Chairwoman Beatty, Ranking Member Wagner, and Members of the Committee, thank you for the opportunity to testify at today's hearing. My name is Spencer Watson, and I am the President and Executive Director of the Center for LGBTQ Economic Advancement & Research (CLEAR). In my testimony today, I will be sharing the most current knowledge about the state of financial wellbeing and access to economic opportunities for LGBTQ+ people.

LGBTQ+ people report smaller incomes than non-LGBTQ+ people and are more likely to live in poverty than non-LGBTQ+ people are. One in five LGBT adults in the U.S. live in poverty (22%), over 1.3x more often than non-LGBT adults (16%).[1] In 2019, one in five LGBT adults in the U.S. reported earning less than $25,000 a year (21%), 1.5x more often than non-LGBT adults (14%), and one in twenty reported earning less than $5,000 a year (5%), 2.5x more often than non-LGBT adults (2%).[2] Trans people are 4x more likely to make less than $10,000 a year than the general population (15% vs. 4%).[3]

To bridge the gap between their income and expenses, LGBTQ people are more likely to make use of government benefits and other sources of financial support than non-LGBTQ people. LGBT adults are 1.8x more likely to make use of the Supplemental Nutrition Assistance Program (SNAP) than non-LGBT adults (14.6% vs. 7.8%), and are over 2x more likely to make use of government housing assistance programs (6.0% vs. 2.6%).[4]

LGBTQ+ people are more likely to be unemployed or underemployed than non-LGBTQ+ people. In 2019, LGBT adults were 1.8x more likely to report they were unemployed and looking for work than non-LGBT adults (6.3% vs. 3.5%), and one third of LGBT adults who were employed said that the wanted to work more in the previous month (33.5%), 1.2x more often than non-LGBT adults (27.3%).[5] Employment gaps particularly afflict younger LGBT adults. In 2019, one in ten LGBT adults 18-29 years old were unemployed and looking for work (10.6%), more often than non-LGBT peers (8.5%).[6]

LGBTQ+ people are less likely to have insurance coverage than non-LGBTQ peers. o In 2019, one in ten LGBT adults did not have any health insurance (10.3%), over 1.5x more often than non-LGBT adults (6.7%).[7] More than one in six Black and Hispanic LGBT adults did not have health insurance (17.2% and 17.1%, respectively). Insurers are less likely to offer inclusive plans that cover LGBTQ+ people's unique healthcare needs, including gender-affirming care and family formation costs such as in-vitro fertilization. The lack of adequate insurance to cover their healthcare needs forces many LGBTQ+ people to pay out of pocket for care, or to forego needed

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[1] M.V. Lee Badgett, Soon Kyu Choi, Bianca D.M. Wilson, *LGBT Poverty in the United States*, WILLIAMS INSTITUTE (October 2019) https://williamsinstitute.law.ucla.edu/publications/lgbt-poverty-us/
[2] Center for LGBTQ Economic Advancement & Research, The Economic Wellbeing of LGBT Adults in 2019 (June 2021) https://lgbtq-economics.org/research/lgbt-adults-2019/
[3] Jaime M. Grant, Lisa A. Mottet, Justin Tanis, Jack Harrison, Jody L. Herman, and Mara Keisling, "Injustice at Every Turn: A Report of the National Transgender Discrimination Survey," National Center for Transgender Equality and National Gay and Lesbian Task Force (2011) http://www.thetaskforce.org/downloads/reports/reports/ntds_full.pdf
[4] The Economic Wellbeing of LGBT Adults in 2019, supra note 2 at 12.
[5] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 16.
[6] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 15
[7] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 35.

healthcare. One in five LGBT adults without insurance who paid out of pocket for their care had paid more than $5,000 (21.4%), 1.8x more often than non-LGBT peers.[8]

Homeownership is frequently regarded as a principal way for U.S. households to build their wealth and financial security. But LGBTQ+ people are less likely to obtain the benefits of homeownership, because LGBTQ+ people are less likely to own their own homes. Less than half of LGBTQ adults own their own home (around 47-49%), as compared to around two thirds of non-LGBTQ adults (64%-69.7%).[9] Those that do own their homes are more likely to still be repaying their mortgage (69.2% vs. 62.9%).[10] LGBTQ renters were more likely to report that they did not own their own home because they could not afford a down payment (71.0% vs. 60.8%), they did not think they would qualify for a mortgage (44.3% vs. 39.2%), and were less likely to say that they were looking to buy a home (28.0% vs. 33.1%).[11] LGBT women and people of color are even less likely to own their homes, with or without a mortgage. In 2019, only 43.0% of LGBT women owned their home.[12] Less than a third of Black LGBT adults owned their home (31.3%), as did slightly more than a third of Hispanic LGBT adults (34.2%).

LGBTQ+ households are more likely to be unbanked and underbanked than non-LGBTQ+ households. In 2019, LGBT households were 1.6x more likely to be unbanked than non-LGBT households (6.2% vs. 3.7%) and also more likely to be underbanked (16.8% vs. 14.3%). Overall, more than one in five LGBT adults were unbanked or underbanked (23.0%), 1.25x more often than non-LGBT adults (18.0%). Four in ten LGBT adults earning less than $40,000 a year were unbanked or underbanked (40.2%), as compared to a third of non-LGBT peers (34.2%).[13] LGBTQ women and people of color are even more likely to be unbanked or underbanked. In 2019, more than one in four female LGBT households were unbanked or underbanked (27.0%)—one in ten were unbanked (9.7%) and one in six were underbanked (17.2%). More than four in ten Black LGBT households were unbanked or underbanked (46.9%), as were more than a third of Hispanic LGBT households (37.6%). One in seven Black LGBT households were unbanked (14.1%), and a one in three were underbanked (32.8%). One in ten Hispanic LGBT households were unbanked (11.1%), and more than one in four were underbanked (26.5%).

Inadequate access to traditional financial services means that LGBTQ people are more likely to make use of alternative financial services, such as check cashers, payday loans, pawn shops, and title lenders. In 2019, one in five LGBT households had used one or more alternative financial services in the previous year, 1.25x more often than non-LGBT adults (16.2%).[14] LGBT households were over 2x more likely to have obtained a payday loan (4.5% vs. 2.2%) or title loan (3.5% vs. 1.8%), and over 1.3x more likely to have obtained a money order (14.2% vs. 10.4%).

[8] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 36
[9] Freddie Mac, The LGBT Community: Buying and Renting Homes 3 (2018); The Economic Wellbeing of LGBT Adults in 2019, supra note 2 at 23.
[10] The Economic Wellbeing of LGBT Adults in 2019, supra note 2 at 23.
[11] The Economic Wellbeing of LGBT Adults in 2019, supra note 2 at 24
[12] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 23.
[13] *Id.*
[14] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 19

LGBTQ parents are more likely to struggle financially than non-LGBTQ parents. More than a third of LGBT adults with children under the age of 18 in their home said that they could not afford all of their bills that month (36.1%), 1.8x more often than non-LGBT peers (19.7%). Another one in four said they could not afford their bills if an unexpected expense came up, 1.9x more often than non-LGBT peers (13.0%).[15]

LGBTQ+ people are more likely to rely upon student loans and credit in order to afford higher education. Four in ten LGBT adults borrowed money to finance their higher education (44.4%), 1.4x more often than non-LGBT adults (31.1%).[16] Nearly half of LGBT women borrowed to finance their educations (49.5%), as did over half of Black LGBT adults (53.1%). One in five LGBT student borrowers reported owing more than $75,000 in educational debt, 1.4x more often than non-LGBT borrowers (13.7%).[17] But LGBT adults who obtained university degrees were less likely to receive the full financial benefit of their educations with regard to their incomes, and more likely to struggle repaying their educational debts. LGBT adults with a Bachelor's degree or higher were more likely than non-LGBT peers to be earning less than $50,000 a year (17.6% vs. 14.2%).[18] One in five LGBT student borrowers were behind in repayment or collections (21.1%), 1.3x more often than non-LGBT peers (16.3%).[19] Over half of LGBT student borrowers said that their retirement plan was not on track (55.2%), and one in five said their credit score was poor or very poor (21.7%).[20] One in five LGBT adults said that the lifetime costs of their education were greater than the benefits (19.9%), 1.3x more often than non-LGBT adults (14.7%).[21]

LGBTQ+ people suffer greater obstacles to their access to consumer credit LGBT consumers report are nearly 2x more likely to report that they that they have poor or very poor credit scores than non-LGBT consumers (16.1% vs. 8.2%).[22] LGBT women and people of color are even more likely to report poor or very poor credit. One in five LGBT women have poor credit scores (20.7%). Nearly a third of Black LGBT consumers have poor or worse credit scores (31.3%), as do more than one in six Hispanic LGBT consumers (18.8%). More than one in six LGBT adults had not submitted at least one credit application in the previous year because they expected to be turned down (18.1%), 1.4x more often than non-LGBT adults (12.4%).[23]

Although LGBT consumers were more likely to apply for credit in 2019 (44.5% vs. 39.5%), those that applied were 1.5x more likely to have their applications rejected (35.1% vs. 21.3%) and were 1.25x more likely to be offered less credit than they wanted (18.4% vs. 14.5%).[24] More

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[15] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 26.
[16] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 29.
[17] *Id.* at 29.
[18] *Id.* at 30.
[19] *Id.* at 30.
[20] *Id.* at 31.
[21] *Id.*
[22] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 20.
[23] Id. at 21.
[24] *The Economic Wellbeing of LGBT Adults in 2019*, supra note 2 at 20.

than half of Black LGBT adults applying for credit had an application denied (58.3%), and four in ten received an offer for credit that was less than they wanted (41.7%).

Transgender and gender-nonconforming LGBTQ people also experience difficulties with credit reports and scores after they change their legal names. Although credit bureaus have been able to facilitate changes to consumers' surnames for decades to accommodate marriage or divorce, they struggle to do so for changes to consumers' first name or full name. This results in fragmented credit files that do not contain the consumer's full credit history, and can lead to a drop in credit score as well as denial for credit due to a lack of sufficient credit history.

The LGBTQ+ community is not a monolith. LGBTQ+ people come from different racial, socio-economic, and cultural backgrounds that affect their economic experiences. Wealth gaps for LGBTQ+ people fall disproportionately upon those who are transgender and bisexual as well as those who are also members of other marginalized groups—including people of color, women, and immigrants.