

## How Credit Unions Help Members Through Government Shutdown

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As members affected by the partial government shutdown are approaching their first week without a paycheck, credit unions are stepping up.

The partial shutdown became effective Dec. 22, 2019, and is currently the second longest shutdown ever at 18 days as of Jan. 8, not too much shorter than the longest ever which was 21 days in 1995-1996. The partial shutdown affects more than 800,000 employees of departments of Agriculture, Commerce, Justice, Homeland Security, Housing and Urban Development, Interior, State, Transportation and Treasury, according to [Al Jazeera](#).

The \$91 million Department of Labor Federal Credit Union CEO Joan Moran said that even though the Department of Labor was not affected, they do still have members working at departments



that are part of the shutdown – in fact from each department. The credit union sent electronic alerts to its entire membership and has posted information on its website, notifying members that it's offering a 60-day, no interest loan equal to affected government employees' net pay. While the credit union is requiring a standard credit application, Moran said the credit union is trying to be as lenient as it can comfortably be.

“We shouldn't be treating members as potential losses...You can't be totally risk averse!” she exclaimed. “I can work it out with my examiner. I have proper policies and procedures in place.” At the time of this publication, DOL FCU was working with 15 members, but expected more when the realization struck them as they didn't receive paychecks.

Of course, this is nothing new for credit unions serving federal government select employee groups and the DC area. Moran explained that during the shutdown of 2013, DOL employees were affected; members couldn't even get in the building, but credit union employees were permitted. Because of its movement toward digital, including its mobile app and e-signatures, DOL FCU was able to continue serving members. Hundreds of members took advantage of the program at that time. Moran pointed out that the charge off rate on these loans in 2013 was a mere 0.79%, amounting to just 2.31% of the total number of loans charged off. “DOLFCU was there for their members, and the members understand how important this was for their families,” she stated, adding, “From a public relations perspective, it's priceless.”



Navy Federal faced a similar scenario, President/CEO Cutler Dawson explained. While the Department of Defense, which received its appropriation, covers most of its membership, the Coast Guard is under the Department of Homeland Security. “We’re working with them,” he said. “It’s not reached a crisis level yet. A few thousand have come to us. Doesn’t matter if it’s a few thousand or 15, it’s really one-on-one. We have to be there for them.”



APL FCU in Laurel, Md., just sent its member notice out regarding its offerings on Jan. 8, and thankful messages from members – even those not affected by the shutdown – have been pouring in, praising the credit union’s offerings. (Full Disclosure: I serve as secretary of the Board at APL FCU.) APL FCU serves all of Howard County, Md., but it’s original SEG was the Johns Hopkins Applied Physics Lab, large government contractor.

The \$465 million credit union offered members assistance whether they worked for one of the departments affected by the shutdown or government contractors. APL FCU’s Skip-A-Pay program allowed eligible members in good standing to skip a payment on all APL FCU loan types, except first mortgages. “However, if the government shutdown extends into late January, APL FCU plans to institute a program to assist members with first mortgage payments due February 1<sup>st</sup>,” the member notice read.



Additionally, affected members were offered 90-day, no payment loans up to \$5,000 for 4.99%. those affected were also eligible for a one-time, no-penalty CD withdrawal and expedited credit line increases and applications.

Credit unions and community banks’ efforts have made national headlines. [CNN Politics](#) reported on Democracy Federal Credit Union and Transportation Federal Credit Union’s efforts, including no- and low-interest loans, and [CU Times](#) covered a few other credit unions, including the \$412 million [Fed Choice Federal Credit Union](#)’s Furlough Center, Fort Knox Federal Credit Union and SkyOne Federal Credit Union.