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The Honorable Mike Quigley
Chairman
Committee on Appropriations
Subcommittee on Financial Services and General
Government
House of Representatives
Washington, DC 20515

The Honorable Tom Graves
Ranking Republican Member
Committee on Appropriations
Subcommittee on Financial Services and General
Government
House of Representatives
Washington, DC 20515

Dear Chairman Quigley and Ranking Member Graves:

On behalf of the Credit Union National Association (CUNA), I am writing to commend you for holding this hearing on community development financial institutions. I respectfully request that this letter be made part of the record for the hearing entitled “Leveraging Private Capital for Underserved Communities and Individuals: A Look into Community Development Financial Institutions (CDFIs)”. The Credit Union National Association represents America’s credit unions and their more than 115 million members.

The Community Development Financial Institutions (CDFI) Fund was established in 1994 by the *Riegle Community Development and Regulatory Improvement Act* and is administered by the Treasury Department. It makes capital grants, equity investments and awards for technical assistance to community development financial institutions (CDFIs). Examples of CDFIs include community development banks, community development credit unions, community development loan and venture capital funds, and microenterprise loan funds. CDFIs are required to provide a 1:1 match for most of the awarded funds, which are offered on a competitive basis. CDFIs finance community development initiatives such as small businesses, community facilities, and low-income housing. The CDFI Fund also administers the New Markets Tax Credit program, which provides tax credits to Community Development Entities (CDEs) which in turn provide the tax credits to entities which invest in the CDEs.

CDFIs such as some Community Development Credit Unions (CDCUs) are charged with supplying 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. The CDFI Fund uses small amounts of federal dollars to leverage significant amounts of private and non-federal dollars, and has added a tremendous boost to the CDFI industry (which relies heavily upon private sector funds from corporations, individuals, religious institutions, and private foundations).

The Appalachian Community Federal Credit Union in Johnson City, Tennessee, is a certified CDFI credit union. This credit union secured a CDFI grant two years ago to assist over 200 families in its community to become first time home buyers. This \$2.1 million grant provided \$10,500 down payment assistance loans. This relatively small grant was leveraged to enhance homeownership, thus providing a broader tax base as well as providing work for the construction sector and local businesses that provide services to that sector. These funds start economic activity that is not “trickle down” economics but rather “cascading” economic activity.

St. Louis (Missouri) Community Credit Union, another CDFI credit union, received a financial assistance grant from the CDFI Fund in 2013 to help launch a “Sure Rides” program. The purpose of Sure Rides is to create economic impact through mobility. It provides affordable car loans to low and moderate income individuals and families so they can have access to reliable transportation to get to and from work. This \$849,000 grant was leveraged into over \$22 million in auto loans. These workers are better employees because they have the means to arrive at work on time. They are now on the tax rolls and contributing to the tax base. Finally, employed individuals are less likely to rely on expensive government assistance programs.

These examples represent just two credit unions and how the CDFI Fund is being used to grow local economies and serve the most economically distressed communities in the nation. Fully funding the CDFI Fund is a strong investment by the federal government. Good paying jobs lead to more tax revenue and less dependence on the federal social safety net.

On behalf of America’s credit unions and their 115 million members, thank you for recognizing the importance of this program and holding this important hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Nussle
President & CEO