

January 28, 2025

Comments submitted in advance of [HB 1125 – Earned Wage Access](#) in the House Financial Institutions Committee

Organized by Indiana Community Action Poverty Institute

“As a HUD Housing Counseling Agency, we appreciate your recognizing that there must be legislation around earned wage access products. Since they are giving people money that must be paid back, we see this as a loan and think it would work very easily under the small dollar loan license that the State already has. While we’d like to see reform to this statute, that would at least give more protection and information to borrowers about the product. And would not require new regulations for just one product. I have talked with borrowers that have accessed this product and they really didn’t understand the true cost, nor the fact that the next time they needed funds, there could be a completely different cost since there are currently no regulations as to the APR. While we very much want to see reform to the small loan statute, putting EWA under this statute would at least ensure that earned wage advances are no more expensive than payday loans.”

–Marie Morse, Executive Director, Homestead Resources



“The Military Veterans Coalition of Indiana believes that any and all forms of credit should be subject to the federal lending legislation for active duty service members which limits the APR to 36% including fees and other expenses. This federal law only covers Active Duty Service members and their families, therefore our Reserve and Guard are NOT protected ad as an extension neither are Veterans. We believe that the State of Indiana should extend these federal laws to the Reserves, Guard and Veterans

and their families. Our Reserve Component Serve Members serve our state and our nation and need these protections.”

—James L. Bauerle, VP and Legislative Director, The Military / Veterans Coalition of Indiana

**The Military / Veterans Coalition of
Indiana**

www.in.milcoal.org

“We’ve seen that short-term credit can result in cycles of borrowing and reborrowing that are expensive and harmful to the Hoosiers we serve. We feel it is important to put reasonable limits on what providers of short-term loans can charge, and for the state to have data with which to evaluate the products we make available.”

—Jennifer Trowbridge, President / CEO, CoAction



“As a faith-based group that supports those who are financially vulnerable, Indiana Friends Committee on Legislation does not support HB1125.

Several specifics of the bill suggest that it would cause people desperate for money to begin a cycle of debt they might not be able to escape; and less specific details of the bill's regulations are even more worrisome.”

—Diana Hadley, Clerk, Indiana Friends Committee on Legislation



“As an organization that provides financial literacy education and supports families in becoming more financially stable and independent, we encourage borrowers to make informed decisions about the loan products they use. Disclosing an APR helps borrowers understand the cost of credit and should be required as part of an EWA advance.”

—**Adrian Jamieson, Executive Director & CEO, Community Action of Southern Indiana**



“As the Executive Director of the Indiana Coalition Against Domestic Violence (ICADV), I am concerned about the negative impacts that unregulated EWAs could have on survivors of violence. In research that ICADV has conducted, survivors have consistently reported that economic instability is the largest barrier that they face as they try to separate from abusive relationships and to rebuild safe lives in the community. While we welcome flexible financial options that can help survivors navigate the adversities that they face, we reject unregulated loans with escalating costs that keep them trapped in those situations.

ICADV urges the committee to address the gaps—including regulating fees, tipping, transparent APRs and reasonable repayment schedules. With thoughtful regulations like these, short term loans could offer a genuine hand up for people facing financial distress rather than trapping them in descending cycles of debt.”

—Laura Berry, Executive Director, Indiana Coalition Against Domestic Violence



“On behalf of the Indiana Catholic Conference, the public policy voice of the Catholic Church in Indiana, we want to highlight our concerns with HB1125. The Church has always maintained that the state has a particular responsibility for protecting the most vulnerable poor from exploitation and unjust financial speculation. HB1125, without adequate guardrails, opens opportunities for exploitation without reasonable limitations for reborrowing, fee limits, maximum borrowing balances compared to monthly income, minimum repayment terms, and cost transparency for borrowers. These are basic requirements that come with other loan products, and we encourage the committee to consider these guardrails for earned wage access products for the benefit of all Hoosiers.”

—Alexander Mingus, Executive Director, Indiana Catholic Conference; & Roarke LaCoursiere, Associate Director, Indiana Catholic Conference



“Dear Chair Teshka and Members of the Financial Institutions Committee,

I am Patti O’Callaghan, a volunteer legislative liaison for Lafayette Urban Ministry (LUM). LUM is an organization of more than 50 churches in Tippecanoe County which serves as a social safety net for the poor of our community. We have many programs to accomplish this – including emergency financial assistance, a homeless shelter, food pantry, after school and summer learning programs, tax assistance, ID clinic, immigration services, and advocacy. Thus, we are very familiar with programs to help children and families.

In our financial assistance program, we see over 1,000 households a year, distributing over \$100,000 to folks who need help. And in our tax assistance program we have prepared thousands of tax returns bringing millions of dollars in tax refunds to our clients. These are hard-working Hoosiers who are doing the best that they can to provide for their families – often working multiple jobs. But too often it is still difficult to make ends meet and they resort to predatory lenders to get money to pay bills.

Earned Wage Access Products can be a way for people to access a limited amount of their already earned wages if they urgently need it. **But these products need to be regulated to cap interest rates and fees, especially for direct-to-consumer models.** Lafayette Urban Ministry added EWA as an employee benefit in late 2024. Two employees have used it and were grateful for the option. The fee associated with our EWA is minimal through the vendor LUM uses.

Lafayette Urban Ministry is against predatory lending and products that trap vulnerable folks into a cycle of lending with high fees and interest rates. We support legislation that provides more structure and support for the employer-based model of Earned Wage Access and places strict APR and fee limits on the direct to consumer model. The Indiana Community Action Poverty Institute has specific recommendations to make HB1125 a better bill to protect working Hoosiers.

For the sake of working households in Indiana, please consider the Poverty Institute’s recommendations for HB1125.

Thank you for all you do for Hoosiers.”

–Patti O’Callaghan, Volunteer Legislative Liaison, Lafayette Urban Ministry



LAFAYETTE URBAN MINISTRY

“Prosperity Indiana, the statewide association of nearly 200 community economic development organizations and individuals serving all 92 counties, has deep concerns with HB 1125 as introduced. Our members develop and provide affordable housing, community development, and asset-building services for low- and moderate-income Hoosiers, services that could be undermined by products that would be sanctioned by HB 1125 without the transparency and guardrails required of similar products with the same effective APR.

As basic costs such as housing have spiraled at a faster pace than Hoosiers’ wages, families are forced to make tradeoffs and look for relief, but may be caught in a debt trap by products like those in HB 1125 . For example, the [‘housing wage’](#) required to afford a basic 2BR rental in Indiana is now \$22.07/hr, up \$3.07 in just the past year alone. By contrast the average renter household’s wage is only \$17.92, up only \$0.06 in the past year. In fact, [14 of Indiana’s 20 largest occupations](#) no longer pay the state’s housing wage, up from 9 of the top 20 since 2022.

Without transparency and appropriate guardrails, these Hoosier households whose incomes no longer are enough to pay the bills could mistakenly see earned wage access products as a way to make their paychecks stretch further. Too easily, these families would find earned wage access as a permanent drain on their pay as fees and tips constantly add up.

Adding safeguards to these products such as: fee and borrowing limits; eliminating tipping; providing a reasonable time to repay; cost transparency; regulatory transparency & rigor; bank account protections; and required data reporting would make

it more likely that these products will ‘do no harm’ to Hoosiers already reeling from inflation and increased costs.”

–Andrew Bradley, Senior Director of Policy and Strategy, Prosperity Indiana

