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Senate Committee on Financial Institutions and Insurance

Chairman Longbine and Members of the Committee:

March of Dimes leads the fight for the health of all moms and babies. We appreciate this opportunity to provide a **letter of support for SB 218**. As part of March of Dimes' national strategy to reduce the burden of and disrupt lifelong economic insecurity, we believe this bill is necessary to support the financial and physical well-being of Kansas families.

March of Dimes believes families in Kansas have the right to lower interest rate loans outside of the predatory interest rates of payday loans, which are often not understood by moms and families who enter into these types of agreements. Research has shown a direct link between stress and poverty with poor maternal/infant health outcomes, including low birthweight, psychosocial issues, malnutrition, and low educational attainment¹². Poverty is also closely linked to infectious disease spread³.

Short-term/payday loans are mostly unregulated loans that have risen dramatically in recent decades in the United States and are characterized by predatory, discriminatory, and poorly regulated lending practices⁴. In Kansas, lenders charge up to 391% interest on small-dollar loans. Often families will be unable to pay off the original loan and will have to borrow again to pay off previous loans. Eighty percent of payday and auto title loans will be rolled over or followed by an additional loan within just two weeks, as borrowers are unable to afford other essential expenses. The median payday loan borrower is in debt for more than six months, and 15 percent of new loans will be followed by a series of at least 10 additional loans⁵. More than 20 states are currently considering payday loan reform, and Nebraska, Colorado, Virginia, and Ohio have already reformed laws.

In studies, financial debt is increasingly linked to poor health outcomes, including mental health (depression and depressive symptoms, anxiety, poor psychological well-being, and other mental disorders), poor self-rated health, high blood pressure, obesity, lower life expectancy, and foregone medical care or care non-adherence³. Women and struggling families are especially more likely to enter into these loans related to a short-term need like food or medical expenses⁴. Short-term/payday loans have an especially negative outcome on health outcomes. In one study, even when controlling for other factors, short-term loan borrowing was associated with increased problems such as obesity, blood pressure, and mental health problems³.



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Health problems associated with payday/title loans are especially concerning for women during pregnancy. Both acute and chronic stress can cause long-term problems with hormones, nervous and cardiovascular symptoms⁶. Previous studies have found that higher stress rates can lead to pregnancy outcomes, including spontaneous preterm birth, preeclampsia, neonatal morbidity, and low birthweight. Preterm birth (regardless of indication) is associated with a higher risk of short-term neonatal morbidities (including neurologic, pulmonary, cardiovascular, gastrointestinal, immune, and metabolic complications) and long-term complications among survivors (such as cerebral palsy, neurodevelopmental delay, vision problems, and hearing loss)⁵.

Short-term/payday loans disproportionately affect people of color, and families living in poverty. This disparity is reflected in not only gaps in wages and wealth but also the aggressive clustering of payday loan storefronts in African American—as well as Latino—neighborhoods⁴. Moreover, payday loan storefronts affect neighborhood health and lower property value. Density of payday loan centers was associated with an increase in adverse health outcomes⁷. In states that allow payday storefronts, these outlets cluster in poor and minority neighborhoods where they can lead to a general devaluation of these communities³. Living near a state with legal payday lending is associated with a 25 percent increase in the likelihood that families will have trouble paying their mortgage, rent, or utilities. Ultimately, this may lead to eviction or foreclosure, with devastating consequences not only for affected families but also for their communities⁴.

March of Dimes supports Senate Bill 218 because it reduces the economic burden on families – especially women, infants, and people of color. Evidence shows that alleviating this burden improves the health and productivity of families and communities. I am happy to provide any further information or resources on this issue, and I thank you for your consideration.

For all moms and babies,

A handwritten signature in black ink, appearing to read 'Elizabeth Lewis', with the initials 'WHNP BC' written to the right of the signature.

Elizabeth Lewis, MPA, MSN, WHNP-BC, BSN, RN

¹ Dolatian, M., Sharifi, N., & Mahmoodi, Z. (2018). Relationship of socioeconomic status, psychosocial factors, and food insecurity with preterm labor: A longitudinal study. *International Journal of Reproductive BioMedicine*, 16(9), 563-570.



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² Jung, J., Manley, J., & Shrestha, V. (2021). Coronavirus infections and deaths by poverty status: The effects of social distancing. *Journal of Economic Behavior and Organization*, 182, 311-330.

³ Sweet, E., Kuzawa, C. W., & McDade, T. W. (2018). Short-term lending: Payday loans as risk factors for anxiety, inflammation and poor health. *SSM- Population Health*, 114-121.

⁴ Valenti, J., & Schultz, E. (2016, October 6). *How predatory debt traps threaten vulnerable families*. Retrieved from Center for American Progress:
<https://www.americanprogress.org/issues/economy/reports/2016/10/06/145629/how-predatory-debt-traps-threaten-vulnerable-families/>

⁵ Traylor, C. S., Johnson, J. D., Kimmel, M. C., & Manuck, T. A. (2020). Effects of psychological stress on adverse pregnancy outcomes and nonpharmacologic approaches for reduction: an expert review. *American Journal of Obstetrics and Gynecology Maternal Fetal Medicine*, 2(4).

⁶ Dwivedi, P., Huang, D., Yu, W., & Nguyen, Q. (2019). Predicting geographical variation in health-related quality of life. *Preventive Medicine*, 126.