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March 3, 2020

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

The Honorable Tom Graves  
Ranking Member  
Committee on Appropriations  
Subcommittee on Financial Services and  
General Government  
United States 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 the "Department of the Treasury Budget Request for Fiscal Year 2021." I respectfully request that this letter be made part of the record for this hearing. CUNA represents America's credit unions and their 115 million members.

The administration's budget request for Fiscal Year 2021 does not include any new funds for the Community Development Financial Institutions (CDFI) Fund or the Community Development Revolving Loan Fund (CDRLF). CUNA requests that the Subcommittee appropriate \$300 million and \$2 million, respectively, for these two important funds in FY 2021.

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.

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 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.

Created in 1979 and transferred to the National Credit Union Administration (NCUA) in 1986, the Community Development Revolving Loan Fund (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. No Congressionally-appropriated funds

are used to fund the CDRLF's administrative or overhead costs. These costs are paid by credit unions insured by the NCUA. Therefore, every dollar appropriated by Congress to the CDRLF is passed on directly to underserved communities and the credit unions that serve them.

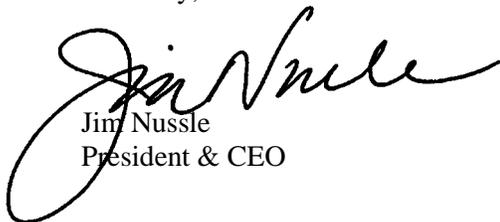
The CDRLF was initially established by a \$6 million Congressional appropriation to assist credit unions serving low-income communities. The CDRLF funds a revolving loan program and a technical assistance program. For the revolving loan program, CDRLF had outstanding loans of \$6.2 million as of August 31, 2019. For the technical assistance program, the CDRLF made 165 technical assistance grants in 2019.

Some of these technical assistance grants have been used to help credit unions expand their digital services, such as mobile or home banking or electronic bill payment. Other grants have been used to help small credit unions fight fraud and embed EMV chips in their credit and debit cards. In addition, some grants have been used to open new branches in underserved areas or move from home-based locations to non-residential spaces. Also, some grants allow credit unions offer services like free income tax preparation and financial literacy classes. Finally, these grants enable small credit unions to offer a new product or service, such a new ATM or an asset liability management model. In an age of rapid consolidation in the credit union and small bank sector, it is vital to allow these small credit unions to compete and not have to close shop or merge with a larger financial institution that may not know the needs of the members of these small credit unions.

The CDRLF usually receives requests that greatly exceed available funds and CUNA is concerned that an elimination of this fund will result in fewer low-income credit unions having access to needed capital to provide critical services to low income credit union members.

On behalf of America's credit unions and their 115 million members, I urge you to fully fund these two very important programs in FY 2021. Thank you for holding this important hearing.

Sincerely,



Jim Nussle  
President & CEO