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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/19

SPONSOR Tallman LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Personal Loan Benefit for State Employees SB 90

ANALYST Hawker

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$300.0	\$100.0	\$100.0	\$500.0	Recurring	SHARE Enterprise Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance Administration (DFA)

Department of Information Technology (DoIT)

Regulation & Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 90 allows the DFA to establish a loan program for state employees where the state would deduct from employee paychecks loan payments. The payments would be disbursed to ‘qualified lenders’. Qualified lenders cannot receive compensation from the state for services provided in the loan program. The loans cannot put New Mexico at financial risk. Payroll deductions for loan repayment are capped at 12% of the employee’s gross wages for each pay period a deduction is made. Eligible loans must be for one year or less, the annual interest rate cannot exceed 30%.

### FISCAL IMPLICATIONS

HB 90 will require customization to SHARE, including ongoing customizations as the vendor updates SHARE. According to DoIT, the cost for initial customization would be \$300 thousand in the current fiscal year, maintaining the customization would be \$100 thousand in subsequent fiscal years.

DoIT states this customization would require an additional FTE for implementation and continued support. However, per the SPO Tool dated 1/1/2019, since 2014 DoIT Share Operations Support Division currently has two application development positions vacant. More recently there is an IT business analyst vacancy.

### **SIGNIFICANT ISSUES**

DoIT states implementation of SB 90 will be an increased security risk to state employee payroll and human resources data as data is currently not shared with loan companies.

The loan program described in SB 90 does not exist in the SHARE HSC Application portfolio. To implement this program customizations in the payroll module will be required. The recent SHARE upgrade removed all customizations, returning the system to baseline. Implementing customizations might negate the successes achieved by the upgrade.

DFA reports the establishment and maintenance of an employee loan program is outside of the operations currently supported by the DFA. DFA does not know at this time how to achieve the objective of SB 90.

### **ADMINISTRATIVE IMPLICATIONS**

DFA states it is unclear whether it has the experience to establish the loan program described in SB 90. Fixed amount, bi-weekly payroll deductions are accommodated in SHARE. Limiting the amount being deducted in any pay period to not exceed 12% requires system customizations.

SB 90 would require human resources to establish and then remove the employee deduction. DFA is responsible for the paycheck deductions and the subsequent disbursement to the lenders.

**VKH/sb**