

From the Desk of the Coalition for Safe Loan Alternatives...

In the first few days of the Virus crisis, we are seeing upward numbers of 700,000 being unemployed. Nearly 20% of workers are saying their pay is reduced or they are being laid off. Simply put. We're in uncharted waters. Rightly, there is a lot of focus on the immune compromised and health risks. But the shock to the economy is not getting enough focus. Federal stimulus or payments seem all but certain but cash is king. Access to credit is also critical. But it has to be safe, fair, and affordable.

We've all seen the pictures of empty grocery stores and are hearing about employees being asked to work from home or take some vacation time to stay socially isolated. But what if you don't have a credit card to stockpile groceries, because your credit is too poor to qualify?

Employers are scrambling, trying to find solutions. They're setting up conference call capabilities to work from home; they're trying to advance PTO and sick leave to put a little extra money in employee's pockets to weather the storm. New remote workers are trying to buy equipment to work from home. Many workers have a spouse, partner, or family member who has been laid off so they need to temporarily replace that income.

The *American Banker* just published an analysis that people are going to rely more on payday loans and other short term loans that can cost 400% interest or more. The most economically vulnerable employees may be able to stay healthy at home, but they will be financially devastated - not just by the loss of income but by the cycle of high cost debt caused by predatory lenders.

Let's be honest. If a company is looking to furlough workers, or ask them to stay at home for a few weeks until everything is more clear, it's going to be the people without access to low-interest, non-balloon payment loans. The most financially insecure are the ones most likely to be on the front lines, and most vulnerable financially when facing reduced hours or mandatory time off. How will they pay their bills?

Employers are scrambling with ideas like advancing paid time off or accrued vacation time - to give employees a little extra money in their pocket to cover unplanned expenses. That could help tide a family over for a few weeks, so they can afford to stay on leave or furlow until this crisis passes. Otherwise, they will be forced to quit and find other work to support their families.

But employers should be also looking at benefit programs that are designed to help employees in times of financial stress. There are some with no cost or financial risk to employers, that can get employees access to loans without using a credit score as part of the process. And some can be repaid by payroll deduction. Look at the Coalition for Safe Loan Alternatives website for information on those groups who are here to help. Groups include [True Connect Employee Loan Solutions](#), [Hebrew Free Loan Associations](#), and [Flexwage](#).