

Newsletter of the LCHR and BRCHR

Louisiana Council on Human Relations and the
Baton Rouge Council on Human Relations

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January, February and March 2014

This newsletter contains a meeting notice and two articles.

Notice

Next LCHR Board Meeting

The LCHR will hold its next board meeting on April 12th in the Session Room at the University Presbyterian Church, Dalrymple Dr., Baton Rouge.

Together Louisiana: Organizing People by John Mikell

Together Louisiana, a network of more than 125 religious congregations and civic organizations representing more than 150,000 people, held a “Statewide Issues Conference” on February 15 at the Shiloh Baptist Church in Baton Rouge. Shiloh was also the site of Together Louisiana’s organizational conference eleven months earlier. At that meeting Rev Patti Snyder of University Presbyterian Church said, “Our goal today is not just to inform and educate ourselves. It is more ambitious than even that. Our goal is to begin to build a body of leaders who will inform and educate others, who will use the power and attractiveness of learning and understanding these issues as an organized body to build a different kind of constituency than this State has ever seen before.”

Before last year’s legislative session, Together Louisiana’s opposition helped derail Gov. Bobby Jindal’s plan to abolish the state income tax and replace it with higher sales taxes. This year’s conference continued the focus on educating those present about issues of “statewide impact.” The

attendees in turn will share the information they learned with their friends and neighbors across Louisiana.

The three hundred attendees broke up into “civic academies” where specific issues facing the State were examined and discussed. John Barry, a noted historian, led the academy on “Wetlands and Environmental Issues,” Jan Moller, Director of the Louisiana Budget Project, was in the academy for “The State Budget and Tax Giveaways,” and Dr. John Anderson of the Faculty Senate at ULM led the discussion of “Higher Education Funding in Louisiana.” Other academies included Payday Lending (Together Louisiana’s number one issue for the 2014 Legislative Session), Crime and Mass Incarceration, Healthcare, the Uninsured and Medicaid Expansion; and Work, Wages, and Economic Inequality.”

After the academies, Gen Russel Honore’, Katrina hero and recipient of LCHR’s Oliver-Segur Award, addressed the attendees. He described Louisiana as “a rich State populated by poor people.” The reason for that is because “democracy has failed Louisiana.” He urged people to become involved, including joining his Green Army, an activist group dedicated to restoring and preserving Louisiana’s environment, especially its water resources. Brod Bagert of Together Louisiana also spoke. As a veteran observer of State politics, Bagert noted that only two things influence politicians: organized money and organized people. “Up to now organized money has had the field to itself,” he said.

Together Louisiana’s mission is to “build trust across lines that too often divide our State—the lines of race, religion, political affiliation, and geography... to take action around issues that directly affect our families and communities, to improve the quality of life for all residents.”

Some Comments Concerning Payday Lending by James E. Cross

Payday lending practices has generated a lot of discussion over the past several months and has generated some heated debates in the Louisiana State legislative session this week. As was noted above, Payday Lending has been an issue high on the agenda of Together Louisiana. The comments here will briefly outline what the concerns are, along with some of the views of those recommending changes and the views of those opposing change.

Together Louisiana has been a leading voice for change. At the Website:

www.togetherbr.org/.../Economic-impact-of-payday-lending-in-Louisiana_4_5A_14.pdf, Together

Louisiana uses the information posted there to support its call for change. The title given to the article is “The Economic Impact of Payday Lending in Louisiana”. It states that on April 1st, 2014, the Louisiana Office of Financial Institutions (OFI) released data on payday lending in Louisiana for the first time. The OFI report was required by Act 234 of the 2012 Louisiana Legislature, which called for OFI to collect and report on four data points related to payday lending in Louisiana in 2013. The analysis contains the following key findings:

Summary of OFI Data (made by Together Louisiana)

The OFI report reveals the following about payday lending in Louisiana in 2013:

- There were **3,126,278** payday loans originated in Louisiana in 2013.
- Louisiana residents paid **\$145,665,345** in payday loan fees and interest in 2013.
- Louisiana residents bounced **154,227** checks because of payday lending in 2013.
- The payday lending industry collected an additional **\$2,552,974** in fees from borrowers' bounced checks (over and above the regular fees and interest).

Analysis of OFI Data

Together Louisiana has conducted an analysis of the OFI data to assess two additional questions: how payday loan borrowing in Louisiana compares to the rest of the country and the net economic impact of payday lending, in terms of overall economic activity and jobs, in Louisiana generally and by Civil Parish.

This analysis contains the following key findings:

- Payday borrowers in Louisiana have one of the highest repeat loan rates in the country, **taking out, on average, between 11 and 13 payday loans per borrower per year.**
- At this borrowing level, **Louisiana borrowers are paying between \$812 and \$905 per year to pay back a loan of \$300.**
- Payday lending caused a **net loss \$42,036,270 in economic activity in Louisiana in 2013** (after accounting for the value added of the payday lending industry itself.)

Payday lending in Louisiana caused a **net loss of 614 jobs to the Louisiana economy in 2013** (after accounting for the jobs the industry itself generates).

The above type of information was presented to a committee of the Louisiana House of Representatives along with a number of personal testimonies in a hearing on HB236. Several other organizations joined Together Louisiana, such as AARP Louisiana and the Louisiana Budget Project, in pushing for the passage of the bill. The New Orleans Advocate in reporting on the hearing at its Website:

<http://www.theneworleansadvocate.com/news/8842441-171/payday-loan-bill-meets-opposition> stated:

“The idea behind a payday loan is simple. For \$20, someone can borrow \$100 until his next paycheck. Problems arise when the loan can’t be repaid and borrowers take on new loans to stay afloat. Soon, they’re awash in debt. HB239 would lower the cost of that \$100 loan to \$1.38. Critics contend payday lenders prey on the poor, locating on the fringes of low-income neighborhoods and tempting residents with the lure of easy money.”

Representatives of the lending industry made their argument to the legislative body giving their reasons for opposing any changes such as;

1. They fulfill a need that no other organization is filling. They make unsecured loans that no other organization will make.
2. Their lending policies are clear and their customers are well informed of their obligations.
3. That their industry is well regulated and offers borrowers a financial bridge that keeps them from bouncing checks.
4. That if the proposed bill is passed, their margin of profit would be so low that it will put them out of business.

The legislators were under a lot of pressure. One legislator said he faced a wall of opposition in committee and made reference to the heavy lobbying contingent on hand for the payday loan industry. He said “When you have 45 lobbyists working on something, it’s hard.” The committee voted 10 to 8 against the bill. A new bill that could possibly provide some release is Senate Bill 84 which is now being considered.

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