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Jacqueline Y. Collins
STATE SENATOR • 16TH DISTRICT

**Written Submission of
Sen. Jacqueline Y. Collins
IDFPR Public Hearing: September 13, 2017**

To make it clear at the outset, I am opposed to the proposal by the Rauner administration to increase the rates that may be charged by currency exchanges for check cashing. It is obvious this rate increase will hit unbanked folks the hardest, and research shows that the unbanked are disproportionately lower-income and people of color. In this way, this rate increase is tantamount to a regressive tax on the most financially vulnerable, many of whom live in my district.

A recent survey by the FDIC shows that 28.9% of blacks in the Chicago region are unbanked compared to only 1.1% of whites.¹ It is rare that you can find a racial disparity as stark as this. And this rate increase can only make this disparity worse. The number one reason people cite for not having bank accounts is not having enough money. This rate increase will make it even more difficult for unbanked persons to enter the financial mainstream.

I'm a progressive, and one of my progressive values is to govern in a way that helps to level the playing field between the haves and have nots. This rate hike is the antithesis of that value, exacerbating disparities on the basis of race and class. I don't subscribe to that style of governing.

It is telling that your proposal precisely mirrors what the industry asked for. It is common knowledge that when you tender a formal proposal to a deliberative body for consideration -- whether a bill, a settlement offer, or a petition for a rate increase -- you ask for more than you expect you'll get, recognizing that there will be some give and take, some compromise. But not here. The industry asked for a new set of rates -- quite possibly expecting they would get some, but not all, of what they asked for. After all, that's what happened the last time rates were increased. The industry wanted an automatic consumer price index adjustment built into the rate, but the Department rejected that proposal. But it is abundantly clear that the rules have changed with this administration. It is impossible not to notice that this is not the first time we have seen that the plight of vulnerable populations who are struggling to get by does not carry much sway with this administration. After all, state services were starved as we went years without a budget. Here, the industry got precisely what it asked for and vulnerable consumers will pay the price: *literally*.

¹ FDIC 2015 Survey, https://www.economicinclusion.gov/surveys/2015household/documents/tabular-results/2015_banking_status_Chicago_Naperville_Joliet_IL_IN_WI.pdf

I am aware that Woodstock Institute has offered a counterproposal, which is exceedingly more fair and sensible than the Department's current proposal. But I am also looking at the whole rate system and at the Currency Exchange Act in its totality to determine whether a comprehensive set of reforms to both the rate system and the Act is appropriate. I invite your input on this undertaking.

I am aware that the Department and the Governor's Office have been non-responsive to Woodstock's attempts to engage in a substantive dialogue on this matter. At best, this is narrow-minded considering that Woodstock has been involved in research and policy on these issues for over 40 years and a member of Woodstock's staff spent six years at the Department, including three years as its head. It seems to me that one would welcome their perspective on this matter.

If you don't respond to them, perhaps you will respond to me. In my capacity as Chair of the Senate Financial Institutions Committee, I am formally requesting that you respond to the following questions: (1) what demographics would be hit hardest by this rate increase, (2) why should Illinois continue not to stratify rates based on the type of check, (3) what would be the revenue impact on currency exchanges if public assistance checks were exempted from this rate increase or if all government checks were exempted from the rate increase, (4) why should Woodstock's counterproposal not be accepted, and (5) why is it necessary for Illinois to allow higher rates than the other states, like New York, that do not stratify rates? I expect you will respond in the context of your Second Notice filing, if not sooner. Regardless, I intend to work with my colleagues, Woodstock, and others in trying to achieve an outcome that is more fair and reasonable than the Department's one-sided proposal. Thank you.