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# MEMORANDUM

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Date: June 4, 2018

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the printed name of the County Administrator.

Re: **Employee Loan Program - Fiscal Year 2018/19**

A strategy identified in the Pima County Economic Development Plan to foster employee retention and advancement is a small-dollar loan program for employees. Payroll-advance and employee loan programs help employees address or avert emergencies that might otherwise cause them to miss work or lose their employment and help them to avoid high-interest loans that can pull them deeper into financial crises.

Through a competitive Request for Proposal (RFP) process, the County has selected Kashable to offer this voluntary benefit for our employees. Kashable is a national financial technology company that is licensed in Arizona as a Consumer Lender in good standing. Over the last four years, Kashable has partnered with more than 140 employers across the country, including municipalities and the Federal Office of Personnel Management. Last year the company made over 5,000 loans totaling \$10 million, charging off less than three percent as bad loans. This new employee benefit is expected to be available for employees beginning July 2018.

Employees will be able to apply online for a loan, receive the funds within three business days, and repay the loan through automatic payroll deductions. There is no cost to the County to provide this benefit. The loan program is available to all employees who have been employed by the County for at least six months, do not have an open bankruptcy, earn more than \$16,000 per year, and who have a checking account.

The interest rates, determined based on credit history, start at six percent annual percentage rate (APR) for prime borrowers and average 16 percent for borrowers with credit scores below 600. The APR is capped at 22 percent regardless of the employee's credit history. The loan amount is based upon the specific employee's pay rate. The lender does not loan more than can be repaid with a payroll deduction of not more than 10 percent of an employee's net paycheck and only allows employees to have one outstanding loan at a time. The loan terms are from six months to a maximum of 24 months. Kashable has indicated that average term is 12 months.

The Honorable Chairman and Members, Pima County Board of Supervisors

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Employees are not charged an origination or application fee but the lender may charge a finance fee of up to five percent of the loan principal; however, the maximum 22 percent APR is inclusive of any finance fee. There is no penalty for paying the loan off early. The lender does not share or sell employee information to third parties for marketing purposes, does not cross sell other products and does not market or solicit employees to take loans.

All employees (regardless of whether they apply for a loan) have access to the lender's financial wellness library of videos, article, and online courses, to assist in budgeting, savings and navigating various financial situations.

CHH/lab

c: Tom Burke, Deputy County Administrator for Administration  
Cathy Bohland, Director, Human Resources Department