

Federal Priority Issues Update

September 2023

Quick Reference

Congress working to Avoid a Government Shutdown

The Government needs to complete negotiations on 12 appropriations bills or pass a continuing resolution by September 30th at 11:59 PM, before the government shuts down. If the shutdown occurs, it could be lengthy, and it will have ripple effects for consumers, businesses, credit unions, and the 2024 election.

SAFE Banking, now the SAFER Banking Bill, Getting a Mark-Up in the Senate

September 27th is the day. Will negotiations be successful, and if it can make its way through the Senate, will the stumbling block become the House for a strange twist of stories?

Debate on Interchange Returns with a Vengeance

The GoWest Advocacy team continues to provide data and background to Hill staffers to combat the misguided and misinformed proponents of the Interchange legislation, but deeper data insight will be needed to drive a broader strategy on this issue going forward.

Federal Issues Working Group Shaping Up to Modernize the Federal Charter

GoWest advocates understand the need to fully overhaul the Federal Credit Union Act, but where do we start? Our Federal Issues Work Group will help outline the priorities and set a federal advocacy agenda for the next few years.

Is a Government Shutdown Imminent?

As we head into the 4th Quarter of the year and the official end of the U.S. Government's fiscal year, Congress has some significant action and negotiations that must be accomplished to avoid a government shutdown.

There are several scenarios that could take place to avoid a government shutdown, especially as we head into the 2024 election year, which would likely impact the outlook of both parties, but more importantly the citizens and business they represent. Currently, there are three scenarios likely to be in play:

- Congress hits a stalemate, and the government shuts down at midnight on September 30th, which may include "sequestration" or automatic spending cuts that occur through the withdrawal of funding for certain government programs;
- Congress is able to pass some, or all of the 12 separate appropriations bills that are required to fund the government through September 30, 2024, which would avert a full government shutdown;
- Congress negotiates and passes one or more continuing resolutions (CR) that extend the FY2023 funding until a date that is determined through Congressional negotiations, which will likely include negotiations with the White House.

Challenges for credit unions and your members if the Government shuts down

If October 1st arrives and there is not a deal to continue funding the U.S. Government past the 2023 fiscal year, Treasury and the Federal Reserve will stop funding agencies whose funding is not deemed mandatory and will stop paying salaries for numerous government employees. While social security and other social safety net payments to U.S. recipients are considered mandatory and will continue to be provided, many federal employees and military personnel will stop being paid.

In our conversations with leaders in Congress, we are learning that there is not a simple, nor straightforward pathway for appropriations or a CR to gain passage in Congress at this time. If a shutdown occurs, there are significant disruptions that we need to prepare for as a credit union movement, including:

- Credit union members who are federal government employees may not have the means to pay their loan payments and may also need access to short-term funds to continue providing necessities for their families.
- Requests for loan deferrals, skip-a-payment, or short-term loans while the government negotiates a final funding mechanism will significantly increase.
- Some automatic deposits will not hit accounts, which may drive up net worth for credit unions, while simultaneously driving down on-hand cash and liquidity for individual financial institutions. This may lead to a rapid need for additional liquidity solutions at the Federal Reserve and the Federal Home Loan Bank, as well as flexibility from our regulatory partners.
- Federal grant programs and recipients will also be impacted by any extended government shutdown.

The GoWest Advocacy Team will continue to work with federal and state regulators to ensure operational flexibility for our member credit unions, while you work to provide the best financial services and options for your members.

Durbin, Marshall and Welch Press for a vote on the CCCA

After losing their push to include the Credit Card Competition Act (CCCA) in the National Defense Authorization Act, Senators Dick Durbin (IL), Roger Marshall (KS) and Peter Welch (VT) have been utilizing misinformation and the handy work of opinion pieces in major news outlets to push for a vote on the CCCA, specifically as a part of upcoming appropriations and government funding negotiations. GoWest advocates have pulled out all the stops battling the misguided changes and broadened government intervention into the Interchange system, which is outlined in the CCCA.

While we have been working collaboratively with our members to defeat S. 1838 / H.R. 3881, we have been reviewing the data established in the extensive [Cornerstone Advisors report](#) to outline a broader strategy going forward. GoWest worked closely with CUNA to develop this first set of data rich, independent expert analysis on the issue of interchange. GoWest also developed a [two-page executive level analysis](#), which we have provided to senior leaders and financial services staff members on Capitol Hill, receiving positive responses from several offices in the GoWest delegation footprint.

Additionally, a second independent [analysis by the Progressive Policy Institute](#), which was released in early September, further expands on the fact that Durbin was a failure the first time around, and there is no need to further exacerbate the issue by expanding it to credit cards.

“In fact, much of the evidence collected in recent years is that the amendment had little or no impact on prices, and in some cases may have led to higher costs for customers as well as for the banking sector,” outlined author Paul Weinstein Jr. “Extending the Durbin Amendment to credit card interchange fees could ultimately hurt consumers by ending access to rewards offered by credit card providers, and increase security risks for cardholders.”

If you are interested in sharing your thoughts and continued opposition to the CCCA, please ensure that you [Take Action](#) through our [Advocacy Action Center](#), utilizing our updated call to action messages to keep up the fight.

Senate Mark-up of SAFE Banking Slated for Late September

Our collective and long-term advocacy efforts to ease credit unions' path to serve legal cannabis businesses are moving the needle. After significant negotiations between Senate leadership and members of the Senate Banking Committee, the new **“SAFER” Banking Act** will be marked up on September 27th. Previous versions of legislation held broad bipartisan support from GoWest policymakers. Oregon Senator **Jeff Merkley (OR)** is the original sponsor of the SAFE Banking legislation in the Senate in the 118th Congress, as **Senator Kyrsten Sinema (AZ)** was in the 117th, and she continues to lead the negotiations along with **Senator Cynthia Lummis (WY)**.

In addition to Merkley, Sinema, and Lummis, other Senate champions from the GoWest region include:

- Sen. Ron Wyden (OR)
- Sen. Mark Kelly (AZ)
- Sen. Michael Bennet (CO)
- Sen. Patty Murray (WA)
- Sen. John Hickenlooper (CO)

If the legislation passes the Senate, in a strange shift of fate, the challenge is going to be movement in the House, where the Republican majority and House Financial Services Committee Chairman Patrick McHenry may not see this as a priority to move forward in the 2nd Session of the 118th Congress, especially in an election year. In previous years, the House has led the way in passing SAFE Banking legislation with numerous Representatives from the GoWest region in support. The current House co-sponsors for the legislation are as follows:

- Rep. Earl Blumenauer (OR-3)
- Rep. Lori Chavez-DeRemer (OR-5)
- Rep. Ruben Gallego (AZ-7)
- Rep. Val Hoyle (OR-4)
- Rep. Pramila Jayapal (WA-7)
- Rep. Marie Glusenkamp-Perez (WA-3)
- Rep. Derek Kilmer (WA-6)
- Rep. Diane DeGette (CO-1)
- Rep. Joe Neguse (CO-2)
- Rep. Yadira Caraveo (CO-8)
- Rep. Greg Stanton (AZ-4)
- Rep. Adam Smith (WA-9)
- Rep. Marilyn Strickland (WA-10)

There is a great deal of negotiation currently underway in the Senate. The GoWest team will continue to provide information to you, and input into the process, while continuing to advocate for passage in both houses of Congress. We will keep our members informed via the Advocacy On the Move blog, and provide an overview of proceedings at MAXX. If you are not currently signed up to receive blog updates, please register [here](#).

Federal Issues Work Group Kicks-Off

The GoWest Advocacy Team has officially kicked off the Federal Issues Work Group, which will hold its first meeting during the 2023 MAXX Conference in Spokane. The working group will be meeting over the next few months to discuss the current state of the Federal Credit Union Act and the need for comprehensive modernization to ensure the long-term viability and competitiveness of our federally chartered credit unions.

The goal of the 2023 Federal Issues Work Group is to identify areas of the federal charter that are outdated or are barriers to serving members' needs, as well as opportunities to add future-focused updates, with the ultimate goal of generating a formal list of GoWest federal priorities to share with, and ultimately influence, our federal association advocacy partners, our congressional delegation, and federal regulators.

The Federal Credit Union Act has not been updated in earnest, since the passage of the Credit Union Membership Access Act (CUMAA), which was approximately 25 years ago, while the financial services industry has witnessed disruptive evolution. The time is now to establish a vision, strategy and an industry-wide collaborative plan to initiate the comprehensive modernization of the federal charter. We need to adjust how Congressional leaders view the credit union movement, while we simultaneously foster a trust in our collective ability to advocate for something better in our federal operating environment. Our GoWest advocates have set the bar for collaboration, issue prioritization and policy development, and it is time to bring that process to the national level.

As we begin this process of 3-4 meetings during the 4th quarter of this year, we will be focusing on the following areas:

- Review of the previous work product of the 2019 Federal Issues Work Group
- Federal vs. State Charter Comparison Overview
- Federal charter breakdown – obvious areas in need of update?
- Other issues outside of the Federal charter impacting federal credit unions
- Biggest challenges currently facing federal credit unions
- Challenges causing expense, functional or operational hurdles
- Financial technologies and other financial institution competition

Current Legislation and Concepts Focused on Credit Union Act Modernization.

There are several policy concepts and pieces of legislation, currently pending before Congress, that would provide some initial operational flexibility and allow our credit unions to serve a broader range of their community and reduce operational hurdles.

- **Eliminating the Member Business Lending Cap**, thus allowing credit unions to serve a broader group of members, specifically small businesses within our communities, which will diversify deposit options for each citizen in our communities, while reducing concentration and risk in the “too big to fail” institutions.
- Expanding and diversifying the investment options for credit unions and allowing them to **increase maturity limits on secondary mortgages** from 15 years to the market standards of 30+.

Related Legislation

[S. 539 / H.R. 4867](#) - **Veterans Member Business Loan Act** - which would increase the Member Business Lending cap on credit unions, allowing credit unions to provide loans to Veteran-owned businesses without impacting the credit unions' MBL cap. Additionally, it would allow federal credit union loan maturities to go beyond the current 15-year limit for non-primary residences, and allow them to provide market level loan maturities.

- **Updating the Field of Membership (FOM) statutes** that will allow credit unions to serve a broader group of the population, not just ones tied to where they work, attend school or church, or are geographically located.
- **Providing additional liquidity options for credit unions**, by modernizing the National Credit Union Administration (NCUA)'s Central Liquidity Fund (CLF), so it is an active liquidity source for the nation's credit unions, while specifically allowing agency relationships for small credit unions and providing access to privately insured credit unions.

Related Legislation

[S. 544](#) - would allow small credit unions to gain access to the CLF through an agency relationship with a corporate credit union.

- Working with the credit union system to **maintain deposit insurance equality with for-profit banks for individual accounts, while establishing a targeted small business deposit insurance fund at the NCUA** that will protect payrolls and small business deposits, above deposit insurance levels within credit unions.
- **Good governance for the nation's credit union system** would include passing legislation to **update outdated and archaic restrictions** that keep credit unions from truly meeting the broad financial services needs of our member-owners.

Related Legislation

[S. 610 / H.R. 582](#) - the **Credit Union Board Modernization Act**. The legislation would update the Federal Credit Union Act to allow credit union boards to meet not less than six times per year, rather than the current once-a-month requirement. *The House passed H.R. 582 unanimously, but Senator Sinema, the sponsor, is having some challenges managing movement of the legislation in the Senate; however, our co-sponsors have grown over time.*

CDFI Opportunities and Challenges in Congress

GoWest CDFI credit unions continue their exceptional work to provide services to improve the financial lives of their members, while creating opportunities for those individuals and the communities where they live. This model has resulted in a strong financial services network that is resilient and has withstood numerous economic cycles. Unfortunately, due to some internal policy changes at the Department of Treasury and funding challenges in Congress, the CDFI program appears to be on the defensive on multiple fronts. Thankfully, we have members of Congress who are working to bolster the CDFI program as well as to request transparency from Treasury before Congress. Senator Crapo (ID) is the co-chair of the CDFI Caucus in the Senate and Rep. Brittany Pettersen (D-CO) is our lone member of the House Financial Services Committee. Both Representatives have stepped forward to protect and bolster the CDFI program. Two pieces of legislation sponsored by these two members are gaining traction on the Hill and focus on helping CDFI now and into the future.

Related Legislation:

- [H.R. 3161](#) / – **the CDFI Transparency Act**, which would require the CDFI Director to testify before Congress on an annual basis if requested by the germane committee.
- [S. 1442](#) - **Scaling Community Lenders Act**, CDFIs are in need of additional long-term patient capital, operating capital, and resources to modernize their systems and compete in an era of rapid financial innovation. Senator Crapo (ID) and Senator Mark Warner (VA) introduced legislation to authorize new resources to activate and fund the long-dormant Section 113 of the Riegle Act of 1994, allowing the CDFI Fund to finance projects within the industry and provide brought broader liquidity to CDFIs.

Additionally, several members of the Appropriations Committees in both the House and the Senate who have continued to call for at least stable funding for the CDFI program, if not an increase, based on the impact made in communities served by the CDFI program. We will keep working to protect CDFI funding, as it will continue to be a tool used by credit unions to serve their communities.

- House Appropriations have established CDFI appropriations funding at a \$278.6 million, a reduction of more than \$45 million from last year’s funding level, we are asking our members of the appropriations committee to continue to protect, promote, and fully fund the CDFI program and allow low-income designated financial institutions to provide lending and business development opportunities in lower income, underserved, and/or disenfranchised communities.

2024 Election Already on the Horizon

As we head into the end of the year, the 2024 Election Season comes into specific focus, including the all too important Presidential election. We appreciate the efforts of advocates at numerous fundraising events and member get togethers that we have had this summer and upcoming this fall, which include:

- October 4th – Congresswoman Cathy McMorris Rodgers (WA-5) at MAXX
- October 13th – Senator John Barrasso (WY) in Casper, WY
- October 20th – Senator Patty Murray (WA) in the Seattle area
- November 16th – Congresswoman Andreas Salinas (OR-6) in the Portland area

Several of the elections in our GoWest Congressional Districts are in the national spotlight as “toss up races”, including several rematches from the 2022 Election Cycle. Notable matchups that we expect to take shape include:

Congressional District	Incumbent	Challenger
AZ-1	Rep. David Schweikert (D)*	5 Democratic Challengers
AZ-3	<i>Open Seat</i>	4 Democrats / 1 Republicans
AZ-6	Rep. Juan Ciscomani (R)*	Kristin Engel (D) & others
CO-3	Rep. Lauren Boebert (R)	Adam Frisch (D) & others
CO-8	Rep. Yadira Caraveo (D)*	No candidates formally announced
OR-5	Rep. Lori Chavez-Deremer (R)*	Jamie McLeod-Skinner (D) & others
WA-3	Rep. Marie Glusenkamp-Perez (D)*	Joe Kent (R)

*CULAC Previously Supported Candidate

Presidential Primary Dates

Colorado primary:	March 5, 2024 (167 days)
Washington primary:	March 12, 2024 (174 days)
Arizona primary:	March 19, 2024 (181 days)
Wyoming primary:	April 18, 2024 (211 days)
Oregon primary:	May 21, 2024 (244 days)
Idaho primary:	TBD – Inadvertently eliminated – Legislative Target is May 2023 / Republican Caucus Scheduled for March 2023.
Republican National Convention:	July 15, 2024 (299 Days)
Democratic National Convention:	August 19, 2024 (334 days)
2024 General Election:	November 5, 2024 (416 days)

Upcoming Federal Events

Fall Hike the Hill – November 14 - 16, 2024

2024 CUNA GAC – March 3 – 7, 2024

[Registration](#) and [Room Block Link](#)

If you have any questions about the different moving components in the 118th Congress, please reach out to me at your convenience.

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