



Testimony in Support of House Bill 2680

Date: February 15, 2022

To: Chairman Sean Tarwater
Committee on Commerce, Labor & Economic Development

From: Stephanie Mullholland, Director of Legislative & Political Affairs
Heartland Credit Union Association

Mr. Chair and Members of the Committee,

Thank you for the opportunity to speak in support of House Bill 2680. Heartland Credit Union Association (HCUA) represents 74 credit unions headquartered in the state of Kansas and the 676,615 Kansans who belong to their local credit union.

Credit unions are not-for-profit financial cooperatives.

Kansans began forming credit unions in 1929 on the verge of the Great Depression by pooling their finances in order to create saving and lending opportunities for each other. To this day, credit unions are not-for-profit, member-owned cooperatives - similar to agricultural and electric cooperatives. As coops, credit unions are:

- Governed by a volunteer board of directors that is elected by and from the membership.
- Return the profits to their members in the form of higher returns on savings, lower rates on loans, lower fees on accounts and direct dividends. Last year, Kansas credit unions returned \$100.39 million to their members.
- Locally owned and operated by the members of the credit union with each member having an equal vote and equal share in the credit union.

Credit unions are focused helping Kansans build their own financial security.

Part of the not-for-profit mission of credit unions is help Americans build their own financial security and strengthen the middle class. Some of the ways Kansas credit unions have helped fill the gap for Kansas families and stabilize the economy over the past year include:

- Helped more than 112,000 Kansas families grow an emergency fund to fall back on through Prize-Linked Savings accounts
- 89,271 loans to Kansans with a credit score of 640 or less
- 38,972 small dollar loans to help Kansans bridge a shortfall between paychecks or manage unexpected expenses
- 64,686 Kansas families received free financial counseling, budgeting assistance and financial literacy training through their credit union

- 51,153 skip-a-pays or other loan deferments made to help Kansans overcome a temporary financial hardship without having their credit score negatively impacted

Employer-sponsored accounts are one more way to encourage savings and financial literacy.

Having emergency savings is a key first step to building financial security. According to the Federal Reserve, 58% of households making under \$60,000 do not have \$400 saved for an emergency. For these families in particular, an unexpected car repair or medical expense can amount to a financial crisis. The insecurity of not having the means to pay for these types of unexpected expenses can contribute to health and stress-related issues as well as absenteeism and lost productivity for employers. We believe employer-sponsored accounts, as proposed by House Bill 2680, provide one more tool for Kansans to build financial security, while also providing one more recruitment and retention tool for Kansas employers.

Thank you again for the opportunity to express our support for House Bill 2680.