SENATE MEMORIAL 27

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

INTRODUCED BY

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

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

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

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

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

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

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

WHEREAS, easing financial pressures at home can improve an
employee's personal life and result in more focused and productive performance in the workplace; and 

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

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

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

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

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

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

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

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

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

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