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BOSTON HEADQUARTERS
7 Winthrop Square, Boston, MA 02110-1245
Phone: 617-542-8010 • Fax: 617-542-8028

WASHINGTON OFFICE
1001 Connecticut Avenue NW, Suite 510, Washington, DC 20036
Phone: 202-452-6252 • Fax: 202-463-9462

www.nclc.org

July 6, 2016

The Hon. Jeff Merkley
United States Senate
Washington, D.C. 20510

The Hon. Elijah E. Cummings
Ranking Member
Committee on Oversight and Governmental Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Senator Merkley and Ranking Member Cummings:

I write on behalf of the National Consumer Law Center's low-income clients to support the 2016 Wage and Garnishment Equity Act (the WAGE Act). This bill would bring much-needed modernization and improvement to the federal protections against excessive wage garnishment.

Wage garnishment is a procedure by which a court instructs a debtor's employer to take money out of the debtor's paycheck and pay it over to one of the worker's creditors. Federal law currently allows up to 25% of a worker's wages to be taken in this way, as long as the worker is left with thirty times the minimum wage. These protections are woefully inadequate: thirty times the minimum wage comes to just \$ 217.50 a week, less than half the poverty level of \$466.34 a week for a family of four. States are allowed to protect a larger portion of a worker's wages, but only a handful of states prevent wage garnishment from pushing a working family below the poverty level.

The WAGE Act would dramatically improve the environment for working families by imposing more reasonable limits on wage garnishment. It would protect eighty times the minimum wage, and limit wage garnishment to 10% of a worker's wages (15% for employees in high wage brackets). It would also modernize the law by protecting a worker's bank account. Given the prevalence of direct deposit of wages, protecting a worker's bank account is essential in order to prevent creditors from evading wage garnishment protections by directing a garnishment order to the worker's bank instead of the worker's employer. The bill would also prevent creditors from using wage assignments to evade these limits and strengthen the prohibition against firing a worker because of wage garnishment.

A wage garnishment can lead to financial disaster for working families: a worker whose paycheck is garnished for an old credit card debt or medical bill may be unable to pay the rent or the expenses necessary to get to work. The WAGE Act would restore the balance between creditors and working families by preserving more of a family's hard-earned wages from garnishment.

Sincerely yours,



Carolyn L. Carter
Deputy Director