

Testimony in support of House Bill 2282

Date: February 17, 2021

To: Chairman Jim Kelly and Members of the Committee
House Financial Institutions & Rural Development Committee

From: Stephanie Mullholland
Heartland Credit Union Association

Thank you for the opportunity to express support for House Bill 2282. Heartland Credit Union Association represents the 690,000+ Kansans who belong to a Kansas credit union. Our member credit unions range from the state's smallest, Catholics United Credit Union in Hutchinson, to the state's largest, Meritrust Credit Union, which serves the employees of Spirit AeroSystems in Wichita.

Credit unions are proud to serve low- and middle-income borrowers.

As not-for-profit financial cooperatives, credit unions are committed to helping their members establish financial security and to strengthening the middle class. This past year, that has included:

- 95,069 loan deferments and Skip-a-Pays to help Kansans manage the financial impact of COVID;
- 117,007 loans to Kansans with credit scores under 640 so they could afford major purchases like a home, a small business start-up, a car or tuition;
- 23,046 small dollar loans, providing a low-cost alternative to high-interest predatory loans;
- Ongoing financial counseling and budgeting assistance for 35,675 Kansas families so they can establish a path toward homeownership and financial security; and
- Incentivized more than 1,000 families to save \$4.8 million+ into Prize-Linked Savings accounts over the last three years, helping them to establish the savings they need for a major purchase like a home or to have savings to fall back on in an emergency.

However, the effects of the pandemic, government restrictions on credit unions, and other economic factors, it may be difficult to qualify every borrower seeking financing for a home or ag-related business.

Loan guarantee programs can help bridge the gap for some borrowers.

Loan guarantee programs can be a helpful resource for some borrowers to access the financing they need. Both HB 2268 and HB 2282 would allow for the creation of loan guarantee programs targeted at helping Kansans protect and build their financial security, particularly in rural areas. Similar guarantee programs have been effective in other states. One recent example to note is the [Small Business Loan Guarantee Program established by the state of Minnesota](#) utilizing CARES Act funding.

Thank you for the opportunity to provide comment in support of House Bill 2282. Kansas credit unions stand ready to assist eligible borrowers should the Legislature opt to move forward with either or both of these loan guarantee programs.