



**House Business and Labor Committee  
Testimony of Angela Martin in Support of HB 4133  
February 8, 2012**

Good afternoon members of the committee. My name is Angela Martin and I am the executive director of Economic Fairness Oregon, a non-profit consumer protection group based in Portland. I'm here today to urge your support of House Bill 4133.

HB 4133 would provide some much-needed transparency regarding the fees associated with the contracts our state enters into for the delivery of public benefits via prepaid cards. State agencies offer a range of programs that use prepaid cards as the method to disburse funds. Those programs include unemployment, TANF and workers' compensation. The state also manages a prepaid card program for child support payments, which are not funded by state government but are collected through our courts. Over the last decade, the trend has been to move away from paper checks to the use of electronic payment cards for the delivery of these important benefits and in many ways this trend has been good for both the state and the recipients of unemployment insurance, child support or other government cash support programs. The state has realized a savings and benefits can be delivered faster and more conveniently for Oregonians, especially those who do not have traditional bank accounts. However, the advent of prepaid cards has not been without risks and costs to both consumers and the businesses that accept the prepaid cards.

Last year, a national report evaluating state contracts for the delivery of unemployment benefits revealed that Oregonians were faced with higher fees and penalties as compared to other states.<sup>1</sup> Oregon's contract with U.S. Bank to deliver unemployment and child support via a prepaid debit card known as the "ReliaCard" allowed for more and higher fees for individual transactions. We met with and interviewed many unemployed Oregonians who shared their experience and explained

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<sup>1</sup> National Consumer Law Center, Lauren Saunders & Jillian McLaughlin, "Unemployment Compensation Prepaid Cards," May 2011.

that the costs associated with using the card meant spending \$10, \$20 or \$30 that they simply couldn't afford.

The good news is that thanks to the work of Treasurer Wheeler, the contract with U.S. Bank is now more in line with the fees being charged in other states. However, our experience researching the issue exposed a glaring hole in the availability of publicly available information about the true costs to the consumers who use the cards and the businesses that accept them.

For example, we know that U.S Bank, which has the state contract to deliver unemployment benefits and court ordered child support payments, receives and redistributes approximately \$1 billion a year. The funds are loaded onto its "ReliaCard" which is used by about 40% of those eligible for those programs. However, there is no available information about the total amount collected from recipients and businesses for the use of that card.

National media reports on Oregon's contract shed light on the fact that there is considerable money associated with the contract. One national media outlet reported that, "Between July and September, U.S. Bancorp secured \$357 million in revenue through the division that includes its prepaid cards, according to its most recent earnings statement. That was more than one-fourth of its total revenues. The bank refused to say how much of this revenue was comprised of fees from its handling of state unemployment benefits."<sup>2</sup>

As our state struggles to recover from the worst economic crisis of our generation, it is more important than ever for us to be aware of the cost public contracts have not only on our government, but on the people who receive these critical services.

By requiring companies contracted with the state to disclose the amount they're making in Oregon, House Bill 4133 will give our government the transparency and accountability needed to make fiscal decisions in the best interest of our state and its residents.

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<sup>2</sup> [http://www.huffingtonpost.com/2011/11/01/bank-fees-unemployment-benefits\\_n\\_1033700.html](http://www.huffingtonpost.com/2011/11/01/bank-fees-unemployment-benefits_n_1033700.html)