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March 11, 2020

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Patrick Leahy
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairman Shelby, Ranking Member Leahy, Chairwoman Lowey, and Ranking Member Granger:

On behalf of the Credit Union National Association (CUNA), I am writing to you regarding emergency legislation to combat the effects of the COVID-19 emergency on the ability of small businesses and individuals to access credit and basic financial services during this time of uncertainty. The Credit Union National Association represents America's credit unions and their 115 million members.

Specifically, I recommend that the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF) be given an emergency infusion of funds, \$300 million and \$3 million respectively, separate and apart from fiscal year 2021 funding. Both of these funds support generally smaller financial institutions that serve people and small businesses that will likely be the first to feel the real-world effects of a missed paycheck or a cancelled order or contract. These small businesses and individuals will also likely be the first Americans in this current crisis to need access to emergency credit and other assistance available from their credit unions and other small community financial institutions.

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).

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.

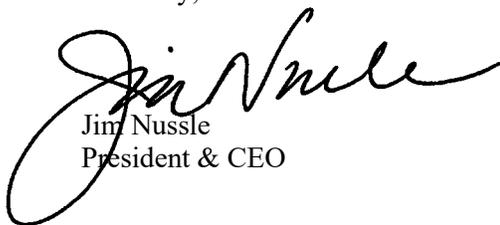
Some of these technical assistance grants have been used to help credit unions expand their digital services, such as mobile or home banking or electronic bill payment. Other grants have been used to help small credit unions fight fraud and embed EMV chips in their credit and debit cards. In addition, 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.

Both the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF) are both designed to help the types of community-based financial institutions, like credit unions, that are perfectly positioned to receive this funding the quickest and then turn it around and provide emergency financial assistance to the people and small businesses that need it the most. **Credit unions have a long history of providing low-interest loans and other types of financial assistance to individuals and small businesses during government shutdowns and natural disasters.**

This emergency funding request is a good investment and is fiscally prudent. Credit unions are often the exact types of community lenders that are perfectly suited to help someone make that mortgage payment or receive that small loan to pay their one or two employees. In this and any pandemic or natural disaster, these people are going to be the first hit first and the hardest hit in terms of financial impact. Credit unions, not predatory lenders, should be where these Americans turn for financial assistance.

On behalf of America's credit unions and their 115 million members, I urge you to fund these two very important programs in any emergency supplemental legislation that you may consider. Thank you for your consideration.

Sincerely,



Jim Nussle
President & CEO