

2010 Catholic Charities Survey on Payday and Auto Title Loan Use

In the fourth quarter of 2010, Texas Catholic Conference administered a survey on payday and auto title loan use to clients of Catholic Charities programs in seven dioceses across the State. The dioceses included Amarillo, Beaumont, Dallas, Fort Worth, Houston/Galveston, San Antonio, and Corpus Christi. The Conference also surveyed the PATH program, a non-Catholic Charities entity in Tyler. Texas Catholic Conference developed the survey instrument in conjunction with Texas Appleseed and a research group from the LBJ School of Public Affairs. The survey had 1,367 responses from Catholic Charities clients and 502 responses from PATH.

Analysis of the surveys found that 353 clients or 18.6 percent of the respondents had used payday or auto title loans at some point. This rate is consistent when the Catholic Charities and PATH samples are separated. Of the 353 respondents who have used alternative lenders, 343 gave relatively complete answers to the remainder of the questionnaire. The proportions below are based on those responses.

The survey asked several questions dealing with the ability to pay off loans. We find:

- 83% of payday or auto title loan users had trouble paying back the full loan when it came due.
- 70% had to extend or get new loans because they could not pay the full loan amount.
- 46% extended their loans at least three times.
- 57% took 3 months or more to pay back loans.
- The reported average amount currently owed to lenders is \$455.

The survey also included questions about perceptions of financial stress stemming from payday or auto title loan payments and the use of public benefits and nonprofit charity. We find:

- 77% of loan users believed that the loans made it hard to cover other bills.
- 47% believed that the financial stress caused by payday and auto title loans were part of the reason why they needed charitable assistance.
- 76% of loan users (82% of PATH loan users alone) were on some form of public benefit.

The survey responses show that the majority of clients who had used payday or auto title loans experienced a hard time paying them back. Moreover, these loans may correlate with other financial stresses, as many believed that payments made it hard to cover other bills. Lastly, responses show a strong reliance among payday and auto title loan users on charitable and public benefits.

For more information, a full summary data table is attached.