

Congressional Testimony by Ms. Valarie Shultz Wilson

I would like to thank **Chairwoman Maxine Waters** and sub-committee chair, **Ed Perlmutter** and, ranking member **Blaine Luetkemeyer**, for inviting me here, today, to testify on behalf of low-income and low-wealth communities that I have served for the past 30 years. I come before you to provide a face behind the statistics and data on the economic toll of COVID-19 on these communities.

During my career, I have had the privilege to lead nonprofit organizations with \$500,000 operating budgets and those with \$50 million operating budgets. I have been CEO of organizations such as the Connecticut Food Bank and the Urban League of Southern Connecticut. At the Urban League, we provided services which included First-Time Homebuyer Education; Credit Repair; Financial Education; Foreclosure Prevention; Loan Modification; and Student Loan Services. My vocation, passion and commitment revolve around empowerment. I have devoted my life to these endeavors and I will continue to do this work.

The economic devastation that has impacted **small business owners, including sole proprietorships**, in Black and Latino communities, continues to disenfranchise these groups. As heartbreaking as these scenarios are, many consumers are forced to use title loan companies, payday lenders and other predatory lending businesses to make ends meet. Rather than allowing borrowers to speak with someone to address these issues, many of these institutions require customers to use their websites, including mortgage companies, student loan companies and auto finance companies. People have lost their Internet and have been forced to pawn their computers which eliminates their ability to communicate with financial services institutions. In addition, bank fees and overdrafts have plagued low-income consumers, causing many to lose their traditional bank accounts and force them to rely on check cashing establishments that charge predatory fees. To the detriment of consumers, credit card companies monitor credit reports and raise interest rates based on credit usage, late payments and missed payments, generating more fees that people from low-income and low-wealth communities cannot afford to pay. As a result, many consumers are having to choose between feeding their children or providing Internet access.

In Connecticut, I serve on the board of The Community Foundation for Greater New Haven which has launched a 26 million dollar initiative, “Stepping Forward,” a program which has set money aside to provide low-interest loans and grants to Black, Latino and women small business owners impacted by the pandemic. It is also providing capacity building and operational support to non-profit organizations engaged in the work of economic empowerment and sustainability. Nonprofit organizations like The Community Foundation stand in the breach and provide a safety net for consumers who may not be eligible for traditional financial services.

JP Morgan Chase announced that it would pledge 30 billion dollars to close the racial wealth gap in Black and Latino communities over the next 5 years by funding CDFIs, black-owned banks and providing down payment assistance for homebuyers of color. It is encouraging to know that this initiative has been launched but if the credit restrictions are not relaxed so that low-income and low-wealth consumers can take advantage of this program, the wealth gap will remain.

LOW-INCOME AND LOW-WEALTH CONSUMERS NEED HELP! We need policies, now, that will allow businesses and consumers to be resuscitated and made economically viable for the future. We need policies, now, that address structural barriers to resources, financing and capital.

Thank you for your time, today.