May 15, 2019

The Honorable John Kennedy  
Chairman  
U.S. Senate Committee on Appropriations  
Subcommittee on Financial Services and  
General Government  
Washington, DC 20510

The Honorable Christopher Coons  
Ranking Member  
U.S. Senate Committee on Appropriations  
Subcommittee on Financial Services and  
General Government  
Washington, DC 20510

Dear Chairman Kennedy and Ranking Member Coons:

On behalf of the Credit Union National Association (CUNA), I am writing to commend you for holding this hearing to “Review the FY2020 Budget Request for the U.S. Department of Treasury.” The Credit Union National Association represents America’s credit unions and their 115 million members. I respectfully request that this letter be made part of the official hearing record.

CUNA supports increasing federal funding for the Community Development Financial Institutions (CDFI) Fund in fiscal year 2020 to $300 million. The 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 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 good investment by the federal government. Good paying jobs lead to more tax revenue and less dependence on the federal social safety net.

On another matter, I am in strong support of increasing the fiscal year 2020 federal funding for the Community Development Revolving Loan Fund (CDRLF) from $2 million to $3 million. Created in 1979 and transferred to the National Credit Union Administration (NCUA) in 1986, the CDRLF assists credit unions serving low-income communities to: 1) provide financial services to their communities; 2) stimulate economic activities in their communities, resulting in increased income and employment; and 3) operate more efficiently. CDRLF funds a revolving loan program and a technical assistance program.

For example, in 2015, the CDRLF extended a grant to assist in chartering the Finest Federal Credit Union in New York City. Finest FCU, which is headquartered in Manhattan, serves roughly 75,000 employees of federal, state, county and municipal agencies or departments engaged in police protection in the city of New York. Finest FCU received a low-income credit union designation to help it serve those who serve and protect us.

On behalf of America’s credit unions and their 115 million members, I urge you to increase funding for these important programs in FY 2020. Thank you for holding this hearing and considering our views on these issues.

Sincerely,

[Signature]
Jim Nussle
President & CEO