

April 29, 2020

Leah Horner
Regional Solutions Director &
Economic Policy Advisor Governor Kate Brown

Delivered Electronically

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Business Oregon
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Nick Batz
Policy and Government Affairs Manager
Business Oregon
777 Summer St NE, Suite 200
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Subject: COVID-19 Emergency Business Assistance

Dear Ms. Horner, Mr. Cummings, and Mr. Batz,

The Northwest Credit Union Association (Association)¹ is pleased to be able to offer comments in support of the Oregon Small Business Emergency Business Assistance Program that is being administered by the Oregon Business Development Department (Business Oregon). As you are aware, on Thursday, April 23, 2020 the Joint Emergency Board approved \$10 million to be administered by Business Oregon to assist businesses with 25 or less employees who have not yet received federal assistance. The Emergency Board directed Business Oregon to distribute these funds through Community Development Financial Institutions. CDFI credit unions support and share the strategic goals of the Oregon Legislature and look forward to partnering with Business Oregon to ensure that businesses in need receive emergency assistance to pay rent, utilities, re-open and continue to serve as the economic engine of the state.

CDFI credit unions recognize the hard work that the Oregon Legislature and Business Oregon have undertaken to create a program designed to assist Oregon businesses in need of emergency assistance. We support this initiative and appreciate the opportunity to offer specific comments based on our experience serving Oregon's main street small businesses.

¹ The Northwest Credit Union Association is a regional trade association representing the interests of more than 180 credit unions and their 6.5 million consumer-members; institutions that employ and engage more than 19,000 people and hold more than \$90 billion in aggregate assets. The Association is a nonpartisan advocacy organization representing the interests of its member institutions on a variety of systemically important banking issues.

Credit unions affiliated with the Association are principally domiciled in Idaho, Oregon, and Washington, but the Association also has members from the states of Alaska, California and Hawaii. Learn more about the Association at www.nwcua.org.

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Background:

Nearly half of the CDFI's that are headquartered here in Oregon are credit unions who combined help Oregonians in every corner of the state. CDFI credit unions are dedicated to bettering the lives of Oregonians by leveraging the skills and resources of the credit union and their businesses partners. All of Oregon's CDFI credit unions are also low-income designated credit unions meaning that serving individuals of modest means is just part of their DNA.

In 2018, Consolidated Community Credit Union was awarded \$700,000 (one of the larger Grant's given to an Oregon CDFI) by the Treasury to provide housing solutions to those community members that were unable to qualify for conventional financing. Consolidated developed an ADU construction loan program and a 100% financing program so community members could purchase a home without a down payment. In addition, Consolidated created an ITIN mortgage loan to provide housing solutions for those residences that are undocumented. All totaled Consolidated made over \$8 million CDFI loans improving the lives of Oregonian families.

Point West credit union is another example of a CDFI credit union focused on serving, minorities, immigrants, and microenterprise businesses in their local communities. Point West is designated a Juntos Avanzamos credit union by Inclusiv, a national association for community development credit unions, for its dedication to the Latino community. Point West has a proven track record of engaging and assisting the underserved in its community. The credit union's membership is 40% people of color, including Latino (20%) and African American (15%). Of its approximately \$70 million in outstanding loans, nearly 50% were to minorities, microenterprise businesses, and to those with incomes under \$50,000, and/or to borrowers with little or no credit, including over \$12 million to non-citizen members applying using an ITIN. Point West has over 300 active small business members, and to date has helped nearly 40 small businesses access over \$600,000 in assistance through the Small Business Administrations (SBA) Paycheck Protection Program (PPP). Point West collaborates with over 30 local nonprofits and foundations to support financial empowerment and equity work in the Portland metro area and beyond.

CDFI credit unions share a mission to serve and touch every corner of the state. Selco Credit Union headquartered in Eugene serves 27 Oregon counties with branches throughout the state. Mid Oregon Credit Union serves Central Oregon with branches in LaPine, Redmond, Bend and Sisters. Central Willamette Credit Union serves the Willamette Valley. Oregon's CDFI credit unions are well positioned to support Oregon Businesses in need of emergency assistance.

Partnering with Oregon CDFI credit unions:

Partnering with Oregon's CDFI credit unions to deploy emergency assistance dollars provides several advantages both to Oregon business owners in need of emergency assistance and to Business Oregon.

Oregon's CDFI credit unions have a broad regional reach with physical locations throughout Oregon. CDFI credit unions have the expertise to make loans and evaluate grant applicants and have businesses that already turn to them for emergency assistance. Credit unions may have the ability to quickly check the SBA systems to ensure that applicants have not already received federal dollars through the PPP or the Economic Injury Disaster Loans. Finally, a number of Oregon CDFI credit unions have indicated that if Business Oregon creates a simple

program to administer, they would forego charging any fees helping maximize the impact and ensuring that every dollar supports businesses in need.

Structuring the program:

- Based on what credit unions have seen to date there is a greater need for emergency assistance at businesses with less than 10 employees. While we recognize that the legislature authorized businesses with less than 25 employees to be eligible, we would encourage Business Oregon to structure the program so that businesses with fewer employees are prioritized.
- We encourage Business Oregon to prioritize working with CDFI's headquartered in Oregon and to ensure that the missions of the partner CDFI's include demonstrated capacity working with and supporting Oregon Businesses.
- Business Oregon should consider allocating specific amounts to individual CDFI's that participate in the program to ensure that funds are not over distributed. In addition, the funds should be allocated for distribution by specific region on a pro-rata basis tied to population to ensure that all Oregon businesses can benefit. If dollars are deposited in advance at each participating CDFI they could be expended through cashier's checks drawn on the state account creating a record for the state on which businesses received the funds.
- A grant program will reduce the costs to administer the program which allows CDFIs to not charge fees or only de-Minimis fees associated with making the grant. In addition, grants allow credit unions to serve a greater percentage of applicants eliminating the need to ensure field of membership requirements are met.
- To ensure these dollars support immediate needs we would encourage Business Oregon to limit the maximum award to the lesser of \$25,000 or 2 times rent and utilities but don't put restrictions on use which significantly increases administrative expense. We would encourage prioritizing providing funds to CDFI's that identify private partnerships that match state funds on a 1:1 basis.
- To deploy dollars quickly through a simple process without charging fees the CDFI's must be held harmless in cases of false attestations and the state must take responsibility for enforcement related to the misuse of funds. This is important to ensuring participation.
- To ensure public health and safety the application process must allow for an all-electronic application and funding process utilizing secure platforms such as DocuSign.

Conclusion

CDFI credit unions headquartered in Oregon have indicated that they can and will stand to the call to support small main street businesses in need of emergency assistance given that the program is structured in a way that is clear and simple to administer. If the principles outlined above are met several CDFI credit unions are committed to participating and will forego fees.

NWCUA Comment Re: Oregon Emergency Business Assistance.

Thank you again for the opportunity to comment and for your commitment to supporting Oregon's most vulnerable businesses.

Respectfully,