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SENATE MEMORIAL 27

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

Gerald Ortiz y Pino

A MEMORIAL

REQUESTING THE DIRECTOR OF THE STATE PERSONNEL OFFICE TO
CONDUCT A STUDY AND A SURVEY TO DETERMINE THE FEASIBILITY OF
PROVIDING LOW-COST SMALL LOANS TO STATE EMPLOYEES.

WHEREAS, nearly seven hundred small loan licensees operate
in New Mexico, charging interest rates averaging about three
hundred percent; and

WHEREAS, two separate studies by public policy polling and
by researchers at the university of New Mexico indicate that
about one-fourth of adults in New Mexico have patronized these
small loan lenders; and

WHEREAS, credit counseling and legal aid providers report
that lower- and middle-level government employees are common
users of small loans from lenders that charge extremely high
interest rates; and

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1 WHEREAS, surveys of local government workers by the city
2 of Las Cruces and Dona Ana county confirm that about twenty
3 percent of their employees use high-interest small loan
4 services; and

5 WHEREAS, employers in at least five states, including
6 banks and municipalities, have successfully offered affordable
7 small loan services through employee benefits packages; and

8 WHEREAS, these turnkey small loan services offered as
9 employee benefits save consumers an average of two hundred
10 thirty dollars (\$230) per month in finance fees on a one-
11 thousand-dollar (\$1,000) loan; and

12 WHEREAS, employee-benefit small loan program vendors
13 provide reporting to build credit scores that most small
14 lenders ignore; and

15 WHEREAS, these employee-benefit small loan programs do not
16 require employers to provide loan capital or assume loan loss
17 risk; and

18 WHEREAS, employee-benefit small loan programs provide
19 loans without a credit check and provide quick access to funds
20 in the same way that small loan stores do, yet employee-benefit
21 small loan programs have default rates of only one to two
22 percent; and

23 WHEREAS, these employee-benefit small loan programs can be
24 provided at little or no cost to the state of New Mexico; and

25 WHEREAS, easing financial pressures at home can improve an

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1 employee's personal life and result in more focused and
2 productive performance in the workplace; and

3 WHEREAS, it is in the best interests of the state of New
4 Mexico that its employees be provided with the most attractive,
5 cost-effective benefits package possible in order to attract
6 and keep employees of the highest quality;

7 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
8 OF NEW MEXICO that the director of the state personnel office
9 be requested to conduct a poll of all state employees using an
10 electronic-mail survey to learn the following:

11 A. how many state employees use loans from small
12 loan licensees and internet sources;

13 B. how often state employees use these small loan
14 licensees;

15 C. the identity of the small loan licensees that
16 state employees use; and

17 D. whether the state employees surveyed would like
18 to have a low-cost small loan program available as an employee
19 benefit; and

20 BE IT FURTHER RESOLVED that the director of the state
21 personnel office be requested to study the feasibility of
22 including a low-cost loan program among state employee
23 benefits, identifying those small loan programs that have
24 served at least three public sector employers and the
25 advantages and drawbacks of using each of those small loan

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1 programs; and

2 BE IT FURTHER RESOLVED that the director of the state
3 personnel office be requested to report the findings of the
4 study and survey conducted pursuant to this memorial to the
5 governor and to the legislative finance committee by November
6 1, 2016; and

7 BE IT FURTHER RESOLVED that copies of this memorial be
8 transmitted to the governor, the director of the state
9 personnel office and the director of the legislative finance
10 committee.