

# United States Senate

WASHINGTON, DC 20510

May 6, 2020

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Charles Schumer  
Democratic Leader  
United States Senate  
Washington, DC 20510

Dear Majority Leader McConnell and Leader Schumer:

As you consider forthcoming relief packages to address the ongoing financial crisis caused by the coronavirus pandemic, we urge you to support \$700 million in funding over two years for non-profit credit counseling services across the nation to help consumers and small businesses burdened by unsecured debt and to avoid bankruptcy.

Credit counseling is a resource that guides consumers through financial uncertainty and averts strain on financial services customer support channels. These agencies are 501(c)(3) nonprofit organizations certified by the Department of Justice's Executive Office for U.S. Trustees and regulated by the Internal Revenue Service, and provide financial advice to roughly one million clients each year. In a time where social distancing is needed to curb the growth of the coronavirus pandemic, credit counselors are also uniquely equipped to address the needs of consumers remotely, as roughly 70 percent of counseling sessions are regularly conducted via phone or online.

Counseling has proven to be an effective way for families to manage existing debt and avoid bankruptcy. Federally-supported counseling specific to housing was tremendously impactful over the course of the Great Recession, when Congress appropriated \$853 million for the National Foreclosure Mitigation Counseling (NFMC) program over ten years, serving over 2 million homeowners. As housing counseling continues to be a critical resource for assisting consumers facing financial issues in the housing market and must be robustly funded, credit counseling presents another opportunity to help consumers and small businesses manage historically high levels of unsecured debt, including medical expenses, student loan debt, and credit card debt.

Due to the growing prevalence of financial hardship and uncertainty, the National Foundation of Credit Counseling (NFCC) projects its member agencies will serve between five to seven million consumers. Congress must support families around the nation by funding a service, which would greatly expand capacity for federally-certified credit counseling agencies in both metropolitan and rural America. The request of \$700 million, to be administered by the Treasury Department, would provide credit counseling agencies much-needed resources to onboard and train new counselors to accommodate the growing number of clients, and bolster technology needed to conduct more meetings remotely.

With another 4.4 million Americans filing for unemployment last week, and caps reached for small business loans, access to credit counseling now and after the pandemic subsides stands as

possibly as one of the most critical programs to mitigate financial hardship. If robustly funded, credit counseling agencies have the potential to serve as a resource for families and small businesses struggling with lost income, credit card bills, increased medical debt, or potential bankruptcy.

We thank you for your attention and consideration.

Sincerely,

/s/ United States Senator Jeffrey A. Merkley

/s/ United States Senator Steve Daines

/s/ United States Senator Chris Van Hollen

/s/ United States Senator Ron Wyden

/s/ United States Senator Jon Tester