

MUTUAL AID
NETWORK OF
ANCHORAGE



MANA PAYDAY JUBILEE REPORT

Mutual Aid Network of Anchorage
Alaska Public Interest Research Group

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WHAT WAS the Payday Jubilee?

Beginning in January 2023, Mutual Aid Network of Anchorage (MANA) launched the Payday Jubilee, a six month project to offer direct relief to Alaskans struggling to repay payday loans: short-term, small-dollar credit loans of \$550 or less, extended at interest rates between 200-521% APR.

The Payday Jubilee was funded entirely by individual generosity, with over \$16,000 raised from donors in Alaska and beyond.

WHY “Jubilee”?

Although called by many different names, regular debt relief has been practiced by Indigenous cultures around the world, the Abrahamic faith traditions, and even the ancient Sumerians. In the holy texts of Judaism, Christianity, and Islam, the Year of Jubilee is a divinely-decreed celebration intended to occur every 50 years, which includes debt forgiveness, emancipation of people enslaved by debt peonage, and land redistribution.

This ancient tradition has renewed importance for us today. It is only since the 1970s that the United States’ economy has become reliant on consumer debt.¹ We haven’t yet developed robust cultural practices or economic policies to mitigate the risks of this reliance, but thankfully we can turn to the wisdom of jubilee: a gift from many cultures and faiths and a time-tested practice to ensure that debt doesn’t become a tool of oppression.

¹ For more historical context, See: [“Debt: the First 5,000 Years”](#) by David Graeber (2011).



JUBILEE IMPACT

45 Jubilee inquiries
received

9 Alaskan
communities
represented

25

households freed
from the payday
debt trap

4 regions
represented

\$580

average loan
payoff amount

30 applications
received

\$15,718.65 *plus interest
& fees

back in Alaskans' pockets

WHAT DID WE LEARN?

Payday lending affects Alaskans statewide.

Alaskans all over the state have taken out payday loans, including individuals living in Bethel, Dillingham, Teller, Juneau, Fairbanks, Eagle River, Palmer, Wasilla, and Anchorage.

Payday loans are extremely difficult to pay off, and payday lenders do not accept partial payments.

Virtually all of the Payday Jubilee participants did not have the full loan repayment amount in-hand within their two week repayment window, which meant paying an average fee of \$80 to extend the repayment date by an additional two weeks. Many Jubilee participants had paid an \$80 extension fee every two weeks for months, with the total fees surpassing the original loan amount.

Payday lending isn't limited to storefront operations.

Many Alaskans beyond the road system accessed payday loans via out-of-state online lenders, some with credit limits and interest rates even more predatory than their storefront counterparts.

Payday lending impacts people with jobs in addition to people who are unemployed or on a fixed income.

Of the twenty-five payday loans repaid, eighteen were taken out by people who are currently employed, three were on a fixed income (retired or disability), and four were unemployed. Two borrowers took out a payday loan with the express purpose of remaining gainfully employed: one delivery driver who needed to cover the cost of vehicle repairs, and one remote worker with an overdue internet bill.

Payday loans are nearly always used to cover basic living expenses.

Multiple Payday Jubilee participants used their payday loans for a housing deposit, or to make a partial rent payment. Several more hourly wage earners reported taking out a payday loan to cover household bills because illness had kept them at home, resulting in a smaller-than-usual paycheck. Two Jubilee participants needed to buy groceries after months of not receiving SNAP benefits due to the Alaska Department of Public Assistance backlog.

Two Jubilee participants reported using their payday loans for essential travel: one individual on a fixed income due to kidney failure used a payday loan to cover the cost of airfare to their mother's funeral; another individual took out a payday loan to cover the cost of an out-of-state conference that was required as a condition of employment but was not covered by the employer.

Payday loan borrowers understood the cost of a high-interest loan, but felt they had no other choice. In retrospect, nearly everyone urged others to avoid making the same mistake.

We asked participants what advice they would give to someone considering a payday loan. Here are their responses, in their own words:

"Never take them out. Ever."

"Once you take out a loan you're actually MORE behind. Don't get backed up. It feels like it's helping in the moment but in the long run it's not."

"Don't do it. It's a cycle and once you do it you're bound to do it again."

"Make sure you have enough to pay it back right away!"

"Don't do it. If there is any way that your family can help, try that first. Ask your church. Try a bank. Seek anything else rather than a payday loan."

Payday loans have an immediate negative effect on people's financial lives.

Payday borrowers reported that taking out a payday loan created a negative cascade effect. One family described the cascade this way:

“Any extra money from our paychecks disappears to pay back our loan, we are never ahead, so we are right back to square one and scrambling for the next month to buy groceries – or we have to push the loan repayment, which means we're pushing it right back into another billing cycle for everything else and something isn't going to get paid.”

In another example of the payday debt trap, a full-time state employee needed funds to cover the deposit for an apartment in Juneau before leaving their housing in Anchorage. The rush to find Juneau housing led them to take out a payday loan, but the loan repayment terms made it difficult to keep up with their rent and other bills, so they took out a second payday loan to make up the difference. The borrower reported that their financial stability would have continued to erode without the intervention of the MANA Payday Jubilee, which paid off the first loan and allowed the borrower to focus their efforts on timely repayment of the second loan.



CONCLUSION

Our communities need short-term, small dollar credit, but payday loans are not the solution. The damage done by predatory interest and fees cannot be overstated. Payday loans aren't access to credit, they're a debt trap.

The burden of payday loans is more than just economics. All of the twenty-five Payday Jubilee recipients reported feeling not only financial relief, but also that a significant emotional weight had been lifted. And the Jubilee was more than a temporary fix; it was a fresh start. In follow-up conversations, none of the Jubilee participants we talked to had returned to a payday lender.

Although the Jubilee has wrapped-up, more local efforts are underway:

1. Local financial institutions are stepping up to offer a payday loan alternatives.

2. Anchorage residents are looking to develop a community micro-lending project.

3. The Alaska legislature is working on a bill (HB145) that would cap interest rates at 36%

GET INVOLVED

To express interest in developing a community micro-lending project, contact **Erin Baldwin Day**: erin@WeAreMANA.org.

To learn more about supporting HB 145 in the current legislative session, contact **Graham Downey**: graham@akpirg.org.