Middle Class Prosperity Project
Statement of Rep. Elijah E. Cummings

Forum on "Access and Opportunity:
Predatory Financial Practices and Economic Injustice"

Baltimore, Maryland
May 11, 2015

Good afternoon. I am Congressman Elijah Cummings, and I am honored to welcome you all here to Baltimore.

Let me start by asking everyone to join me in giving a very warm Baltimore welcome to Senator Elizabeth Warren.

Senator Warren and I teamed up at the beginning of this year to launch the Middle Class Prosperity Project. Our goal is to focus attention on issues that matter most both to middle class families and those who aspire to it.

Today's forum will be our fifth so far. In February, we focused on wages for millions of workers across the country—wages that are stagnant even though worker productivity has never been higher. In March, we focused on seniors and how financial advisers sometimes give bad advice on their retirement savings because they have conflicts of interest. And last month, we focused on the increasingly huge financial burden families take on in order to send their kids to college.

We have made clear from the beginning of this Project that we want to help not only families already in the middle class, but also those who are trying to break out of the cycle of poverty, work hard and save, educate their children, and get into the middle class so they can achieve the American dream. That is why we are here today.

Today's forum is being held just blocks from where Freddie Gray was arrested, in a neighborhood known as Sandtown-Winchester. We are also just blocks away from my own neighborhood, where I have lived for more than 30 years.

Freddie Gray's death has drawn the nation's eyes to Baltimore. Of course, his death has brought renewed attention to the challenges we face with police-community relations and criminal justice reform. But it has also highlighted the deep and systemic economic challenges that Mr. Gray faced during his lifetime and that many other residents of this city and cities around this nation face every single day.

My hope is that the eyes of the nation do not turn away before they see the full scope of these challenges and the urgent need to address them.

Two weeks ago, I spoke at Freddie Gray's funeral, and I asked whether anybody recognized this young man when he was alive. I'm here today to urge the American people and my colleagues in Washington to see our communities and to hear about their challenges because their struggles are our struggles. They are the same as those faced by families in Massachusetts, South Carolina, Missouri, and all across the country.

Today, we will focus on families that are "unbanked"—meaning they do not have a bank account. We will also focus on "underbanked" families that have at least one bank account, but also use "alternative" financial service providers, such as liquor stores and pawn shops.

I would like to refer to two maps of Baltimore. These were compiled by the National Community Reinvestment Coalition based on data collected by the FDIC and the U.S. Department of the Treasury.

The first map shows all of Baltimore. The red marks are bank branches, and the green marks are alternative financial service providers. **You can see many more banks clustered in the high income areas, while the low and moderate income areas have fewer banks.**

The second map shows a close-up of Sandtown, where Freddie Gray lived. And you can really see the disparity here. **There are only three bank branches is this entire area, but there are more than 18 alternative providers.**

According to the FDIC, in 2013 one out of every thirteen households in the United States was "unbanked," and one in five households was "underbanked." In the Baltimore-Towson metro area, these numbers were worse. In 2013, more than 5% of households were unbanked, and more than 25% were underbanked.

So what does this mean? **Many alternative providers offer financial services on fair terms but, unfortunately, others employ predatory and abusive terms that lock families into long-term cycles of high-interest debt they cannot escape.**

I am not suggesting that major banks move into these neighborhoods overnight. **My point is that the decreasing number of banks in these areas—and the increasing number of families being preyed upon by unscrupulous servicers—is a symptom of a much larger challenge.**

We should be helping low income families get into the middle class, and we should be helping middle class families continue to prosper. We can do that by investing in these families and these communities.

We need to support early education programs like Head Start, health programs for prenatal care, lead paint abatement, early childhood development, community college programs, and employment training programs. We need to invest in infrastructure improvements that will help our communities, help our businesses, and help our

workers. These steps, in turn, will help all of us because they drive the engine of our nation's economy.

What we should not do is what Washington has been doing for the past several years—slashing funding for these critical programs, imposing harmful sequestration cuts, and shutting down the government, all while giving lucrative tax breaks to the wealthiest Americans and corporations.

Rather than trying to roll back consumer protections and weaken the Consumer Financial Protection Bureau, we must ensure that it has authority to enforce fair regulations that will protect all consumers from abusive financial service providers.

With that, I would like to thank Congressman Sarbanes for joining us and for his leadership in this city, in the Maryland delegation, and in Congress.

Let me also thank President Jay Perman, as well as Donald Tobin, the Dean of the Law School, and Rachel Tabakman from the University of Maryland for hosting us here today.

It is an honor to be here today at my alma mater where I graduated from law school many years ago.

Now, I welcome Senator Warren and recognize her for her opening remarks.

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