



Legislation Details (With Text)

**File #:** 18-0689      **Version:** 1      **Name:** CD9-Employee Emergency Loan Program  
**Type:** Agenda Item      **Status:** Approved  
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**On agenda:** 8/14/2018      **Final action:** 8/14/2018  
**Title:** Recommendation to request City Manager to direct Financial Management to issue a Request for Proposals to identify qualified lending institutions that administer short-term, emergency lending services to City of Long Beach employees, and report back in 90 days.  
**Sponsors:** COUNCILMEMBER REX RICHARDSON, NINTH DISTRICT, COUNCILWOMAN LENA GONZALEZ, FIRST DISTRICT, VICE MAYOR DEE ANDREWS, SIXTH DISTRICT, COUNCILMAN AL AUSTIN, EIGHTH DISTRICT  
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Date	Ver.	Action By	Action	Result
8/14/2018	1	City Council	approve recommendation	Pass

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

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.

[Timing Considerations]

There is no significant fiscal impact for issuing an RFP.

Approve recommendation.

COUNCILMEMBER REX RICHARDSON,  
NINTH DISTRICT

COUNCILWOMAN LENA GONZALEZ,  
FIRST DISTRICT

VICE MAYOR DEE ANDREWS,  
SIXTH DISTRICT

COUNCILMAN AL AUSTIN,  
EIGHTH DISTRICT