

FOR IMMEDIATE RELEASE:
JANUARY 29, 2013

Contacts:

Lauren Saunders lisaunders@nclc.org 202-452-6252 ext. 105;
Jan Kruse jkruse@nclc.org, 617-542-8010 ext. 361

**STATES SAVE UNEMPLOYED WORKERS MILLIONS BY REDUCING
PREPAID DEBIT CARD FEES**

But Some States Still Violate Federal Law by Refusing to Offer Direct Deposit

Download the full report, including rating and fees charts for each state:
<http://www.nclc.org/issues/unemployment-compensation-prepaid-cards.html>

WASHINGTON, DC— Improvements in state unemployment prepaid cards are saving unemployed workers millions in fees, according to a new survey by the National Consumer Law Center (NCLC). But some states still refuse to offer their workers the choice of direct deposit of their benefits to their own bank account and force them to use a prepaid card. The [NCLC 2013 Survey of Unemployment Prepaid Cards](#) includes a new review of direct deposit rates and updates fee schedule changes since the advocacy organization's initial groundbreaking 2011 report that found many cards were nickel-and-diming workers through multiple fees.

“Five states—California, Indiana, Kansas, Maryland and Nevada—are violating federal law and requiring workers to receive benefits on the state vendor's prepaid card, without letting workers sign up for direct deposit to their own bank account,” said Lauren Saunders, managing attorney at NCLC and an author of the report. States also vary in how easy they make it to sign up for direct deposit. Minnesota has the highest direct deposit rate at 82%, and Arizona's is the lowest at 16%. Some states encourage direct deposit as the first choice. Others automatically enroll workers in the prepaid card, requiring them to go to extra effort to disenroll to select direct deposit.

“Overall, 18 states have improved their unemployment prepaid cards by reducing fees for ATM withdrawals, balance inquiries, purchases, and other transactions,” Saunders said. “We now give 18 out of the 42 state cards a ‘thumbs up’ and only 3 cards a ‘thumbs down.’” In 2011, 8 cards out of 40 merited a positive rating and 16 were negative.

U.S. Bank, the only bank that had overdraft fees in the last survey, has eliminated them. “With overdraft fees gone, all of the U.S. Bank unemployment cards now get ‘thumbs up’ as a safe and convenient way for workers to receive their benefits with minimal fees,” noted Saunders. For workers who do use a prepaid card, other fees are down considerably. And, by following several recommendations in NCLC's 2011 report, the Pennsylvania unemployment prepaid card now ranks as one of the best in the country. “Pennsylvania projects that it will save unemployed workers in that state more than \$5 million,” said Saunders. “We looked to the National Consumer Law Center's leadership and their easy-to-reference report when it came time to build a better program in Pennsylvania and it was a great resource,” Pennsylvania Treasurer Rob McCord said. “The National Consumer Law Center report informed us about the practices of other states and identified areas where we could improve.”

Even well-designed prepaid cards impose costs on workers, though the price is likely lower than the cost of cashing paper checks. In California, which continues to have the best card in the NCLC survey, workers paid nearly \$1.8 million in fees in the past year, not including ATM surcharges. “A well-designed prepaid card is safer, cheaper and more convenient than paying to cash a paper check,” Saunders explained, “but it is no substitute for direct deposit to an account of your own choosing.”

The 2013 survey also includes a national overview of fees on unemployment prepaid cards; state-by-state highlights of fees and ratings (for 2013 and 2011); data on the percent of workers in each state who receive their unemployment benefits by direct deposit, a prepaid card, or by check; and highlights of the changes that Pennsylvania made to improve its card and eliminate \$5.2 million in fees.

###

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.