MD|DC
Credit Union Association

Delegate Dereck Davis
Room 231
House Office Building
Annapolis, Maryland 21401

HB581: Labor and Employment – Employment Standards During an Emergency (Maryland Essential Workers' Protection Act)
Testimony on Behalf of: MD|DC Credit Union Association
Position: Oppose

Chairman Davis, Vice-Chair Dumais, and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 77 Credit Unions and their 2.2 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives whose mission is to educate and help members achieve financial well-being. We respectfully oppose this bill.

While there are many issues with this bill, our main opposition is to the requirements of §3-1609. This sub-section requires "the amount of hazard pay provided under …this paragraph shall be in the amount of $3.00 per hour…," and "an essential worker is eligible for hazard pay dating back to the start of the emergency." Without belaboring the point, it would be impossible for most credit unions to comply with this requirement. Using a full-time (40hr/wk.) employee as an example, the total backpay would come to $5,280 per person over the last eleven months for anyone making under $100,000/yr. For even a small organization of 10 full-time employees, this is an immediate cost of over $50,000. To add in the continued $3.00 per person, per hour, many credit unions would struggle to meet this burden.

Financial institutions, such as credit unions, have been hit hard during this pandemic. Our members have seen significant reductions in revenue due to their focus on providing financial relief during the pandemic. This relief has included the inability to collect fees, mortgage payments, vehicle loan payments, and many other examples.[1] Financial institutions are not eligible for Paycheck Protection Program loans and must pay all business costs, with money they make from normal business operations. Our members are doing their best to weather this storm, as is everyone else, and an added financial burden could be devastating.

[1] As of Q3 2020, Investment Income is down – 47.53%, Fee income is down – 18%, Provision for loan loss funding – Up 21%, Net Income is down – 38.93% Return on Assets is down – 44.99%

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As always, we appreciate the ability to have our voices heard and look forward to a continued partnership. Please reach out to me at jbratsakis@mddccua.org or our VP of Advocacy, Rory Murray, at rmurray@mddccua.org with comments or questions.

Thank you!

Sincerely,

John Bratsakis
President/CEO
MD|DC Credit Union Association

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