



**Date:** August 14, 2018

**To:** Honorable Mayor Robert Garcia and Members of the City Council

**From:** Councilmember Rex Richardson, Ninth District *RR*  
Councilmember Lena Gonzalez, First District *LG*  
Vice Mayor Dee Andrews, Sixth District *DA*  
Councilmember Al Austin, Eighth District *AL*

**Subject: Request for Proposals for an "Emergency Loan" Program for City Employees**

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**RECOMMENDATION:**

Respectfully request the City Manager to direct Financial Management to issue a Request for Proposals (RFP) to identify qualified lending institutions that administer short-term, emergency lending services to City of Long Beach employees, and report back in 90 days.

**Discussion**

A recent report by CareerBuilder indicated that seventy-eight percent of full-time working Americans live paycheck to paycheck, a far cry from the recommended 6-month emergency fund in liquid assets recommended by financial experts. When unexpected circumstances arise, too many good employees are left with few options except to turn to predatory lending agencies. City of Long Beach employees are not immune to this reality, and turning to payday lenders can exacerbate their already tenuous household budget. The payday loan industry, among the worst of the predatory lenders, thrives on the financial vulnerability of workers. Payday lenders offer short-term loans with interest rates up to 480% and repayment terms that make the loans exceedingly burdensome on borrowers, creating an inevitable debt-trap.

As a City, we have a responsibility to protect our most valuable asset, our employees, from falling victim to predatory lending practices, by offering a better way for people with stable employment to access affordable credit. The City of Long Beach can assist employees in strengthening their financial liquidity options by offering a third-party emergency loan program to employees in need.

A quality emergency loan program would, at no-cost to the City, allow borrowers to manage loan payback through automated payroll deduction services, include low interest lending services, financial literacy education, would not require borrowers to have



accounts at a particular financial institution, would make emergency loans available regardless of credit score/history, and would provide opportunities for the borrower to build credit upon loan payback.

Providing alternative financial solutions for our most vulnerable employees when unexpected circumstances arise, aligns with the objectives outlined in the 'Everyone In' economic inclusion initiative.

### **Fiscal Impact**

There is no significant fiscal impact for issuing an RFP.