



Credit Union National Association

cuna.org

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February 23, 2011

The Honorable Daniel Inouye  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

The Honorable Thad Cochran  
Ranking Member  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Chairman Inouye and Ranking Member Cochran,

On behalf of the Credit Union National Association (CUNA), I am writing regarding to encourage you to maintain funding levels for the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF) in future appropriations legislation for fiscal year 2011 (FY2011). CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America's 7,700 state and federally chartered credit unions and their 93 million members.

*Community Development Financial Institution Fund*

The CDFI Fund makes capital grants, equity investments and awards for technical assistance to community development financial institutions (CDFIs). Examples of CDFIs include community development credit unions (CDCUs) and microenterprise loan funds. CDFIs finance community development initiatives such as small businesses, community facilities, and low-income housing. CDFI-funded credit unions offer alternatives to predatory payday lenders and check-cashing services. They also promote economic revitalization and community development in distressed communities.

The CDFI Fund uses small amounts of federal dollars to leverage significant amounts of private and non-federal dollars. Funded institutions supply low-income, distressed communities with traditional banking services such as savings accounts and personal loans, and offering individuals the tools needed to become self-sufficient stakeholders in their own future.

Last summer, the Senate Appropriations Committee passed a bill that included a provision to fund the CDFI Fund at \$302.4 million for FY2011. The continuing resolution which expires on March 4, funds this program at approximately \$247 million. H.R. 1 would reduce the CDFI Fund to \$50 million for the remainder of the fiscal year. The administration has requested \$227.3 million for fiscal year 2012. We encourage the Senate to fund the CDFI Fund at its current level for the remainder of FY2011.



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*Community Development Revolving Loan Fund*

The CDRLF is administered by the National Credit Union Administration (NCUA) and is used to provide low-interest loans and technical assistance grants to low income designated credit unions. These small credit unions use this fund to offer a variety of services including free income tax preparation and financial literacy classes.

The CDRLF usually receives requests that greatly exceed available funds and we are concerned that a reduction in this fund, as passed by the House in H.R. 1, will result in fewer low-income credit unions having access to the capital in the CDRLF, reducing critical services to low income credit union members.

Last summer, the Senate Appropriations Committee passed a bill that included a provision to fund the CDRLF at \$2 million for FY2011. The continuing resolution which expires on March 4 provided for essentially this level of funding. H.R. 1 would reduce the CDRLF to \$500,000. The administration has requested \$2 million for the CDRLF in FY2012. We encourage the Senate to fund this program at its current level for the remainder of FY2011.

*Conclusion*

On behalf of America's credit unions and their 93 million members, I ask for your consideration and leadership in ensuring that both the CDRLF as well as CDFI Fund are appropriately funded for the remainder of the fiscal year so that these programs can continue to help credit unions provide credit, investment capital, and financial services distressed communities.

Best Regards,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long horizontal flourish extending to the right.

Bill Cheney  
President & CEO