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April 30, 2015

The Honorable Hannah-Beth Jackson
Chair, Senate Judiciary Committee
State Capitol, Room 2032
Sacramento, CA 95814

RE: SB 501 (Wieckowski) Wage garnishment restrictions: student loans - SUPPORT
As Amended April 29, 2015
Senate Banking and Financial Intuitions Committee – Referred

Dear Senator Jackson:

The Consumer Federation of California (CFC) supports Senate Bill 501, authored by Senator Wieckowski, which will remove the disincentive for a worker facing a wage garnishment to earn more than the local minimum wage, lowering the exorbitantly high percentage of income taken from a worker's paycheck.

California law currently limits wage garnishment to the lesser of either 25 percent of a worker's post-tax earnings, or any income that exceeds the state minimum wage. As a result, every additional dollar that a worker earns in excess of the minimum wage is garnished, with no incentive to earn more, exacerbating poverty and suppressing local economies.

SB 501 would preserve consumers' incentives to both pay their debts and to work to provide for themselves and their families by reducing the current garnishment rate to the lesser of 10 percent of an individual's weekly disposable earnings or one-third of the amount by which a person's disposable earnings for the week exceed 40 times the state minimum hourly wage or *local* minimum hourly wage, allowing workers to retain enough of their earnings to meet basic needs.

I urge you to vote "yes" on SB 482. If you or your staff has any questions, please contact Aaron Lewis, CFC Legislative Advocate, at (916) 498-9616.

Sincerely,

Richard Holober
Executive Director

cc: Members and Committee Staff, Senate Judiciary Committee
Senator Wieckowski