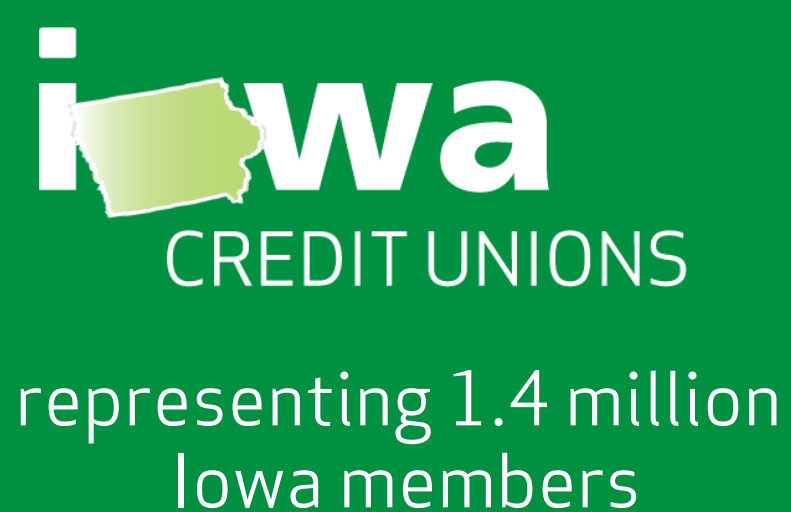


# 2024 Legislative Priorities



## Updating the Iowa Credit Union Act

Since their founding, Iowa credit unions have acted as economic engines and provided critical and affordable access to financial services to Iowans. The Iowa Credit Union Act was originally passed in 1925 and since then, the financial needs of Iowans, along with technology, have changed dramatically. As credit unions and their members grow and evolve, so should the laws and regulations that govern them.

Changes to Chapter 533 are needed that will update aspects of credit union board governance, providing credit unions flexibility with board meetings and allowing them the opportunity to compensate board members if they choose, just as all other cooperatives can. Other needed changes would include updates to the member expulsion process and enabling the Superintendent of Credit Unions flexibility to approve corporate investment opportunities for credit unions.

## Increase Access to State Childcare Assistance Program

The cost of childcare is rising in Iowa, and families across the state are struggling to both find and afford childcare. Affordable and accessible childcare is essential for a growing workforce and economy. Yet, for many credit union members across Iowa, the high cost of childcare is a barrier to their financial stability.

The state childcare assistance program provides stipends to low-income families to help cover the cost of childcare. Under current law, families at or below 160% of the federal poverty level (FPL) are eligible to enroll and can receive graduated assistance until a family's income reaches 225% of the FPL. However, families already between 160% and 225% are ineligible for the program unless their income drops below 160%.

The League supports legislation to gradually increase the entrance limit of the state assistance program to close the gap between the entrance and exit income levels and increase access to the program for more Iowa families.

## ESG Legislation

A number of states are passing laws to restrict the use of environmental, social & governance (ESG) factors in making investment and business decisions. Some of these bills—such as those solely focused on making sure state investment funds maximize return on investment above all else—do not create challenges for credit unions. Other types of anti-ESG legislation, prohibiting lenders from making loans to certain companies or prohibiting lenders from denying a loan for certain reasons, can create legal and operational challenges for lenders. The Iowa Credit Union League would ask the legislature to avoid anti-ESG legislation that creates new burdens on local financial institutions.

## Prize-Linked Savings

A Pew study from 2020 showed that only 23% of lower income households have enough savings to cover three months of expenses. Prize-linked savings (PLS) is a tested, successful concept in which savers earn chances to win a cash prize by saving at insured financial institutions. By injecting the prospect of winning into the savings experience, PLS products not only incentivize the habit of saving, but also attract previously unbanked customers to enter the financial mainstream. 34 states allow PLS. The League supports a change to Iowa law to allow credit unions and banks to offer PLS programs.

More information?

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