

## COMMENTARY

# Credit unions can spur growth, if we let them



**Kirsten  
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The first time I visited Long Island as senator, I met with some businesses in Nassau County to discuss the local economy. They expressed their frustrations and difficulty with accessing credit – a situation many businesses across Long Island still experience today.

Long Island's economy relies on small businesses; just look at the villages across Nassau and Suffolk. Small retail stores and restaurants not only provide character and charm to our towns, but they also significantly contribute to the local economy. We must work to provide these businesses with the access to credit they rely on. One thing is clear: If we're going to create new jobs and rebuild our economy for the long term, small businesses need more access to credit.

On Long Island, more than 100,000 people are unemployed. But it is not just the unemployed facing an uncertain future. High unemployment is also having a disastrous effect on those with jobs. Thousands of workers are facing furloughs, reduced hours, losses in benefits and the constant threat of a pink slip. The job market is traditionally the last part of an economy

to recover from a recession. We need to make incremental, efficient investments to create jobs quickly and provide businesses with the resources they need to turn the corner.

In the past 15 years, small businesses generated nearly two-thirds of all new jobs created in the United States, yet during the economic crisis, small-business owners have struggled to access the credit they need to survive. As a result of the financial crisis, many banks have tightened their lending, reducing firms' credit lines and dramatically increasing interest rates.

Earlier this month, I was joined by local businesses and officials in Huntington to discuss the Small Business Lending Enhancement Act. This legislation, if enacted, would spur small-business growth and create jobs by increasing access to loans from credit unions.

With so many large banks in bad shape, credit unions are becoming increasingly important, especially with regard to small businesses that need relatively small lines of credit. Due in large part to the fact that they are nonprofit, membership-based institutions, credit unions have not been exposed to the same losses that major banks have seen in their lending and investment operations.

New York has 461 credit unions, 36 of which are on Long Island. According to the Credit Union National Association, this legislation would help create more than 7,000 jobs in New York without government expenditures.

Credit unions also have a long track record of scrutinizing borrowers and have low delinquencies as a result. Because deposits have been on the rise as people move their investments from the stock market to savings accounts, credit unions have cash on hand to loan to small businesses.

By law, credit unions are required to limit member business lending to 12.25 percent of the credit union's total assets. My bill would raise that cap to 25 percent of total assets and increase the minimum business loan subject to the cap from \$50,000 to \$250,000. According to the CUNA, these reforms would increase small-business lending by \$10 billion within the first year of their enactment, producing more than 100,000 new jobs.

Credit unions like Bethpage Federal have assisted just under 30 local small businesses in the last year – a number that could be greatly increased under this legislation. Under this legislation, they would be able to grant an additional \$461 million in business loans.

I am working with my colleagues in the Senate to include this proposal as part of the upcoming jobs package out of Congress. This common-sense legislation would free up lending at credit unions in every corner of America to small businesses. This would give small businesses more of the capital they need to survive the recession or get off the ground, grow and get hundreds of thousands of Americans back to work.

Kirsten Gillibrand is a U.S. senator from New York.