



February 23, 2024

Chairman C.T. Wilson
Room 231
House Office Building
Annapolis, Maryland 21401

HB1135 – Financial Institutions - Maryland Community Benefit Plan Act of 2024

Testimony on Behalf of: State Employees Credit Union – SECU

Position: Oppose

Chairman Wilson, Vice-Chairman Crosby, and Members of the Committee:

The State Employees Credit Union (SECU) is headquartered in Anne Arundel County but serves citizens throughout the state of Maryland. SECU has 24 financial centers located in several Maryland counties along with a Virtual Financial Center that delivers banking services to people who are unable to visit a physical location.

Our field of membership consists of employees of Maryland state agencies; faculty, staff, and students at any University of Maryland System college or university or other eligible Maryland college, university, or trade school; and employees at any SECU Bank at Work partner (small businesses headquartered in Maryland). We have been in business for 72 years, serve 247,000 members, and employ nearly 400 people.

Since the day we opened in 1951, SECU has embraced the credit union promise to give back to the communities we serve. As Maryland's largest credit union, we feel it is our duty to support those in need across our great state. Here are just a few of the ways we do that:

- **Scholarships:** SECU has an annual scholarship program that offers scholarships to members continuing their education at a college, university, or trade school. Since its inception 18 years ago, SECU has awarded more than \$1 million in scholarships.
- **Donald Tynes, Sr., Community Impact Grants:** SECU is awarding \$1 million in community impact grants to Sinai Hospital of Baltimore, The Maryland Food Bank, and Morgan State University. The funds are being used to help build a new cancer center at Sinai Hospital, support the Maryland Food Bank's Pantry on the Go food distribution initiative, and to grow student enrichment programs at Morgan State University. In addition, SECU awarded \$50,000 in Kindness grants in October 2023 to Special Olympics of Maryland and Kennedy Krieger Institute.
- **Volunteer Hours:** Because community outreach is such an important part of the SECU culture, we offer every employee 4 hours of paid time off each quarter to volunteer. In 2023, our employees volunteered 4,397 hours in our communities, supporting 28 Maryland non-profits.

- **Other Donation Efforts:** SECU runs an annual food drive to support the Maryland Food Bank, an annual school supply drive benefiting local schools, and a warm clothing drive to collect winter clothes for families in need.

In addition to our community outreach initiatives, SECU is recognized as a **Low Income Designated Credit Union (LID)** by the National Credit Union Administration (NCUA) based on our extensive outreach to underserved communities. Eight of our financial centers are located in LID communities.

To support our members of all income levels, we offer free financial wellness checkups to help them develop saving and budgeting plans. We also work with members on ways to save on high-interest debt.

In addition, as a partner of the University of Maryland System, we help young people just starting their financial lives with financial literacy workshops and financial counseling.

We oppose this bill because it would create duplicative and unnecessary regulatory burden on SECU and all credit unions, forcing us to redirect resources away from the services and community outreach programs we already do that deliver benefits and value to our members.

As a credit union, we are regulated by the Maryland Department of Labor and NCUA, which ensures we follow fair lending practices. We also have a formal credit committee that meets regularly to review member appeals.

During the last 15 years, we have seen a significant increase in the regulatory burden that stemmed from the Great Recession and the actions of the largest financial institutions, which does not include credit unions. This bill is a one-size-fits-all approach, but banks and credit unions are two very different financial institutions. This bill would require us to pass strenuous tests that have little to do with the actual operations of a credit union.

Another key issue we have with this bill is that credit unions were created as not-for-profit financial cooperatives to serve their communities. It is important to reinforce that we are owned by our members, governed by our members, and held accountable by a Board of Directors that is democratically elected by the members to ensure we are fulfilling our mission of serving the needs of the membership. Under this bill, we would only be able to serve our members if approved by the regulator.

Credit unions are not subject to the federal Community Reinvestment Act (CRA), because as not-for-profit, member-owned financial cooperatives, Congress has recognized and continues to recognize, they already achieved the objectives of federal CRA. As you can see above, we already take great initiative in supporting our communities and will continue to do so.

Thank you for the opportunity to provide comment and ask for an unfavorable review from the committee.

Sincerely,



Dave Sweiderk
President and CEO, SECU