

TAKING STOCK

Southwest Center for **Economic Integrity**

Winter 2003 Newsletter
Volume I, Issue 3

P.O. Box 41972, 509 S. Sixth Avenue, Tucson AZ 85717-1972

(520) 770-7405 or 971-1472

SPECIAL THANKS TO OUR GENEROUS 2003 DONORS:

> Briggs & Pat Ackert, Margo Barnes & Vicky Strome, Joanne Basta & Gary Bachman, Jim & Lucille Burkholder, Fran & Roy Emrick, Paul & Dolores Gohdes, Kelly Griffith & Mary Jane Cera. Victoria Hadd-Wissler, Ted & Jeanne Hasbrook, Robin Hiller, Barbara Holtzman, Michael James & Danielle James-Boushert, Lowell & Teresa Jones, Anthony King, Tom & Jackie Kinman, Holly Lachowicz, Pam Liberty-Liberty, O'Neill & Bibbens, Bert Loeb, Bob Mihallik & Darryl Miller, Jon Miles, Nancy Meyers, Gordon & Elizabeth Packard, Doug Page & CJ Hawkins Page, John Peck, Walter Richter, Patrice Ryan, Ana & Jose Santos, Nina Trasoff, Karin Uhlich & Shannon Cain, Patrick Volle, Jackie Wessel, Punch & Casey Woods, Charles & Betsy Zukoski.

> Our *Pony del Pueblo* generated \$9,100 for the Center. Thanks to buyers **Margo Barnes & Vicky Strome** and underwriter **La Paz Foundation**.

WE APPRECIATE YOUR HELP

- ◆ SCEI is a 501(c)(3) non-profit, so your gifts are tax deductible. We are sustained by contributions. We also periodically need volunteers and in-kind contributions.
- ◆ For more information please contact our Executive Director **Karin Uhlich** at 520-971-1472

PAYDAY LENDING STUDY RELEASED

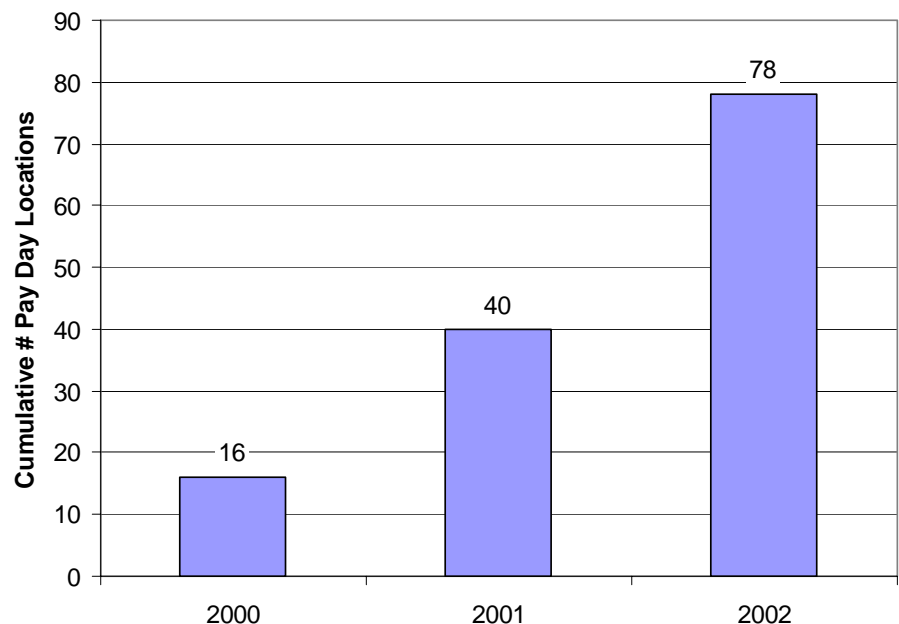
The Southwest Center for Economic Integrity completed its comprehensive study on the payday lending industry in Pima County this month. The report summarizes data gathered from a range of sources including: direct surveys conducted by Center volunteers of fifty local payday lending customers, state banking department records, court records documenting collection actions taken against borrowers by payday lending companies, and corporate and industry reports.

“The Center estimates that payday lending customers are paying \$20 million in fees and charges every year in Pima County.”

Payday lending erupted in Pima County and across the state with the passage of legislation in 2000 which exempted these short-term loans from the standard usury cap of 36% annual interest. Arizona statutes now allow interest rates of **15% per two-week period** for payday loans, translating to an annualized percentage of over 450%.

(continued on page 3)

PAYDAY LOAN LOCATIONS OPERATING IN PIMA COUNTY



Board Member Profile: Lowell Jones

Lowell Jones joined our Board of Directors last year and now serves as President. He works at the **Zygo** corporation, a high-tech optics firm, as an opto-mechanical systems engineer. Lowell earned his undergraduate degree at Tennessee Tech University and his masters and doctoral degrees in mechanical engineering at Vanderbilt University. He and his wife, Teresa Cowan Jones, moved to Tucson in 1997. When asked why Lowell took an interest in the work of the Southwest Center for Economic Integrity, Lowell offered these reflections; “I didn’t come to this out of any bad taste in my mouth from working in corporations; my experiences have actually been quite positive. But I’ve always had a commitment to social justice, and just believe that **many economic problems directly relate to a lack of corporate accountability** in our system. That, and the undue influence of the corporate sphere on governmental policy, seems to drive so many other issues – environmental protection, class issues, or issues of global fairness. **The Center offers a perfect place for me to invest energy in affecting the systemic change I think is the most important.**” Teresa’s interests are closely aligned. She’s as an executive coach, helping corporate leaders to better integrate their personal values and integrity on the job. She and Lowell have a newborn son, Benjamin. They live in the Miramonte neighborhood, and Lowell serves on the board of their neighborhood association.

Other Highlights

- > Center staff **Amanda Sapir** and **Cecilia Campillo** presented findings from our payday lending study at the southwest regional conference of the **AARP** in New Mexico.
- > The **Annie E. Casey Foundation** has awarded the Center a grant to conduct a survey and outreach in South Tucson on the Earned Income Tax Credit.
- > The Center has been awarded a grant from the **Greenville Foundation** to launch day laborer rights work in New Mexico and the region in partnership with anti-poverty and immigrant rights groups.

Labor Ready Investors Alerted



Karin Uhlich (left) of the Southwest Center for Economic Integrity, joined activists at Labor Ready’s 2003 shareholder meeting held in Tacoma, WA. Uhlich, who attended with proxy status offered by a company shareholder, read a statement at the meeting: “We call upon Labor Ready to stop charging check-cashing, transportation and other fees; stop discriminating on the basis of race and national origin; stop long uncompensated waiting periods; and guarantee lower injury rates for workers...Why indeed do you continue to engage in the whole host of concern practices when these practices jeopardize the very viability of your company and stretch the limits of ethical, moral and legal business practices?” The Center has been joined in its Labor Ready campaign by three national groups: The National Coalition for the Homeless, The National Day Laborer Organizing Network, and the North American Alliance for Fair Employment. Our work continues to reform the egregious practices of this and other day labor companies operating in Arizona and the southwest region. Our efforts have prevented Labor Ready from charging their workers check cashing fees in Arizona

PAYDAY LENDING STUDY (continued)

Contrary to the popular belief that these loans bridge gaps in emergency situations, most borrowers the Center interviewed (74%) needed their loans simply to pay monthly bills. 60% of the borrowers also needed more than two weeks to repay their loans, and so incurred costs far exceeding 15%. The average paid among those surveyed was 38.5% (\$154.25 on a \$500 loan). **Close to 10% of borrowers surveyed paid back double the amount that they initially borrowed.** Extrapolating from industry data gathered in other states and a number of individual corporate reports, payday lending customers are paying between \$13 million to \$25 million in fees and charges every year in Pima County. Because not all payday lenders have registered with the state, **we believe \$20 million is a fair estimate for the charges and fees paid annually by borrowers in Pima County.**

As the charts below show, payday lending companies are generally more accessible to people in poverty, latinos, and people in stressed neighborhoods than are banks or credit unions. The Center completed its report for Pima County Administrator Chuck Huckleberry and the Board of Supervisors to help inform future actions on this issue. The Center will also utilize the report for its own work in the coming state legislative session as bills are introduced with the potential of either detrimentally or constructively reshaping this industry in our community. Watch for future issues of *Taking Stock* to see how you can help!

High Poverty Areas			
Financial Services	Number of Branches in Pima County	Branches Within ¼ mile of High Poverty Areas	Percentage Within ¼ mile of Areas with High Poverty Areas
Pay Day	78	52	67%
Credit Unions	49	25	51%
Banks	124	42	34%

Areas with High Percentage of Latinos			
Financial Services	Number of Branches in Pima County	Branches Within ¼ mile of Areas with High % of Latinos	Percentage Within ¼ mile of Areas with High % of Latinos
Pay Day	78	29	37%
Banks	124	23	19%
Credit Unions	49	9	18%

Medium and High Stress Areas			
Financial Services	Number of Branches in Pima County	Branches Within ¼ mile of High/Medium Stress Area	% Within ¼ mile of High/Medium Stress Area
Pay Day	78	65	83%
Credit Unions	49	34	69%
Banks	124	69	56%

PROMOTING ETHICAL PROFITS AND RESPONSIBLE COMMERCE.

**Southwest Center for
Economic Integrity**

509 S. Sixth Avenue

P.O. Box 41972

Tucson, AZ 85717-1972

Phone: 520-770-7405/971-1472

Fax: 520-743-9110

Email: info@economicintegrity.org

The **Southwest Center for Economic Integrity** engages in research, education and advocacy to mobilize and protect marginalized people and to hold corporations and industries accountable to their communities.

Please offer your support to the Southwest Center for Economic Integrity!

I'd like to contribute the following:

_____ One-time Contribution of \$_____

_____ Monthly Pledge of \$_____ per month (billed the 15th of each month)

_____ Quarterly Pledge of \$_____ per quarter (billed the 15th of the first month/quarter)

_____ I want to Volunteer. Get in touch to tell me more about opportunities to be involved.

_____ Come speak to my congregation, civic organization or group of family and friends.

Name _____

Address _____

Phone _____

E-mail _____

Payment via: Check Credit Card Monthly/Quarterly Amount: _____ Total _____

Circle One: Visa Mastercard No. _____

Exp. Date ____/____/____

Signature: _____

Date: _____

NOTE: SCEI is a 501(c)(3) non-profit organization. Contributions are tax deductible to the extent allowed by law.