

# Community Loan Centers: College Station Experience

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# Ordinance Adopted

## **Credit Access Bureau Ordinance**

- Adopted in 2014
- Followed TML language
- Regulates deferred presentment loans
- Register with the City
- Keep Records



# Ordinance Requirements

- Limited to percent of income (20% of gross monthly for payday loans)
- No more than 4 installments
- Single payment lump sum cannot be refinanced more than three times
- Informed borrower – must be given information sheet



# College Station Results

- City staff has monitored and engaged CABs
- Less stores - from 6 to 3 now
- More costly installment loan products
- Loans are becoming more expensive
- In 2013 in BCS Metro - \$4 million in fees to borrow \$6 million by 7000 borrowers
- In 2015 - \$4.3 million in fees to borrow 3.5 million by 4100 borrowers



# CLC - Beyond Regulation

- College Station as an employer (900+)
- Joined the Community Lending Center in 2015
- Employee benefit promoted by HR Department in recruiting/enrollment
- Outreach to current employees through City Manager and Department Heads
- Newsletters/staff and crew meetings



# Benefits

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- Low cost alternative for employees needing short term loans
- Easy and no-cost expansion of employers benefits package
- Employee satisfaction/reduced stress
- Community benefit through reducing cycle of debt
- Reducing poverty in the community



# First Year Results – CS and CLC-BV

## Number of Loans (Open)

City of College Station 112 (77)

CLC - BV 658 (478)

## Amount

\$104,548

\$598,751

## Delinquency Rate

City of College Station 1.3%

CLC - BV 4.3%

## Default Rate

0%

1.8%



# Estimated Savings for Employees

Savings Compared to *payday installment loans*  
(37% of CAB loans for MSA)

- Average Loan (\$933)
- Savings of \$1,378 per average loan
- \$154,336 for all 80 employees (112 loans)





# Estimated Savings for Employees

Savings compared to ***auto-title installment loans*** (27% of CAB loans for MSA)

- Average Loan (\$933)
- Savings of \$793 per loan
- \$88,866 for all 80 employees (112 Loans)



# Estimated Savings for Employees

- Payments of \$40 per pay check with CLC (year term) for average amount borrowed
- Compared to payments of \$202 with installment payday loan (22 week term average)
- Or, compared to payments of \$156 with auto-title installment loans (23 week term average)



# Conclusion

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- Positive experience for City of College Station
- Useful benefit for employees
- Low cost addition to benefits package
- Little employer staff time required

## Questions?

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