



Statement

by the

NATIONAL MILITARY FAMILY ASSOCIATION

**UNITED STATES SENATE
BANKING, HOUSING & URBAN AFFAIRS COMMITTEE**

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The National Military Family Association is the leading nonprofit dedicated to serving the families who stand beside the uniform. Since 1969, NMFA has worked to strengthen and protect millions of families through its advocacy and programs. We provide spouse scholarships, camps for military kids, and retreats for families reconnecting after deployment and for the families of the wounded, ill, or injured. NMFA serves the families of the currently serving, retired, wounded, or fallen members of the Army, Navy, Marine Corps, Air Force, Space Force, Coast Guard, Commissioned Corps of the USPHS and NOAA.

The Association does not have or receive federal grants or contracts.

Our website is: www.MilitaryFamily.org.

Kelly B. Hruska, Government Relations Director

Kelly Hruska became the Government Relations Director of the National Military Family Association in 2015. In this role, she leads the Association's advocacy for the families of the eight Uniformed Services and monitors the range of issues relevant to their quality of life. She began her work with the Association in 2007 as a Government Relations Deputy Director and served as Outreach Coordinator in 2014.

Kelly has represented military families on several committees and task forces for offices and agencies of the Department of Defense (DoD) and military services. She serves as the Families/Survivors Vice President of The Military Coalition (TMC), an organization of 35 military-related associations. She is also co-chair of TMC's Survivor and Membership and Nomination Committees. From 2008 to 2011, she represented NMFA on the first DoD Military Family Readiness Council.

Prior to joining NMFA, Kelly worked to develop the next generation of entrepreneurs as the chief of staff of CONNECT and the chief of staff of the San Diego Regional Economic Development Corporation.

A Navy spouse for 29 years, Kelly has served in various volunteer leadership positions in civilian and military community organizations including COMPASS mentor, Navy-Marine Corps Relief Society, The Girl Scouts, and various Navy Spouses Clubs. She was also appointed to the City Commission on Children and Youth by the Corpus Christi City Council.

Kelly is a recipient of the Navy's Meritorious Civilian Service Medal in recognition of her work on behalf of service members and their families at Navy Region Center Singapore. She was also named to the 2019 HillVets 100 for her work to eliminate the Widow's Tax.

A Pennsylvania native, Kelly earned her B.A. in Political Science from La Salle University and a Master of Public Administration from Shippensburg University. Ms. Hruska and her husband, Captain Jim Hruska, USN (Ret) reside in Annandale, Virginia with their daughter, Emily.

Chairman Brown, Ranking Member Scott, and Distinguished Members of the Committee, the National Military Family Association would like to thank you for the opportunity to present testimony today about safeguarding financial protection for Service members, Veterans, and their families.

Many people assume that service members and their families are immune to financial struggles due to their steady paychecks and affordable health care. Sadly, this is not always the case. High levels of military spouse unemployment, costs associated with military-ordered moves and a lack of nearby family support are just some of the challenges that lead many families to struggle financially. While resources exist within the military community to support families with financial challenges, shame or stigma associated with seeking help often lead families to look for help “outside the gates.”

Prior to the enactment of the Military Lending Act (MLA) in 2007, “quick cash” stores, used car lots, pawn shops and title loan companies clustered around military installation gates. The net laid by these predatory lenders was extensive and, for some military families struggling financially due to a recent move or lack of spouse employment, the draw was too great. These lenders provided attractive options to service members and their families, offering quick loans and anonymity with no intrusive questions surrounding credit history or ability to repay. Often, however, interest rates soared into the triple digits. Annual percentage rates of 200 and 300 percent were common and in states with no rate cap, they ran as high as 700 percent.

And then the Military Lending Act was passed. The MLA’s passage capped interest rates at 36 percent on many loan products for service members and protected military families from mandatory allotments of pay, forced arbitration and penalties due to early loan repayment.

In the fifteen years since the passage of the MLA, predatory lending to service members and their families has decreased significantly. According to data provided by the Navy-Marine Corps Relief Society (NMCRS), in 2006 approximately 1,500 active-duty personnel sought financial assistance due to payday lending issues, resulting in as much as \$1.2 million granted by NMCRS. However, since the implementation of the MLA, numbers have dropped steadily. In 2007, requests for assistance dropped by half to 700 resulting in \$51,500 granted - only 4 percent of the previous year. Each year since, the number of requests for assistance and amounts granted has continued to decline with only ten requests in 2010, further falling to three requests for assistance in 2018, resulting in less than \$4,000 granted.

CONSUMER FINANCIAL PROTECTION BUREAU

In response to the financial crisis of 2008, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 established the Consumer Financial Protection Bureau (CFPB), granting executive and administrative authority in implementation of “the Federal consumer financial laws through rules, orders, guidance, interpretations, statements of

policy, examinations, and enforcement actions.”¹ While the MLA was not included in the consumer financial laws to be enforced at the time of CFPB’s creation, the FY13 National Defense Authorization Act (NDAA) changed this, granting enforcement authority of the MLA to CFPB.

The National Military Family Association appreciates CFPB’s work over the last decade to keep service members, veterans and military family consumers educated and empowered through financial literacy, ensuring supervision and enforcement of consumer financial laws and offering a space to seek resolution through the complaint database. Much of this work is accomplished through the Office of Servicemember Affairs (OSA). We are grateful for various programs and initiatives such as the “Military Financial Lifecycle,” which highlights many of the constant challenges that affect service members and their families throughout a military career and post-military life. We also appreciate OSA taking the initiative to create understandable factsheets relating to service member protections within the Servicemembers Civil Relief Act (SCRA) as well as the MLA.

PROPOSED RULEMAKING ON MEDICAL DEBT

In September of this year, CFPB began the rulemaking process to remove medical debt from credit reporting. The proposed rules would:

- Remove medical bills from consumers’ credit reports.
- Stop creditors from relying on medical bills for underwriting decisions; and
- Stop coercive collection practices.

It seems counterintuitive to think military families have issues with medical debt. Many think because military families have access to “free” health care medical debt isn’t a problem, but they would be wrong. In fact, military families, like their civilian counterparts, can face high medical costs, leading in some cases to medical debt. Permanent Change of Station (PCS) moves, emergency medical situations, specialized health care and the slow pace of TRICARE reimbursements are all reasons why military families might experience challenges with medical debt.

We heard from a Marine Corps family who spent \$14,000 out-of-pocket for specialized, hypoallergenic baby formula which drained their savings and retirement accounts. An Army family whose child had special needs talked to us about the excessive point of service fees they accumulated for second opinions.

Military families, like civilians, experience problems with medical debt. Unlike their civilian neighbors, service members with medical debt face the added threat of losing their security clearance.

Our Association appreciates the work CFPB has done, in advance of the rulemaking process, to encourage credit reporting companies not to weigh medical debt as heavily

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act. <https://www.congress.gov/bill/111th-congress/house-bill/4173/text>

when considering credit worthiness. We also appreciate Congress passing the No Surprises Act to address surprise medical bills. All of these actions are steps in the right direction to protect service members, veterans, their families, survivors and all Americans from medical debt.

H.R. 4365, H. REPT. 118-121, SECTION 8139

While we realize that the Senate Banking, Housing & Urban Affairs Committee does not have jurisdiction over appropriation bills, we felt it was important to share our concerns about the unintended consequences of Section 8130 of H.R. 4365, H. Rept 118-121.

Section 8139 says:

None of the funds appropriated or otherwise made available by this Act may be used to release information described in paragraph C4.2.2.5.2 of DoD 5400.11-R regarding a current or former member of the Armed Forces to any non-Federal entity or person without the consent of such member or former member or, if the member or former member is deceased, the consent of the next of kin of such member or former member or a legally authorized representative of the estate of such member or former member, unless such information is requested under section 552 of title 5 (commonly referred to as the "Freedom of Information Act") and such information is not exempt from disclosure under such section: Provided, That if such information is requested under such section, the releasing authority shall notify the member or former member who is the subject of the request or, if the member or former member is deceased, the next of kin of such member or former member, or a legally authorized representative of the estate of such member or former member, prior to the release of such information: Provided further, That this section shall not apply to a request for such 2 information from a State or local law enforcement agency.

NMFA is concerned that this will block covered institutions from complying with their obligations under the SCRA and MLA. We believe adding, "or from covered institutions to comply with their obligations under other laws, such as the Servicemembers Civil Relief Act and Military Lending Act." at the end of the paragraph could help clarify the scope and intent of the section.

CONSUMER FINANCIAL PROTECTION BOARD, ET AL. V. COMMUNITY FINANCIAL SERVICES ASSOCIATION OF AMERICA, LIMITED, ET AL.

NFMA has joined fourteen Military and Veteran Service organizations in an Amici Curiae brief in support of the CFPB. Our Association, along with the other organizations, believe the Office of Service Member Affairs of CFBP has played a pivotal role in enforcing the MLA. If CFBP is weakened or eliminated, we will lose the only federal agency that is investigating violations of and enforcing the MLA – a task that will fall to the Department of Defense (DoD).

MILITARY FAMILIES –CONTINUING TO SERVE

While we appreciate the many steps that have been taken to safeguard military families' financial well-being, the fact remains that many service members and their families continue to face financial challenges. Rising housing costs, high child care fees, increased out-of-pocket costs for PCS moves and ongoing obstacles to military spouse employment continue to strain military families' budgets. At the same time, evolving world conflicts mean that service members must remain ready and focused on their mission. In this environment, it is more important than ever to ensure that military families have the tools and protections they need to ensure their financial stability. The MLA and SCRA are two of those tools. The CFBP is essential to ensuring the provisions in the MLA and SCRA are enforced. We urge Congress to ensure that military families continue to receive the critical protections offered by the MLA, SCRA and CFBP.