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National Association of Federally-Insured Credit Unions

June 15, 2022

The Honorable Mike Quigley	The Honorable Steve Womack
Chairman	Ranking Member
House Appropriations Subcommittee on Financial Services and General Government	House Appropriations Subcommittee on Financial Services and General Government
U.S. House of Representatives	U.S. House of Representatives
Washington, DC 20515	Washington, DC 20515

Re: Markup of FY 2023 Financial Services and General Government Appropriations bill

Dear Chairman Quigley and Ranking Member Womack:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding tomorrow's Subcommittee markup of the Fiscal Year 2023 Financial Services and General Government appropriations bill. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve more than 130 million consumers with personal and small business financial service products. NAFCU appreciates your work to ensure funding for financial services and general government expenditures, and we would like to take this opportunity to express the views of our members.

NAFCU has previously communicated its support for increased funding for the Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF). We are encouraged by the Subcommittee mark funding the CDFI Fund at $336.4 million and the CDRLF at $4 million. This would provide the resources needed to keep these important programs properly functioning. These programs have proven to be an invaluable means of providing financial services to underserved areas and demonstrated their worth during the pandemic. Congress has already recognized their worth in previous coronavirus response legislation, and we thank you for your continued commitment to these important institutions.

NAFCU would also like to bring to your attention issues several of our members have told us they are having with the CDFI Fund. First, a number of credit unions have reported long delays stemming over 12 months to respond to their applications for certification. Additionally, several of our members have told us they have been deemed to no longer qualify for the CDFI Fund, and have subsequently lost their status as a CDFI, without any chance to take remedial action and re-qualify. One credit union recently had this issue and was forced to re-evaluate its entire operating model as it had planned on being a CDFI for the long term. Finally, we have also learned that the CDFI Fund is making changes to the certification process that will likely make it more difficult for small and minority depository institution (MDI) credit unions to become certified. This would seem to be contrary to the steps Congress is taking to try to expand the use of CDFIs to help communities in need. We encourage the Subcommittee to examine this issue and consider adding in report language that would require the CDFI Fund to address these concerns, such as instituting a cure period for CDFIs that are in danger of losing certification and directing the CDFI Fund and functional regulators, such as the National Credit Union Administration (NCUA), to work more closely to reduce burdens on CDFI institutions.

Finally, we would like to share our support for the NCUA's call to make permanent its authorities for the Central Liquidity Facility (CLF) granted under the *CARES Act*. On November 29, 2021, all three members of the NCUA Board joined together in a bipartisan letter to urge Congress to make permanent, or extend, the enhancements to the CLF made under the *CARES Act*. These enhancements provide the NCUA with a vital tool to ensure the credit union system has access to a critical contingent liquidity source as it responds to the COVID-19 pandemic and beyond. Making these changes permanent would provide regulatory certainty for federally-insured credit unions and grant the NCUA additional flexibility to safely manage access to emergency liquidity. We would support using the FSGG appropriations package as a vehicle to address this issue, as CLF issues have been addressed as part of the FSGG bill in previous Congresses.

We thank you for the opportunity to share our thoughts in advance of tomorrow's markup. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at 703-842-2261.

Sincerely,

Brad Thaler

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the House Appropriations Subcommittee on Financial Services and General Government