



Milwaukee County
Department of Human Resources
INTER-OFFICE COMMUNICATION

Date: December 19, 2017

To: Theodore Lipscomb Sr., Chairman, Milwaukee County Board
James "Luigi" Schmitt, Chairman, Personnel Committee

From: Michael Stanke, Manager of Benefits and HRIS Division, Department of Human Resources ms

Subject: **Informational Report: File Number 17-600 Employer Loan program for Milwaukee County Employees**

Background

A resolution was presented to the Board of Supervisors sponsored by Supervisor Alexander authorizing and requesting the Department of Human Resources to create a workgroup to explore options for the development of a no-cost-to-the-employer loan program for Milwaukee County employees. The workgroup was comprised of members of the Office of the Comptroller (Sue Drummond), the Office of Corporation Counsel (James Carroll), the Budget office (Daniel Laurila), and the Department of Human Resources (Michael Stanke).

Summary of Request

The workgroup does recognize the financial struggle that is prevalent in our society today and, with that in mind, weighed the pros and cons of such a loan program with serious consideration. There is no doubt that the idea of adding such a program is well-intentioned. The workgroup acknowledges that the County has two programs in place already that provides financial assistance for education: the tuition reimbursement program and the Public Service loan forgiveness plan.

The workgroup researched options for administering an employee loan program, and found the simplest approach would be to outsource the administration of this program to a third party. Third party vendors researched were TrueConnect, Ziero, and Kashable. These vendors are similar, but not identical, and they all operate on basically the same premise: that employers help workers find more affordable credit.

The following points were discussed as positive aspects of this type of program:

- Employee loans can foster loyalty, increase job retention and job satisfaction;
- Loans may ease financial stresses, and better allow employees to focus on work, which would increase their productivity.

The following points were discussed as concerns about such a program:

- Employee data privacy concerns;
- Uncertain whether there is truly a high demand for this type of program;

- Public relations: Could such a program be interpreted as an admission that the County is not paying its employees sufficiently? Could it reflect negatively on the County in other ways? For example, is there a possible perception that the County would be enabling high interest loans?
- Would the County be better served by placing resources into employee financial education/literacy through the employee wellness program, rather than providing loans?
- Even with a third-party provider there would be County costs, including employees' work time and the expense of setting up and monitoring payroll deductions for these loans. These expenses would be passed on to the employee via either the interest rate or in a service charge.
- Logistical concerns: would payroll be responsible for keeping track of the loan repayment if the employee doesn't have a large enough paycheck to take all the deductions that are required?

In summary, the work group has found that although some organizations have adopted this type of benefit offering, for Milwaukee County there could be more potential drawbacks that would outweigh the positives of this type of program. While we appreciate Supervisor Alexander's innovative approach in examining a potential employee benefit related to financial wellness, and remain open to continuing that conversation, we do not recommend the extension of such a program to Milwaukee County employees at this time.

Please contact us with any questions.

CC: Chris Abele, County Executive
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