



7521 Main Street, Suite 103  
Ralston, Nebraska 68127

(402) 597-3100 P  
(402) 597-2705 F

<http://voicesforchildren.com>

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February 9, 2016

**To:** Senator Scheer and members of the Banking Committee  
**From:** Aubrey Mancuso, Executive Director  
**Re: Support for LB 1036**

Children do better when their families are economically thriving. A significant body of research supports the fact that children's outcomes have a strong relationship with family income. When we discuss poverty, the definition often centers around family income, but in order to truly address poverty, we also have to address the systems surrounding struggling families that either increase or decrease their financial stability and ability to build a better future.

With some of the highest allowable loan rates in the nation at 461%, our current payday lending laws hurt families and drain money from local communities.

We need to work to ensure that families are empowered to become effective financial managers but at the same time we need to also ensure that financial institutions operating in Nebraska are serving consumers in a way that is ethical and mutually beneficial. Attached to my testimony is an actual diagram obtained by the Consumer Financial Protection Bureau (CFPB) that was part of a payday lending training manual that shows how consumers are intentionally trapped in a cycle of debt. This debt cycle is incredibly damaging for families and we should reform our current laws to ensure that it is no longer allowed to occur.

This financial stress can have an impact that goes beyond the financial realm. Newer research has even found an association between behavioral problems in children and unsecured debt. This suggests that financial stress in a family may manifest as behavioral problems in children.<sup>1</sup>

LB 1036 would preserve access to payday loans while ensuring that families aren't intentionally trapped into a cycle of debt by lenders who seek to profit from families experiencing economic hardship. We will only end the cycle of poverty by ensuring that families have access to fair financial resources and we respectfully encourage the committee to advance this bill. Thank you.

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<sup>1</sup> Live Science (January 2016) Parents' Financial Debt Linked to Behavioral Problems in Their Kids

**The Loan Process, Continued**

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