The Power of Community Action: Anti-Payday Loan Ordinances in Three Metropolitan Areas

Executive Summary

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Executive Summary

The purpose of this report is to describe and assess campaigns to curb payday lending in three localities: Salt Lake County, Utah; Dallas, Denton, and Tarrant counties in Texas; and Santa Clara and San Mateo counties in California ("Silicon Valley").[1]

This report builds on two previously published "how to" guides for individuals and organizations wishing to address payday lending with the tools available to local governments. The report adds breadth and depth to these guides by documenting several city-specific campaigns from start to finish. The report goes inside these campaigns through interviews with key leaders and their allies.

The overall report consists of five major parts. This, the first part, summarizes the entire project. We begin by arguing that local ordinances to restrict payday lending are part of a larger social movement. We then describe the contributions of two previous efforts to understand the components of successful ordinance campaigns. Next, we explain the methodology used in this report. We then discuss five basic components of ordinance campaigns and these components can vary, and we summarize the many impacts of ordinance campaigns. Finally, we provide recommendations for future campaigns to enact local payday ordinances and offer some concluding observations.

Behind this summary is a longer report with four additional sections. The first three sections provide our detailed findings regarding the campaigns in Salt Lake, Silicon Valley, and Dallas.[2] The final section describes the impacts these campaigns have had on subsequent legal action, public opinion, the advocacy organizations themselves, and the individuals behind those organizations. We hope these additional details will be of interest in municipalities across the country where citizens wish to address payday lending and other issues through local ordinances.

The New Fair Lending Movement

We conceive of the anti-payday lending campaigns described in this report as part of a social movement that we call the New Fair Lending Movement (NFLM). One could argue that what we identify as a social movement is better understood as an alliance among organizations with overlapping interests in a large number of financial products: credit cards, checking account overdrafts, international remittances, payday and auto title loans, student loans, tax refund anticipation loans, rent-to-own services, car loans, and mortgages. Moreover, the people and organizations that constitute the NFLM as we identify it do not necessarily think of themselves as belonging to a new and distinct social movement. We contend, however, that the term "movement" is justified when individuals and organizations have worked together for more than twenty years on a coherent set of issues and created durable mechanisms of coordination.[3]

The NFLM is an extension of what might be called the "old" or "original" Fair Lending Movement. This movement focused primarily on racial discrimination in housing markets and the pernicious effects of segregation and redlining.[4] Although this movement's roots stretch back to before World War II, it blossomed in the late 1960s and 1970s and was strongly influenced by the Civil Rights Movement.[5] The NAACP and the Leadership Conference on Civil and Human Rights are venerable members of this movement (and continue to be important in pursuing fair lending today). This movement's major achievements include passage of the Fair Housing Act in 1968, the Equal Credit Opportunity Act in 1974, the Home Mortgage Disclosure Act in 1975, and the Community Reinvestment Act of 1977.

The growth of the markets for subprime mortgages as well as payday, auto title, and tax refund anticipation loans during the 1990s precipitated the New Fair Lending Movement.[6] Although communities of color are often targeted by these lenders, the NFLM views fair lending as a challenge for a wider swath of the population than its predecessor movement. For example, members of the armed services, regardless of race and ethnicity, often find themselves trapped in high-cost loans, even after an interest rate limit of 36% was set by 2006 federal legislation. Senator Elizabeth Warren, perhaps the most prominent member of the NFLM, has attempted to frame fair lending as a problem of the working class *and* the middle class.[7] The NFLM goes beyond an attack on racial discrimination to a more generic critique of products whose cost is viewed as outrageous and whose structure virtually assures that loans blow up the budget of borrowers (e.g., adjustable rate mortgages with no down payment and minimal underwriting).

Whereas the NFLM made some progress prior to the Financial Crisis that peaked in 2008, (e.g., North Carolina's 1999 law limiting mortgage fees and banning prepayment penalties; the federal Fair and Accurate Credit Transactions Act of 2003; Georgia's 2004 ban on payday loans; the Military Lending Act of 2006) most of the gains occurred after the economic meltdown. The signal achievement of the new movement was the creation of the Consumer Financial Protection Bureau as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.[8] Other victories at the federal level include passage of the Credit CARD Act in 2009 and the announcement by the Internal Revenue Service in 2010 that it would no longer facilitate refund anticipation loans by providing tax preparers with a "debt indictor" showing whether a filer owed back taxes or other debts.

The participants in the NFLM are far more varied than those in the original Fair Lending Movement. Some organizations that take part in the NFLM, such as the National People's Action and Woodstock Institute, have their roots in the 1970s, and they retain a strong emphasis on racial equality in mortgage lending. Others, such as the Center for Responsible

Lending, and the National Community Reinvestment Coalition, are newer but grow out of the same mortgage-focused tradition. These organizations have, however, broadened their concern beyond mortgages to other financial products that "strip wealth" in communities of color.[9] Other participants in the NFLM, including Consumers Union, Consumer Federation of America, and National Consumer Law Center, have a long-standing record of attention to fair lending in both mortgage and non-mortgage markets.

Interestingly, the NFLM has attracted the participation of organizations with little or no ties to the original Fair Lending Movement: religious organizations, credit unions, social service agencies, youth leadership groups, research centers, and community foundations. The organizational breadth of the NFLM is exemplified in a recent letter to Richard Cordray, director of the Consumer Financial Protection Bureau. The letter, which urged promulgation of a strong payday lending rule, was signed by *762* civil rights, consumer, labor, faith, veterans, seniors, business, and community organizations from all fifty states.[10]

The NFLM is largely decentralized, but there are three mechanisms for information sharing and coordination. First, since 1999, there has been a listserv related to payday lending activity around the country. It began with six participants and now has approximately four hundred participants representing two hundred organizations.[11] Second, beginning in 2004, there has been an annual "summit" for activists interested in high-cost credit issues. The summit takes place in early December in Washington, DC, and it draws organizations from across the United States. The meeting provides an opportunity to learn from peers about their efforts to influence public policy at the local, state, and federal levels. (Both the listserv and summit have been facilitated by the Consumer Federation of America.) Third, in 2009, Americans for Financial Reform was established as a broad coalition to spur passage of the Dodd-Frank Act, at which it succeeded, but has continued to mobilize federal, state, and local organizations in the pursuit of fairness to consumers and investors.[12]

Whether the local campaigns described in this report are considered part of a larger social movement or part of a long-term alliance among organizations from several existing social movements, the anti-payday loan campaigns we describe here are not isolated phenomena. These three campaigns are embedded in a larger effort to curb payday (and other high-cost loans) in other localities as well as in state and federal fora. This larger payday loan reform effort, in turn, is part of a still larger struggle for fair lending across a wide swath of financial products. Thus, the campaigns documented in this report represent instances of powerful and inspiring citizen engagement, the importance of which goes beyond the local ordinances they helped enact.

Prior Action-Oriented Reports

Two previous reports have made important contributions to understanding, at a practical level, how local payday ordinances are enacted. The first of these reports, *Controlling the Growth of Payday Lending Through Local Ordinances and Resolutions*, was published in 2007 when few ordinances existed in California and Utah, and none in Texas.[13] Many of the ordinances set minimum distances between two payday lenders (or other high-cost lenders) or between a lender and homes, schools, churches, or other non-commercial land uses. The authors—Kelly Griffith of the Southwest Center for Economic Integrity in Arizona, Linda Hilton of the Coalition of Religious Communities in Utah, and Lynn Drysdale of Jacksonville Area Legal Aid in Florida—drew on their first-hand experience to offer a guide for community consumer advocates and government officials interested in curbing payday lenders in local communities and at the state level. The authors provided general advice under headings such as "Learn all you can about payday lenders in your area" and "Learn what system your city or town has in place for passing ordinances." The report's most notable contribution was a detailed appendix that summarized payday lending zoning ordinances state-by-state. The authors updated the appendix several times, most recently in 2013.[14] The various versions of this appendix have been cited and reproduced numerous times by payday loan supporters and opponents alike.[15]

In 2013, Tim Lohrentz of the Insight Center for Community Economic Development produced a second guide for people interested in passing municipal ordinances to limit payday lending.[16] The report, *Tools for Advocates of Limiting Payday Lending*, provided more detailed advice. Lohrentz drew on his own experience and the input of other California-based advocates to provide specific examples of how to conduct background research, create a campaign work plan, build a coalition, and frame the issues in a way that will appeal to the general public and policy makers. The report is most useful in detailing the steps needed to document the number, location, density, and corporate headquarters of payday lenders in a particular community, as well as the cost (annual percentage rates) of the loans. The report's treatment of campaign dynamics, including coalition building, gathering testimony from payday borrowers, and issue framing, is more cursory.

Despite the indisputable value of these two reports, neither covers important subjects such as generating campaign resources (human and financial), building favorable media coverage, finding a champion within the city council and communicating with other city officials, or defusing the arguments made by ordinance opponents. This report seeks to fill these gaps in the understanding of how successful payday lending campaigns are waged at the local level.

Report Methodology

Research Site Selection

There were approximately 160 local ordinances addressing payday lending at the end of 2013, with at least one local payday ordinance in twenty-five states.[17] California had the most ordinances (25), and several states had only one. Some ordinances complement strong state restrictions on payday loans (e.g., Arizona, Oregon), while others function as a substitute for them (e.g., Kansas, Wisconsin).[18] The ordinances themselves vary in nature from short-term moratoria to limits on the location, number, density, appearance, and/or business practices of payday lenders. Some ordinances refer only to payday lenders, while others encompass several types of high-cost, small-dollar lenders (e.g., auto title loans). Some ordinances were the result of a prolonged and uphill battle, while others passed quickly and easily. Each campaign, however, constitutes its own story, with its own heroes/heroines and plot.

This study analyzes campaigns in three locations: Salt Lake County in Utah, Dallas, Denton, and Tarrant counties in Texas, and the Silicon Valley counties of San Mateo and Santa Clara in California. The ordinance campaigns in each location are important in their own right, but they also serve as useful contrasts. Utah has some of the earliest ordinances in the United States and the third most of any state, an unlikely distinction given Utah's conservative political environment. California has the second largest number of ordinances and also some of the most stringent that can be devised using only standard zoning methods (e.g., separation requirements and density limits). Texas has the most payday ordinances in the nation, but, more important, most of these ordinances go beyond zoning restrictions. The Texas ordinances of interest in this report regulate payday loans and the payday lending process (e.g., limiting the amount of the loans to 20% of gross monthly income). Unlike liberal California, Texas is a politically conservative state, making it an unlikely locale for some of the strongest local ordinances in the country.

In sum, by focusing on Utah, California, and Texas, this report covers the three states with the most local payday ordinances. In addition, the Salt Lake, Silicon Valley, and Dallas areas served as the epicenter for local anti-payday lending activity in their respective states. Despite these similarities, the three locales analyzed in this report provide an instructive contrast in terms of their political environments, their ordinance campaigns, as well as the nature of their ordinances.

Data Sources

The findings of this study are based on two major sources of information: documentary research and structured interviews. The documentary research included analysis of campaign materials produced by the advocates in each location, reports and minutes generated by planning commissions and city councils, press coverage of the ordinance campaigns, and the ordinances themselves. The interviews were conducted with campaign participants in each of the three research sites. The interviewees included advocates in non-profit organizations as well as government policy makers and reporters and editors at leading local newspapers. The interviewees were recommended by a key informant in each location (Linda Hilton in Utah, Ann Baddour in Texas, and Rafael Morales in California). These key informants provided interviews as well.

The majority of the interviews were conducted in-person and on-site, with a few taking place by phone. Similarly, the majority of interviews took place with a single interviewee, but some interviews involved more than one interviewee at a time. Both researchers were present for all of the interviews except two. In all, there were thirty-two interviews: seven in Utah, thirteen in Texas, and twelve in California.[19] Interviews lasted 60-90 minutes, were audio-recorded, and were later transcribed.[20]

Campaign Features

The dynamics of the payday ordinance campaigns analyzed for this report varied substantially based on the individual and organizational actors, legal frameworks, and political opportunities present in each locale. By examining these differences (as well as several important commonalities), it is possible to appreciate the multiple pathways through which local payday ordinances can be successfully pursued. In this section, we address five general features that are common to but not uniform in all three of the campaigns we studied: (1) leader motivation, (2) campaign resources and coalition building, (3) outside and inside politics, (4) addressing opposition, and (5) policy diffusion.

Leader Motivation

There is a robust social science literature on the diffusion of public policies, but far less is known about how policies originate.[21] For example, once California legalized medical marijuana in 1996 and the policy survived federal legal challenges, it was relatively easy for Oregon, Maine, Nevada, Colorado, and Montana to follow suit in the next decade.[22] The compelling question is: how did California become the policy innovator? With respect to local payday ordinances, there are similar questions about the policy innovators. How did these ordinances first come about in the Salt Lake, Dallas, and Silicon Valley areas? Who provided the leadership to overcome the force of policy inertia? Is each case of "policy entrepreneurship" idiosyncratic, or are there commonalities?[23]

We observed one or more policy entrepreneurs in each of our three study sites. While there are others as well, these policy entrepreneurs included: Christopher Peterson and Linda Hilton in Salt Lake County; Ann Baddour, Jerry Allen, Gerald Britt, Jr., and Kayce Strader in the Dallas area; and Eleanor Clement Glass and Pat Krackov in the Silicon Valley. What sparked the interest of these individuals in payday lending reform, and what sustained them as they campaigned?

Exposure to the realities of payday lending served as the motivating force for most of the campaign leaders we interviewed. Law professor Christopher L. Peterson of the University of Utah had experienced these loans first-hand. After finishing college and to earn money for some foreign travel, Peterson worked as a telephone-based debt collector for a company that made payday, car title, and other loans to subprime borrowers. The young Peterson took the job without knowing much about the payday loan industry, but perhaps should have been tipped off when his boss described himself without shame as a "loan shark." After a few months of calling delinquent borrowers, Peterson could no longer stomach the job. The people on the other end of the phone line, often weeping, described a pattern by which they paid significantly more than they had borrowed yet could not seem to retire their debt. Peterson saw that his company's loans were making its customers worse off, and this lesson had a profound effect on his subsequent activities as a law student and then legal scholar. Most important for this report, it led him to suggest to his mother, a member of the city council of West Valley City, the possibility of passing a zoning ordinance aimed at limiting the number of payday lenders.[24]

One step removed from Peterson's experience inside the payday industry was exposure to payday borrowers in the context of social service agencies serving the poor. Whether Linda Hilton at Utah's Crossroads Urban Center, Christian Luna at Sacred Heart Community Service in San Jose, or Katie Murray at the Wilshire Baptist Church in North Dallas, our interviewees were activated by hearing the stories of payday customers, including exorbitant interest rates as well as the pattern of extending ("rolling over") loans over and over again without making a dent in the loan balance. People working in social service agencies were angered further by the realization that the financial assistance they gave to clients to settle a utility bill might be going instead to a payday lender.

For other advocates we interviewed, second-hand exposure to payday practices was sufficient to mobilize them. Reverend Gerald Britt was familiar with social injustice, but he recalled the radicalizing effect of reading the book, *Broke, USA* by Gary Rivlin in 2010, and writing a review of it for the *Dallas Morning News*.[25] Kayce Strader was appalled when she first heard about payday lending at a 2012 conference on addressing problems of poverty from a Christian faith-based perspective. As Strader exited the conference session, she ran into her colleague Pat

Smith in the hallway, and he thought she looked ill. Smith asked Strader if she was O.K. Strader answered that she was, but she informed Smith that she knew what the two of them had to do when they returned from the conference.[26] Strader had become aware of a serious injustice, and her Christian faith impelled her to act.

The process by which leaders of Silicon Valley Community Foundation (SVCF) became devoted to addressing payday lending was far more systematic than Strader's nearly accidental encounter. SVCF's prioritization of payday lending was the result of an intensive project of obtaining input from members of its community—leaders of non-profit organizations, members of the public at large, government officials, and foundation donors.[27] From an initial list of nine topics that emerged from these community listening sessions, SVCF's leaders selected five areas of highest priority. One of these was "economic security," and it encompassed anti-predatory lending advocacy.[28]

Finally, city council members such as Mike Guingona in Daly City, California and Jerry Allen in Dallas, Texas were moved to action through a combination of devotion to their low-income constituents and exposure to the arguments of payday advocates. In Guingona's case, he was the first Filipino American elected to the city council of Daly City, and he was sensitive to the problems of low-income and minority citizens. When Guingona saw that young people of color in his community—themselves shocked by discovering a payday lending machine in a local casino—were willing to fight against payday lending, he felt compelled to mentor them in pressuring the city council and conducting his own inside lobbying.

Dallas City Councilman Jerry Allen, too, felt a responsibility to represent the interests of his economically diverse district. In the aftermath of the economic meltdown of 2008, Allen became acutely interested in anti-poverty measures. He was especially impressed by the goal of the Anti-Poverty Coalition of Greater Dallas to lift 250,000 families out of poverty within ten years. As a former banker, he understood the importance of access to financial services, and he became a champion for the "Bank on Dallas" program as a way of moving people away from the expensive check cashers and payday lenders.

The pivotal moment in Allen's antipathy for payday lending came on June 16, 2010, the day on which the Bank on Dallas program was to be launched at a press conference held at City Hall. The media attention Allen hoped to garner was stolen that morning when the Dallas City Council presented an award to the payday lender ACE Cash Express for providing humanitarian aid to the Red Cross to assist earthquake victims in Haiti. It was difficult for Allen to see ACE being praised for its community outreach efforts via a proclamation of the Dallas City Council when his program needed the attention. Allen felt the upstaging was deliberate. At that point, it was "game on" as far as Allen was concerned.[29]

In sum, exposure in various forms to the details and human impact of payday lending served as the main galvanizing force for the advocates we interviewed. Exposure was a necessary condition for leadership commitment, but it was typically part of a larger commitment to social and economic justice. This commitment was sometimes secular, sometimes based on religious faith. Either way the advocates we studied had a passion for reform that sustained them beyond a single, initial victory. Most of them remained devoted to seeing local ordinances spread to other communities and for these ordinances to be part of a larger effort to enact state and federal policies.

Campaign Resources and Coalition Building

Resources are so crucial to the success of social movements that one of the leading sociological perspectives on social movements is called "resource mobilization theory." The essence of this theory is that grievances and injustices are often insufficient to generate a social movement. Rather, movement leaders and their organizations must be able to gather sufficient financial, human, communication, and other resources to participate in the political process. McCarthy and Zald, two of the pioneers of resource mobilization theory, noted that social movements are not limited to obtaining resources from the people who stand to benefit directly from movement actions; resources may come from "conscience adherents" and "conscience constituencies" composed of people and organizations motivated more by ethics than economics.[30] These conscience constituencies might include idealistic or affluent individuals as well as "private foundations, social welfare institutions, the mass media, universities, governmental agencies, and even business corporations."[31] If older theories of social movements helped explain broad-based and even violent forms of collective behavior such as the French or Chinese Revolution, resource mobilization theory attempted to explain more institutional and reformist movements such as the environmental, consumer, women's, or anti-Vietnam War movements.

The campaigns to pass local anti-payday lending ordinances in the Dallas and Silicon Valley areas were well-resourced but in very different ways. In Dallas, Denton, and Arlington, Texas, coalitions composed of social service agencies, religious organizations, and anti-poverty organizations mobilized mostly in-kind resources in the form of personnel time. For example, Stephanie Mace, director of public policy for the United Way of Metropolitan Dallas, devoted a large portion of her time during the final months of 2010 and the first half of 2011 serving on the steering committee of the Anti-Poverty Coalition of Greater Dallas. Other organizations, including CitySquare, AARP, the Industrial Areas Foundation, and the Jewish Community Relations Council, lent some of their key leaders to the ordinance effort. Members of these organizations drew upon prior knowledge of each other to build a coalition that crossed lines of income and race. Similar coalitions, although smaller and less broad-based, were instrumental in the passage of ordinances in other Dallas-area cities. The overall lesson to be drawn from the Dallas-area experience is that a successful campaign can emerge organically from a coalition of local organizations dedicated to social justice and relying primarily on a shared workload rather than abundant financial resources.

In Silicon Valley, a community foundation catalyzed the participants in a series of local campaigns that might not have occurred without the foundation's active role and generous financial support. Based on an intense community consultation process, Silicon Valley Community Foundation (SVCF) identified local payday lending ordinances as a priority for action. From there, SVCF used its grantmaking process to intensify the activities of organizations that were already engaged in payday lending reform (e.g., California Reinvestment Coalition) and, equally important, bring new organizations into the arena (e.g., Youth Leadership Institute; Law Foundation of Silicon Valley). In Santa Clara County, SVCF funded an explicit effort to create the Coalition Against Payday Predators (CAPP). Between 2009 and 2015, SVCF provided more than a million dollars to the Law Foundation of Silicon Valley, partly to support CAPP.[32] In neighboring San Mateo County, SVCF made grants to individual organizations without attempting to build a formal coalition, but the San Mateo grantees were in frequent contact with each other, often facilitated by meetings and conference calls convened by the Foundation.

SVCF's funding not only stimulated formal and informal coalitions; it deepened the capacity of the participating organizations. For example, SVCF held training sessions for its grantees. It also provided funding for public opinion research on payday lending and focus group research on ways to most effectively deliver anti-payday messages to members of the public and to policy makers.[33] SVCF also provided funding to the Insight Center for Community Economic Development to develop a "toolkit" for advocates based in the Silicon Valley and elsewhere who might be interested in mounting their own local campaigns. Between 2009 and 2016, SVCF allocated approximately $4 million to its program on anti-payday lending policy advocacy at the local and state levels, making SVCF the ultimate "conscience constituency."

Outside and Inside Politics

Like basketball superstar LeBron James, it is important for advocates to have both a strong "outside game" and a powerful "inside game."[34] The outside game consists of building public support for one's position, whereas the inside game concerns influencing the views and votes of public policy makers. Effective messaging is integral to both efforts.

The advocates in the Salt Lake, Dallas, and Silicon Valley areas played the outside and inside games well. In all three locations, the advocates cultivated a supportive relationship with the local media, especially the leading mass circulation newspapers. In Salt Lake, quotations from

Linda Hilton of the Coalition of Religious Communities found their way into most payday lending articles in the two leading daily papers, *The Salt Lake Tribune* and *Deseret News*. In Dallas and Silicon Valley, advocates enjoyed not only news coverage but were also invited to submit guest columns. Meetings with newspaper editorial boards were often followed by editorials expressing strong support for local ordinances.

Advocates in the Dallas and Silicon Valley areas proactively used social media as well. For instance, news about payday lending reform was frequently posted on the websites of the California Reinvestment Coalition and the Center for Responsible Lending. In Dallas, the Anti-Poverty Coalition held a press conference, featuring leaders of the local Baptist and Catholic communities. In the Salt Lake area, the payday campaigns were carried out by the Coalition of Religious Communities—an anti-poverty alliance of fifteen different faith communities. Thus, in Utah and Dallas, where religion looms large in public life, the identification of payday lending reform with faith leaders was an important element of campaign messaging.

Inside lobbying is designed to close the deal, that is, get members of planning commissions and city council to vote for local payday ordinances. To this end, advocates employed a number of methods. The most basic form of inside lobbying is meeting privately with decision makers. Whereas these decision makers often attend alone or with just a handful of staff members, advocates are able (and advised) to bring representatives of multiple constituencies. Advocates also need to be sensitive to the kinds of arguments that are most likely to resonate with a particular policy maker. In some cases, as best represented by Salt Lake County in this study, policy makers are most receptive to arguments about the negative economic impacts of payday lending, especially the impact of too many stores on the image of a city. In other instances, and as represented by the Dallas and Silicon Valley areas in this study, government officials are more receptive to moral/social arguments about the devastating impact of payday lending on the lives of some borrowers.

Another fundamental tactic of inside lobbying is to testify at public hearings. Whereas representatives from religious, social service, and advocacy organizations are important, garnered testimony from borrowers who have suffered due to payday loans is probably the most effective method of pressuring policy makers in public settings. This type of testimony puts payday lending supporters on the defensive and perhaps explains why representatives of the payday industry often do not speak at public hearings.

Some methods of inside lobbying are more specific to payday lending *per se*. In the Dallas area in particular, advocates were successful in getting some city councils to issue resolutions urging state legislators to enact strong payday reforms. From the point of view of the city councilmembers, such resolutions carry few political risks since they change nothing on the ground when it comes to payday lending, but they do put a councilmember on record as favoring payday reform. After encouraging action by state lawmakers, it may be difficult later for councilmember to vote against a local ordinance.

As a final and unusual example of inside lobbying, SVCF provided a $50,000 grant to the City of San Jose in 2011. City leaders had complained that they lacked the financial resources to devote staff time to research payday lending practices in San Jose or analyze reform options. SVCF eliminated the city's concern by directly providing funds to the city for the research.[35] While most campaigns don't have $50,000 they can devote in this way, SVCF's grant was an innovative way of advancing payday lending in the city council's policy agenda.

Inside lobbying is most effective when it is coordinated with the persuasion efforts of someone inside the government decision-making body. In Dallas, councilmember Jerry Allen was eager to work with the members of the Anti-Poverty Coalition. The same was true of Ash Kalra in San Jose. In Daly City, Councilmember Mike Guingona tutored the members of the Youth Leadership Institute on how to communicate with city leaders. While having an inside champion such as an Allen, Kalra, or Guingona is ideal, advocates and policy makers need to maintain both the appearance and reality of independence from one another for the sake of credibility.

Addressing Opposition

In the vast majority of city councils (and county boards of supervisors) examined in this report, most votes ended up being unanimously in favor of payday ordinances, but this does not mean all of these votes were cast eagerly. Most decision makers hold private meetings with payday industry representatives (just as they have with ordinance supporters) and are warned about the loss of jobs and tax revenue that result from discouraging payday lenders. These decision makers also are told that payday loans meet a legitimate need, and without them, consumers will end up paying more for credit and possibly having to patronize illegal loan sharks. In some cases, payday supporters cite research to add weight to their arguments. On top of all this, some city council members are philosophically averse to meddling in freely-chosen contracts between lenders and borrowers. For all these reasons, ordinance advocates must be prepared to defend their proposals against pro-industry arguments.

Pointing out the high cost of payday loans and the cycle of debt in which many borrowers find themselves does not address the argument that borrowers would be even worse off without access to payday loans. Accordingly, advocates must be prepared to argue that short- and long-term alternatives to payday loans are available. In San Mateo County, Board of Supervisors member Rose Jacobs Gibson developed and disseminated a guide to payday loans, including a description of alternatives to them. In terms of coping with a financial emergency, the brochure recommends negotiating directly with creditors, obtaining advances from employers, and seeking emergency assistance from faith-based and community organizations. The guide also discusses lenders other than payday firms, including credit unions, non-payday internet lenders, and lending circles.[36]

To further awareness of payday alternatives, SVCF co-sponsored a conference in December 2010 with the Federal Reserve Bank of San Francisco. The conference attracted leaders of financial institutions, social service agencies, policy institutions and government who were interested in learning about payday loans and alternative products.[37] Later that month, Dr. Emmett D. Carson, SVCF's president and CEO, discussed payday loan alternatives on one of the Bay Area's most popular radio stations, KQED.[38] In the immediate run-up to the discussion of a possible ordinance by the San Jose Planning Commission and City Council in 2012, CAPP ran a public forum called "When Cash Runs Out: Discussing the Alternatives."[39]

The City of Sunnyvale, as part of its payday lending ordinance, requires payday lenders to post a clearly visible sign that provides alternatives to payday loans.[40] As a practical matter, most people who are standing at the threshold of a payday lending store are probably not seriously considering alternatives, but the sign's information and implicit message might make a difference the next time a person is considering a payday loan.

In terms of alternatives to payday loans, California advocates stressed the importance of consumer education and asset building. These values were reflected in SVCF's public pronouncements and, perhaps more important, in its grant-making. In the spring of 2011, when only Pacifica had a payday lender moratorium and no other cities yet had ordinances, Emmet Carson, was quoted as saying: "The financial literacy piece of this is the core. I can't stress that enough. You need to understand how to budget, the appropriate uses of credit, and cash flow."[41] One SVCF grant to promote payday alternatives was made in 2012 to Community Legal Services in East Palo Alto for supporting a local ordinance *and* conducting "a corresponding community education effort to curb voluntary use of these financial products."[42] Another SVCF grant went to Housing and Economic Rights Advocates in 2015 for "increasing community-wide awareness of the various alternatives to payday lending."[43]

In Texas, too, advocates such as Gerald Britt emphasized educational opportunities, job training, and a living wage as the ultimate substitute for payday loans.[44] In August 2016, Texas Appleseed published *A Toolkit for Cities: Increasing Access to Fair, Low-Cost Loans*.[45] Unlike the 2013 toolkit underwritten by SVCF, this one urged cities to do more than pass local ordinances that restrict payday lending. This toolkit urged cities to encourage low-cost loan products such as employer-based loans as short-run alternatives to payday loans and promote community asset building services to obviate the need for loans in the longer run.

Policy Diffusion

Between 2002 and 2016, thirty-two zoning ordinances and eight business regulation ordinances were enacted in the three metropolitan areas covered in this report. These forty ordinances also helped stimulate passage of additional ordinances in their respective states. Thus, one ordinance can beget others, especially if it is one of the first in its jurisdiction (as was the case in Dallas and West Valley City, Utah).

How does diffusion of ordinances occur? In this study we observed two processes—one reactive, the other more proactive. In Utah, once West Valley City passed its ordinance in 2002, neighboring cities such as Taylorsville, West Jordan, South Salt Lake, and Salt Lake City felt pressure to enact their own ordinances to prevent payday lenders from setting up new outlets on their borders adjacent to West Valley City. This defensive strategy rippled through Salt Lake County and eventually established a model for more distant communities in Utah.

In Dallas and Silicon Valley, the transmission of ordinances was more deliberate. The City of Dallas broke the ice in 2011 when it passed its business regulation ordinance. Thereafter, Dallas City Councilmember, Jerry Allen, who led the effort within the Council to pass the ordinance, adopted the role of Johnny Appleseed, visiting any town in Texas to which he was invited to speak in favor of a Dallas-style ordinance.[46] Within two and a half years of passage of Dallas' ordinance, the three other largest cities in Texas (#1 Houston, #2 San Antonio, and #4 Austin) passed similar laws. While Allen barnstormed the state, the Texas Municipal League circulated a model ordinance based on those passed in Dallas, Austin, and San Antonio. The League recommended that cities considering adoption of a payday ordinance enact one that was substantially similar to those already passed. By passing similar ordinances, the League predicted that payday lenders "will not be able to use the argument that city ordinances vary from city-to-city if they seek preemption legislation [from the Texas Legislature]."[47]

The proliferation of payday ordinances in California was central to SVCF's anti-payday strategy. SVCF's financial support for a how-to "toolkit" for passing ordinances illustrates SVCF's strategy of encouraging as many local laws as possible. Its support of the Youth Leadership Institute's work to pass an ordinance first in Daly City and then in South San Francisco is a further example.[48] In all three locales covered in this report, passage of an ordinance in one city tended to embolden leaders of other cities. In Salt Lake County and Silicon Valley, *not* having an ordinance became the exception. In the Dallas area, several cities chose not to enact ordinances, but the Dallas ordinance was adopted by nearly thirty other cities statewide.

Campaign Impacts

Local zoning ordinances are, of course, a limited tool for addressing the problems associated with payday lending. While many advocates reported that their local ordinances reduced the numbers of loans and lenders in a particular area, causation issues make these claims difficult to substantiate with hard data. While these ordinances may reduce the supply of loans available through brick-and-mortar outlets over the long run, the ordinances' most significant impacts are more intangible. First, these campaigns can encourage stronger regulatory action from state and federal governments, and they can signal to marketplace actors that payday alternatives are needed. Second, as local ordinance campaigns receive media coverage and, in some instances, generate their own public messages, members of the public receive are exposed to largely negative information about the payday industry. And as one local ordinance campaign begets others, each serves as a further blow to the public image of payday lenders. Finally, local ordinance campaigns can have beneficial side effects for their participants in terms of stronger organizational capacity and greater sense of individual empowerment.[49]

State and Federal Action

Campaigns for local ordinances are viewed by their participants as either substitutes for state action or as spurs to it. The passage of Dallas's business practices ordinance came only a few weeks after advocates realized that the Texas Legislature was not going to enact strong state-wide protections.[50] Similarly in Utah, the perception among payday lending's opponents that the Utah Legislature was in the pocket of the payday industry suggested a second-best strategy of seeking local reforms.[51]

In California, SVCF viewed the passage of local ordinances in numerous jurisdictions as both an end in itself and as a means of building support for state- and federal-level action. In its first request for proposals, SVCF stated that "[i]n the long term we seek to contribute to state level reform by supporting advocacy efforts aimed at passage of a cap on payday loan interest."[52] Accordingly, grant applicants were encouraged to describe how their policy advocacy would "lead to meaningful reforms at the local level and build a constituency for state level reform in the future."[53]

Over time, SVCF also made grants that included support for the payday rule-making process at the U.S. Consumer Financial Protection Bureau. The Foundation's 2014 grant to the Center for Responsible Lending included the goal of encouraging "the Consumer Financial Protection Bureau to strengthen its regulatory oversight to end the payday debt trap."[54] In the same grant cycle, SVCF awarded funds to the Youth Leadership Institute, in part, to "push federal legislation to regulate the [payday] industry and advocate for quality youth financial products."[55]

Moving from local to state or federal advocacy also occurred in the absence of a foundation grant. In Dallas, Reverend Britt of CitySquare and the Anti-Poverty Coalition expanded the scope of his advocacy to include support for the CFPB's efforts to regulate payday lenders.[56] The same was true of Councilmen Allen.[57] In California, Daly City Councilmember Mike Guingona was not content with leading the way in passing a local ordinance in his city. He also wrote a letter to the CFPB urging it to enact payday lending reform.[58] In sum, once aware of the dangers of payday lending, advocates and local policy makers often felt compelled to work toward policy improvements at higher levels of government.

Public Awareness and Opinion

Media coverage of local campaigns to enact payday ordinances most likely influenced public opinion regarding payday lending, but ordinance advocates did not collect survey data regarding public awareness and sentiment. The one exception was a survey conducted by Goodwin Simon Strategic Research in November 2010 for the Center for Responsible Lending. The survey found that only 17% of registered voters in San Jose had favorable views regarding payday lenders, compared to 52% holding a negative opinion. In addition, respondents tended to be favorable toward additional restrictions on payday loan stores—restrictions that were being sought by the CAPP at the time. There is no post-ordinance survey that can be used to measure the possible impact of the ordinance campaign on public opinion in San Jose, let alone a before-after comparison in a comparable city without an ordinance campaign.

In the Silicon Valley, there were several efforts to influence public awareness of and sentiment toward payday lending *after* the successful completion of several ordinance campaigns. Shortly after passage of the San Jose ordinance, for example, CAPP purchased advertisements on the sides of buses that circulated throughout Santa Clara County.[59] A more personal and individualized effort to influence public opinion regarding payday lending was undertaken through financial education classes. Community Legal Services of East Palo Alto (CLESPA), Nuestra Casa, and the entrepreneurship-oriented Renaissance Mid-Peninsula offered consumer education classes to help people develop financial skills and thereby reduce the need for payday loans. In a particularly creative instance, Nuestra Casa incorporated education about payday lending into a class for undocumented residents seeking a driver's license under a new California law. The theory behind including payday lending education was that getting a license involves buying a car, and buying a car entails understanding credit, and understanding credit includes avoiding high-cost forms of borrowing such as payday loans.[60]

While we cannot measure the impact of efforts to influence public opinion with any certainty, advocates believe that their efforts contributed to a marked cultural shift in the way payday lending is viewed by their fellow citizens. As Reverend Britt of Dallas CitySquare stated:

> We have been a significant voice bringing payday lending to the public consciousness, and we've actually changed the conversation about payday lending and about financial literacy and the need for financial literacy, not just among lower to middle class people, but for everybody. I don't think that that would have happened if we hadn't done this.[61]

In California, James Zahradka, formerly of the Law Foundation of Silicon Valley, reported that his coalition's efforts created a cultural sea change in which lenders were associated with societal ills. Zahradka explained the importance of getting city after city on record saying that payday loans are toxic products, and while legal, they are still a problematic land use. He believes that by regulating payday lenders in the same way as a liquor store or adult bookstore, a city makes a powerful contribution to changing the national culture with respect to high-cost lending.[62]

Organizational and Individual Capacity

The campaigns we studied changed many of their participants. In particular, organizations developed new relationships and expanded their missions. Individuals empowered themselves politically and strengthened their religious beliefs via social action.

As discussed above, coalitions played a central role in all three campaign locales. Utah's Coalition of Religious Communities (CORC) existed for a few years before it made payday lending one of its two signature issues (the other being removing the state sales tax on food). The Anti-Poverty Coalition of Greater Dallas (APC) and the Silicon Valley's CAPP made payday reform their initial priority. In so doing, APC and CAPP brought together diverse organizations with limited history of working together. As a result of their ordinance efforts, these organizations developed a durable spirit of cooperation. Consider the case of Dallas where the first ordinance was passed in 2011. In 2013, Friendship-West Church, with predominantly Black members and located in economically-challenged South Dallas, formed a "covenant of action" with Wilshire Baptist Church, with predominantly White and affluent members, to continue the battle against payday lending.[63] Their covenant commits Wilshire and Friendship-West to act "jointly to confront predatory lending practices that disproportionately harm the vulnerable . . . by educating our churches, advocating for more just laws, and creating alternative credit sources that promote the welfare of the lenders and borrowers alike."[64]

Several organizations reported that their mission was expanded to include policy advocacy by virtue of participating in a local ordinance movement. For example, Christian Luna of Sacred Heart Community Service in San Jose said that as a result of his organization's advocacy work around payday lending, Sacred Heart became more than a direct service provider; it became an advocacy organization.[65] Similarly, Kyra Kazantzis of the Law Foundation of Silicon Valley said that her organization had been affected by the process of working on payday lending reform. The experience taught the Law Foundation how to do a sustained, sophisticated, and coalition-based policy campaign and led the organization to more prominently prioritize collaborative action. Regarding the Silicon Valley Council of Nonprofits, Kazantzis observed that it, too, had been changed by being an official endorser of CAPP.[66] She said: "Payday lending really solidified, in that entity's mind, that nonprofits should absolutely be doing policy advocacy."[67]

Individual empowerment occurred in parallel with the new relationships and expanded missions that developed for organizations that took part in ordinance campaigns. This process of empowerment applied to members of advocacy organizations who championed payday borrowers as well as to borrowers themselves. In Utah, Art Sutherland was a semi-retired engineer who was looking for a way to use his talents to help society. Beginning in 2005, he volunteered to help CORC with its anti-payday advocacy. Little did he know that a decade later he would be honored by *Money* magazine as one of its "50 Heroes."[68] Another example involving much younger people comes from Silicon Valley where the anti-payday lending movement included two organizations that develop the leadership skills of youth.[69] Through their campaigns against payday lending, the young people organized by the Youth Leadership Institute (YLI) and their partner Mission SF Community Financial Center (now MyPath) learned to identify social problems, find their own voice in community, and navigate the political process.

As yet another instance of individual empowerment, Danielle Ayers, Minister of Justice of Friendship-West Baptist Church described the feeling of her church members after helping to enact Dallas' payday ordinance. Ayers reported that members "were encouraged and felt good. They felt that they had succeeded at something, that there was good news."[70] These congregants retained the ability to mobilize when a few years later a plant nursery located near the church closed and was replaced by a title lender. Through the church's advocacy, the lender was forced to leave *after* it opened for business. Then, the restaurant chain Raising Cane's moved in, creating a huge, visible victory for the community.

Ordinance campaigns also taught payday loan borrowers to become their own advocates. In Silicon Valley, Sacred Heart Community Services not only gathered stories from payday borrowers but convinced some of them to speak about their experiences with payday loans in front of the San Jose Planning Commission and City Council. Christian Luna, a program manager at Sacred Heart, remarked that this act of standing up for themselves and others like them helped borrowers grow as individuals and feel part of something important.

Stephanie Mace of the United Way of Metropolitan Dallas (Dallas United Way) recounted a process of political engagement with a group of people who will never need to take out a payday loan—United Way's largest donors. The United Way trained some of them to go to payday stores and pose as borrowers who wanted to take out a $500 loan. Based on their experience as secret shoppers, the donors were encouraged to speak with state and local politicians about the need for changing the law to make these loans more transparent and affordable.[71]

For some campaign participants, faith development rivaled political empowerment as an outcome for the many advocates who were motivated by their religious beliefs. Josephine Lopez Paul of the Industrial Areas Foundation in Dallas described a member of Father Dan Kelley's congregation at St. Joseph Catholic Church in Arlington as being surprised that she could be "a pretty effective speaker in front of the city council [while having] a way to live out my faith."[72] Danielle Ayers called the same process "faith formation" and described how her Senior Pastor, Dr. Frederick D. Haynes, III, would urge parishioners to connect what they heard in church on Sunday morning with "how we live out our daily lives between Sundays."[73]

On at least one occasion, the opportunity for faith development came suddenly and unexpectedly. As Walker Moore of the Industrial Areas Foundation recalled the events, Father Kelley at St. Joseph's Church attended a meeting of the Arlington Chamber of Commerce to speak in favor of a payday ordinance. To his surprise, the meeting was being chaired by one of his congregants, a "pro-business, anti-regulation guy" who would normally oppose regulating lenders.[74] The councilmember now faced a conflict between his political and religious impulses, and he ended up taking no position on the proposed ordinance rather than opposing it.[75] In this instance, voting on payday ordinances forced a political leader to live his faith in public.

In sum, payday ordinance campaigns are designed to convince city leaders to address a local problem, but these campaigns can have many additional impacts. The campaigns may stimulate political action at the state and federal level. They can influence public opinion and knowledge about not only payday lending but asset building as well. Participation in these campaigns can also affect their organizational and individual participants. Organizations can find themselves with new relationships and with an expanded mission that includes policy advocacy. Finally, individuals may become more politically empowered and spiritually fulfilled as a result of being part of a payday ordinance campaign.

Lessons for Future Campaigns and Conclusion

The following is a list of key observations from the three jurisdictions analyzed in this report. The observations highlight key components of successful campaigns and, as such, provide guidance for other organizations and individuals who are planning ordinance campaigns in their cities (or counties).

Lesson #1: Coalitions of organizations served as the coordinating mechanism for campaigns in all three locales analyzed in this report. The coalitions varied in the breadth of their membership and their resources, but they were central in all of the major campaigns. Forming coalitions and developing rules for their operation should be one of the first tasks of payday reformers.

Lesson #2: Each of the leaders profiled in this report learned about the dark details of payday loans from borrowers themselves. Social service providers who were part of the coalitions played a crucial role in making contact with borrowers, gathering their stories, and empowering borrowers to tell these stories at public hearings.

Lesson #3: Financial support from Silicon Valley Community Foundation was essential for running a highly sophisticated set of campaigns involving a broad range of organizations, but it was absent in Dallas and Salt Lake. In Dallas, a campaign of equivalent impact to that in Silicon Valley was mounted by a coalition of local organizations that lacked special funding but were able to reassign personnel to the payday campaigns. In Utah, the absence of financial and human resources resulted in a bare-boned but spirited effort by a handful of people. Advocates should not assume that ample financial resources are necessary for a successful campaign.

Lesson #4: Including faith organizations in campaign coalitions and having faith leaders serve as figureheads adds enormously to campaign legitimacy in the eyes of the public and policy makers. Involve faith leaders in a meaningful and ongoing way early in any campaign.

Lesson #5: Advocates in all three study locales successfully cultivated support from major local newspapers and, to a lesser extent, television stations. Media coverage, op-ed articles, and supportive editorials helped create a pro-reform climate that was difficult for policy makers to ignore. Advocates should have a detailed strategy for working effectively with members of the local media.

Lesson #6: Advocates should identify and cultivate a member of the city council (or county board of supervisors) who will serve as their inside champion. This role includes mentoring advocates in the peculiarities of the local political process as well as lobbying fellow decision makers. In some instances, more than one potential champion may be available, making the choice of a champion especially delicate and important.

Lesson #7: Advocates should schedule meetings with city decision makers well in advance of any key votes. In these meetings, advocates should be ready to document the extent of payday lending in their communities and to present their arguments in favor of an ordinance. Because different arguments may resonate with different city decision makers, advocates must be ready to argue for payday ordinances on the basis of the loans' primary impact on borrowers and on their secondary impact on local economies, crime, blight, and the general image of the city.

Lesson #8: Industry representatives will not always testify in public settings, but they will typically meet privately with sympathetic policy makers and express objections to local ordinances. Advocates must also be prepared to counter the arguments of their opponents, especially the notion that there are no alternatives to payday loans. If possible, advocates should develop a concrete list of payday alternatives that can be shared with members of the public as well as policy makers.

Lesson #9: Once successful at the city level, advocates should press for similar ordinances in other cities. These additional ordinances should be similar to each other to forestall industry complaints that complying with differing laws is excessively burdensome. There are, however, opportunities, to add features that strengthen the basic ordinance as long as they do not contradict the features of other ordinances (e.g., limiting store hours of operation; requiring a sign inside the store that describes alternatives to payday loans).

Lesson #10: Along with seeking additional local ordinances, advocates should continue to press for state- and federal-level reform. In this task, community groups are not alone. A national network of organizations already exists for the purpose of curbing payday lending and other forms of high-cost lending. Marked by an annual conference facilitated by the Consumer Federation of America, continuous communication via a listserv, and major policy successes, this network is for all intents and purposes a social movement.

In conclusion, no one ever claimed that enacting local payday ordinances would eliminate payday lending—let alone eliminate the economic and social conditions that drive people to resort to these loans. Nevertheless, campaigns in the three locales analyzed in this report clearly demonstrate that advocates and city leaders can do *something meaningful*, within the limits of their authority, to make a statement against payday lending. Their efforts have resulted in dozens of local ordinances that impose limits on the location, density, hours of operation, and, in the case of Texas, features of payday loans.

The campaigns have had a variety of beneficial secondary effects. The advocates helped build a climate for further reforms at the state and federal levels by contributing to a new narrative. This narrative confronts the payday industry's claim that their loans, while expensive, meet an urgent need when no other options are available. This narrative defines payday loans as dangerous "debt traps" to which society has an obligation to build better alternatives.

Beyond any impact on payday lending itself, the campaigners changed others and themselves. In the process of opposing payday lending, campaigning organizations discovered that policy advocacy was consistent with other missions, such as providing services to low-income people. These organizations also came to realize the power of coalitions and developed trust in their fellow organizations. Finally, individuals found their voice as active members of their communities and experienced the sense of empowerment that comes with matching beliefs with action.

Endnotes

[1] In this report, we use the term "payday lending" to include auto title loans. Some of the local ordinances that we examine refer only to payday loans while others encompass payday loans, auto title loans, and, occasionally, other small-dollar loans such as high-cost installment loans.
[2] Salt Lake is shorthand for Salt Lake County, a jurisdiction with thirteen cities. Dallas is shorthand for Dallas and Denton counties. Silicon Valley refers to Santa Clara and San Mateo counties.
[3] To support the twenty-year claim, one can point to Michael Hudson's book, *Merchants of Misery* (Monroe, Maine: Common Courage Press). Jean Ann Fox's efforts go back at least as far as 1997. See: *The High Cost of 'Banking' at the Corner Check Casher: Check Cashing Outlet Fees and Payday Loa*ns (Washington, DC: Consumer Federation of America, August 1997).
[4] See Chester Hartman and Gregory D. Squires, editors, *From Foreclosure to Fair Lending* (New York: New Viking Press, 2013); Mary Lou Finley, Bernard LaFayette, Jr., James R. Ralph, Jr., and Pam Smith, editors, *The Chicago Freedom Movement* (University Press of Kentucky, 2016).
[5] Dan Immergluck, *Credit to the Community* (Armonk, NY: M.E. Sharp, 2004).
[6] See: Souphala Chomsisengphet and Anthony Pennington-Cross, "The Evolution of the Subprime Mortgage Market," *Federal Reserve Bank of St. Louis Review*, January/February 2006, 88(1), pp. 31-56, https://research.stlouisfed.org/publications/review/06/01/ChomPennCross.pdf; Dan Immergluck and Marti Wiles, *Two Steps Back: Predatory Lending, the Dual Mortgage Market, and the Undoing of Community Development* (Chicago: Woodstock Institute, 1999); Michael Hudson, Merchants of Misery (Monroe, MA: Common Courage Press, 1996); Robert Mayer, *Quick Cash* (DeKalb, IL: Northern Illinois University Press, 2010); Christopher L. Peterson, Taming the Sharks (Akron, OH: University of Akron Press, 2004); Gary Rivlin, *Broke, USA* (New York, NY: Harper Business, 2010.
[7] Elizabeth Warren, "Unsafe at Any Rate," *Democracy, A Journal of Ideas*, Summer 2007, No. 5, http://democracyjournal.org/magazine/5/unsafe-at-any-rate/.
[8] Larry Kirsch and Robert N. Mayer, *Financial Justice* (Santa Barbara, CA: Praeger, 2013).
[9] "A Lifetime of Assets—Asset Preservation: Trends and Interventions in Asset Stripping Services and Products," *National Community Reinvestment Coalition and Woodstock Institute*, September 2006, http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-ncrc-woodstock.pdf; Nicholas Bianchi, "Profiting from Poverty: How Payday Lenders Strip Wealth from the Working-Poor for Record Profits," A Report by National People's Action, Chicago, Illinois, January, 2012, http://npa-us.org/files/images/profiting_from_poverty_npa_payday_loan_report_jan_2012_0.pdf.
[10] Letter to the Honorable Richard Cordray, Director of the Consumer Financial Protection Bureau from 700 organizations on the letter head of Stop the Debt Trap, October 6, 2016, http://stopthedebttrap.org/wp-content/uploads/2016/10/sign-on-comment.pdf.
[11] Jean Ann Fox, "Payday Loan Advocacy," in *Watchdogs and Whisteblowers*, eds. Stephen Brobeck and Robert N. Mayer (Santa Barbara, CA: Greenwood, 2015), 350.
[12] Some of the organizations that initially participated in Americans for Financial Reform (AFR) were primarily interested in aspects of the Dodd-Frank Act that had little to do with consumer protection and fair lending (e.g.,

systemic risk; financial derivatives; executive compensation). AFR continues to be engaged in a variety of issues, only some of which pertain to fair lending.

[13] Kelly Griffith, Linda Hilton, and Lynn Drysdale, "Controlling the Growth of Payday Lending Through Local Ordinances and Resolutions: A Guide for Advocacy Groups and Government Officials," October 2012, Appendix 1 Updated December, 2013, http://www.economicintegrity.org/files/cei_zoning_manual_pdl-local-ordinance_as_of_11_16.pdf.

[14] Ibid.

[15] "Taking the First Step: Six Ways to Start Building Financial Security and Opportunity at the Local Level," *Corporation for Enterprise Development (CFED),* December 2012, http://cfed.org/assets/pdfs/Taking_the_First_Step.pdf ; Adam B. Summers, "Payday Lending: Protecting or Harming Consumers? Policy Study 420," Reason Foundation, November 2013, http://reason.org/files/payday_lending_regulation.pdf.

[16] Tim Lohrentz, "Tools for Advocates of Limiting Payday Lending." *Center for Community Economic Development*, June 2013, http://ww1.insightcced.org/uploads/assets/paydaylending/plat.pdf.

[17] Griffith et al., *op cit.*

[18] While Arizona forbids payday loans, it has no restrictions on title loans, which are now extremely common throughout the state.

[19] The full list of interviewees is found in Exhibit A.

[20] The human subjects committees of the University of Utah and University of New Mexico approved subject recruitment and interview procedures. Study participants were asked in advance whether their interviews could be audio recorded, and permission was documented in writing or, more often, verbally at the beginning of each recording. Interviewees were told that they would have opportunity to review any quotations attributed to them in a draft of this report and, if they wished, have their quotations deleted. All participants gave their consent to be recorded under this condition.

[21] Fabrizio Gilardi, "Four Ways We Can Improve Policy Diffusion Research," *State Politics & Policy Quarterly* 16, no. 1 (2016): 8-21, http://www.fabriziogilardi.org/resources/papers/Gilardi-SPPQ-2016.pdf.

[22] "Marijuana Law Reform Timeline," *Norml.org,* accessed November 21, 2016, http://norml.org/shop/item/marijuana-law-reform-timeline.

[23] Policy entrepreneurs can be individuals or organizations, government insiders or activist outsiders, but they always display a willingness to invest their resources (whether money, time, energy, or reputation) to seek a policy change. They must also be well versed in government processes and be able to judge when windows of opportunity exist. See John W. Kingdon, *Agendas, Alternatives, and Public Policies* (Boston: Little, Brown, 1984); Michael Mintrom, "Policy Entrepreneurs and the Diffusion of Innovation," *American Journal of Political Science* 41, no. 3 (1997): 738-70.

[24] Christopher Peterson Interview, pp. 2-3.

[25] Rev. Gerald Britt, "Fighting Those Who Prey Upon the Struggling," *Dallas Morning News*, October 29, 2010.

[26] Kace Strader Interview, p. 3.

[27] "A New Way Forward: A Look at Silicon Valley Community Foundation's First Year," *Silicon Valley Community Foundation*, accessed November 21, 2016, http://www.siliconvalleycf.org/docs/yearInReview9_web2.pdf; "Community Economic Development Strategic Conversation Proceedings, South San Francisco, California, September 27, 2007," *Silicon Valley Community Foundation*, http://www.siliconvalleycf.org/docs/cip/CEDproceedings_final.pdf.

[28] "Grantmaking Strategies: Executive Summary," *Silicon Valley Community Foundation*, accessed November 21, 2016, http://www.siliconvalleycf.org/grantmaking-strategies/pdf/executive-summary.pdf.

[29] Jerry Allen Interview, p. 6.

[30] John D. McCarthy and Mayer N. Zald, "Resource Mobilization and Social Movements: A Partial Theory," *The American Journal of Sociology* 82, no. 6 (1977): 1212-41.

[31] J. Craig Jenkins, "Resource Mobilization Theory and the Study of Social Movements," *Annual Review of Sociology* 9 (1983): 527-53.

[32] "Grantees List," *Silicon Valley Community Foundation*, September 10, 2008, http://www.siliconvalleycf.org/grantees-list.

[33] Goodwin Simon Strategic Research, *San Jose Payday Loan Store Restrictions Survey*, Center for Responsible Lending, Goodwin Simon Strategic Research, Oakland, California, December 2010,

http://www.responsiblelending.org/california/ca-payday/research-analysis/San-Jose-Payday-Lending-Voter-Poll-Memo.pdf; Goodwin Simon Strategic Research, *Key Findings from Payday Loan Users Focus Groups*, Goodwin Simon Strategic Research, Center for Responsible Lending, Oakland, California, December, 2009.
[34] David Rusk, *Inside Game/Outside Game: Winning Strategies for Saving Urban America* (Washington, DC: Brookings Institution Press, 1999).
[35] "Anti Payday Lending Grantees 2011," *Silicon Valley Community Foundation*, accessed November 21, 2016, http://www.siliconvalleycf.org/anti-payday-lending-grantees-2011.
[36] Patrick O'Keefe, Staff Report, City of South San Francisco, California, May 14, 2014, http://ci-ssf-ca.granicus.com/MetaViewer.php?view_id=2&clip_id=762&meta_id=55980.
[37] "Collaborating for Change: 2010 Year in Review," *Silicon Valley Community Foundation*, February 2011, http://www.siliconvalleycf.org/docs/svcf-year-end-report.pdf.
[38] "Finding Alternatives to Payday Loans," *California Money, KQED Radio*, December 21, 2010, http://www.kqed.org/a/californiamoney/R201012210733.
[39] Coalition Against Payday Predators: When Cash Runs Out: Discussing the Spectrum of Alternatives," *San Jose Peace & Justice Center*, February 2012, http://www.sanjosepeace.org/calendar_event.php?eid=20120203170509588.
[40] Ordinance No. 3002-13, City Council of the City of Sunnyvale, http://sunnyvale.ca.gov/Portals/0/Sunnyvale/CouncilReports/2013/3002-13.pdf.
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[42] "Anti Payday Lending Grantees 2012," *Silicon Valley Community Foundation*, http://www.siliconvalleycf.org/anti-payday-lending-grantees-2012.
[43] "Anti-Payday Lending Grantees 2015," *Silicon Valley Community Foundation*, http://www.siliconvalleycf.org/anti-payday-lending-grantees-2015.
[44] Britt, 2010, *op. cit.*
[45] "A Toolkit for Cities: Increasing Access to Fair, Low-Cost Loans,*" Texas Appleseed*, August 2016, https://www.texasappleseed.org/sites/default/files/Toolkit_forCities_Entire.pdf.
[46] "Other Cities Following Dallas' Lead in Payday Loan Laws, *Lake Highlands Advocate*, September 7, 2011, http://lakehighlands.advocatemag.com/2011/09/other-cities-following-dallas-lead-in-payday-loan-laws/; "Hotly Debated Payday Lending Ordinance Passed by City Council," KSAT-12m September 20, 2012, http://www.ksat.com/news/hotly-debated-payday-lending-ordinance-passed-by-city-council; Ty Johnson, "Payday Loan Ordinance Gets Initial OK by Commission," *Brownsville Herald*, September 3, 2014, http://www.brownsvilleherald.com/premium/article_a60b63c8-3313-11e4-80f9-0017a43b2370.html.
[47] "Example Ordinance Disclaimer," *Texas Municipal League*, http://www.tml.org/payday-example-ordinance.
[48] "Anti-Payday Lending Grantees 2013," *Silicon Valley Community Foundation*, http://www.siliconvalleycf.org/anti-payday-lending-grantees-2013.
[49] There may have been additional campaign impacts. In August 2015, Facebook banned advertisements from payday lenders. It might be purely coincidental, but Facebook's founder and CEO began making sizable donations to SVCF beginning in December, 2012, shortly after SVCF's success in getting payday ordinances enacted in San Jose and several other Silicon Valley cities. See: Nathan Oivarez-Giles, "Who's Getting Zuckerberg's $1 Billion?" *The Wall Street Journal*, December 19, 2013.
[50] Jerry Allen Interview, pp. 5-6.
[51] Lee Davidson, "Utah Too Lax on Payday Lenders?," *Deseret News*, November 15, 2005, http://www.deseretnews.com/article/635159502/Utah-too-lax-on-payday-lenders.html?pg=all.
[52] Grantmaking Strategies: Request for Proposals: Economic Security Strategy: Anti-Payday Lending Policy Advocacy, Silicon Valley Community Foundation, June 18, 2009, http://www.siliconvalleycf.org/grantmaking-strategies/pdf/anti-payday-lending.pdf.
[53] Ibid.
[54] "Anti-Payday Lending Grantees 2014," *Silicon Valley Community Foundation*, http://www.siliconvalleycf.org/anti-payday-lending-grantees-2014.
[55] Ibid.

[56] Larry James, May 27, 2016, "Join the Fight," *Larry James' Urban Daily* (blog), http://larryjamesurbandaily.blogspot.com/2016/05/join-fight.html; "Predatory Payday Lenders," *CitySquare.org*, August 2016, http://www.citysquare.org/predatory-payday-lenders/.
[57] Jerry Allen, "Commentary: Texas Needs a One-Two Punch Against Payday Lending," *Dallas Morning News*, December 16, 2015.
[58] Letter to Richard Cordray on Office of the City Council, City of Daly City Letterhead, July 7, 2015.
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[61]Rev. Gerald Britt Interview , p. 52.
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[71] Stephanie Mace Interview, p. 4.
[72] Josephine Lopez Paul Interview, pp. 28-31.
[73] Danielle Ayers Interview, p. 22.
[74] Walker Moore Interview, p. 7.
[75] Ibid.*,* 8.