



CATHOLIC FAMILY
Federal Credit Union

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Testimony in Opposition to Senate Bill 259

January 22, 2020

Chairman Olson and Members of the Committee,

Thank you for the opportunity to submit testimony on behalf of Catholic families across the state who rely on their credit unions as a not-for-profit alternative in the financial market. My name is Michael Taylor. I am here in three capacities: as president/CEO of Catholic Family Federal Credit Union in Wichita, as a founder of the Catholic Credit Unions of America, and as a proud credit union member.

About our Catholic Credit Unions

Starting in the 1940s, parishioners in Kansas banded together to form credit unions as a way to serve members of their Catholic Churches regardless of economic status. Today, Catholic families in Kansas own and operate five not-for-profit credit unions:

- **Catholic Family Federal Credit Union – Wichita.** Formed by Father Arthur Klyber of St. Joseph's Catholic Church. CFFCU serves Catholic families belonging to parishes in the Wichita area, Adorers of the Blood of Christ, employees of Catholic Charities and employees of Catholic schools. We were formed in 1947 and serve 3,891 families.
- **Salina Interparochial Credit Union – Salina.** Formed by Catholic families belonging to parishes the Salina area. SICU was formed in 1961 and serves 2,195 families.
- **Christ the King Parish Credit Union – Kansas City.** Formed by Catholic families belonging to CTK parish in Kansas City, Kansas. CTKCU was formed in 1952 and serves 667 families.
- **Catholics United Credit Union – Hutchinson.** Formed by Catholic families belonging to parishes in Reno, Rice, McPherson, Harvey & Sedgwick counties. Formed in 2005, CUCU is the "newest" credit union in the state. They serve 150 families.
- **Holy Rosary Credit Union – Kansas City.** Formed by Catholic families belonging to parishes in the Kansas City-St. Joseph diocese. Holy Rosary was formed in 1943 and serves 4,720 families.

The Underlying Impact of This Bill

I'm here today to urge your opposition to legislative change - such as SB 259 - that would blur the lines between for-profit and not-for-profit institutions in our state. Though we believe there is a place and a need for everyone in the financial market, there are fundamental differences between how these two types of financial institutions operate.

Our not-for-profit mission allows us to continually place service to the greater good above profitability. For example, our credit union was among the first to offer "credit builder" loans, which serve as an alternative to high-interest predatory loans. Though not profitable for our credit union, that's ok because profits are not our purpose. Our purpose with these loans is to provide Kansas families with a path to escape a cycle of debt while at the same time building credit and building financial security for themselves.

We had a member with a credit score that was very low due to her child's medical bills and everyday financial impairments. We opened two Credit Builder loans and deposited the loan proceeds in a Share Certificate of Deposit under the member's name. We held the funds in the certificate and the member made her payments on time for two years. After two years the loan



"The Financial Source to Fulfill Our Members' Dreams"



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was paid off, their credit score increased, and she was eligible for a mortgage loan. She now not only owns her home but had an extra \$2,000 cash from the Share Certificate to fall back on in an emergency. The credit union lost money, but it allowed our member to strengthen her financial position and qualify for a mortgage loan.

In short, a tax increase (like what is proposed by the banks in SB 239) on credit unions threatens to reduce our ability to provide the not-for-profit services that thousands of low-income and middle-income Kansans depend upon in order to remain financially independent. Meanwhile, another tax exemption for for-profit entities (SB 259 and SB 238) threatens to shift more of the tax burden onto the very families our credit unions seek to protect and serve.

The Church teaches four permanent principles of Catholic social doctrine that our credit unions and our members strive to live by. Three of those principles stand out in relation to the question before you today:

1. **Common Good.** Church documents define the common good as “social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily.” That’s precisely what credit unions are. Every credit union was formed by Kansans who banded together as neighbors to help each other achieve financial security. In every decision-making process, whether it be decisions made by our credit unions or decisions made by the Legislature, the question should be asked: How will it benefit the common good?
2. **Subsidiarity.** Subsidiarity means allowing for problems to be solved at the most local level, ensuring that people are engaged in solving their own problems and that the solutions are implemented and controlled at a level where those most affected can give feedback and help manage. Credit unions – no matter their size - are managed under this principle. Each member has an equal vote in the credit union’s operations. A credit union’s board of directors is elected by the members, from the members. Credit union board members are unpaid volunteers who have no more personal financial stake in decisions than any other member of the credit union.
3. **Solidarity.** Pope Benedict XVI taught that “solidarity is a sense of responsibility on the part of everyone with regard to everyone.” Though some will say the proposed bills do not affect certain credit unions or do not affect credit unions at all, the truth is: what harms one of us, harms all of us. ***We have to ask ourselves, what’s next? What other advantages will they seek as a way to push not-for-profit lenders like credit unions out of the picture? What other consumers will they try to keep us from serving?*** We are in this together because we know that any attempt to weaken the not-for-profit structure of credit unions will ultimately weaken the credit union movement as a whole. We feel a responsibility to stand up for our fellow credit unions and our members in order to protect the greater good that we all seek to serve and in order to prevent those who are driven by profits from coming after the remainder of us.

Thank you for the opportunity to provide testimony today on behalf of Catholic credit unions and our members. We appreciate your service to the people of Kansas, and ask for your opposition to Senate Bill 259.

Michael Taylor
President/CEO, Catholic Family Federal Credit Union
Co-Founder, Catholic Credit Unions of America



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