the care and support they need. Senate Bill 1089 and its companion, House Bill 2432, would undermine the important community work of our churches and other partner organizations by allowing even higher cost loans to ensnare Texans in unaffordable debt just as families are starting to have more hope and more opportunity.

What do these bills mean for San Antonio families? They mean at a minimum, an extra \$1,200 to pay back a \$2,000 loan under state licensed lending laws, according to the Texas Fair Lending Alliance. That amount creates an additional financial burden for someone who needs a loan to fix a car, can't work to care for a sick child or elderly parent, or pay for an unexpected expense. These bills would make licensed loans look more like payday loans, taking Texas in the opposite direction we need to go. In addition to opposing these bills, we urge legislators to oppose any amendment to other bills with the language in these bills. Instead of making the situation worse for Texans, we need state leaders to take bold action to address high-cost lending abuses.

We witness the high cost of being poor every day through our work with seniors, young families and others who hit a bump in the road and need some help. We have been working over the past decade to curtail high-cost lending abuses in support of human dignity and the common good. Supporting alternative financial products, such as St. Vincent de Paul's Mini Loan Program and payday conversion loans, and promoting Catholic Charities' financial assistance programs, are much better options. Now is not the time to make credit more expensive for Texans. We need, instead to throw life vests to families drowning under current financial burdens — to raise families up with policies that build financial resilience and wellbeing.