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National Association of Federally-Insured Credit Unions

November 8, 2023

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 4664, the FY 2024 Financial Services and General Government Appropriations Bill

Dear Speaker Johnson and Leader Jeffries:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to share our thoughts on H.R. 4664, the Fiscal Year 2024 Financial Services and General Government (FSGG) appropriations bill, and several amendments made in order for it. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 138 million consumers with personal and small business financial service products. NAFCU appreciates the House's 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 appreciate support for these programs and urge you to reject the amendment made in order and offered by Representative Glenn Grothman (Amendment #117) that would eliminate funding for the CDFI program. We urge you to support not only funding the CDFI Fund at the $278 million level included in the Committee-approved bill, but we also urge you to support the amendment offered by Representative Maxine Waters (Amendment #174) to increase the funding level for the CDFI Fund to the $341 million proposed in the Administration's FY24 budget request. 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. NAFCU would ultimately request and support even further funding for the CDFI Fund, the CDRLF, and the Financial Crimes Enforcement Network (FinCEN) as you continue the process to enact appropriations for these programs.

Additionally, NAFCU is supportive of several of the policy provisions proposed for or included in the FSGG bill including:

Changing the Consumer Financial Protection Bureau (CFPB) governance structure from a single director to a bipartisan commission and subjecting the CFPB to the annual appropriations process. The current CFPB single director structure has been detrimental to consumers, industry, and the economy due to political influence creating regulatory uncertainty and disturbing the marketplace. It is important that this be addressed in order to protect consumers from the impacts and instability of political shifts with each new presidential administration to come. A bipartisan commission has long been the traditional structure for regulators of our nation's depository institutions and would provide a balanced approach to those overseen, regulated, and impacted by the CFPB. Subjecting the CFPB to the annual appropriations process would ensure greater Congressional oversight over the Bureau.

Prohibiting the CFPB from expending funds to implement the 1071 rule. Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act tasked the CFPB with promulgating a rule to collect information on small business lending at financial institutions. NAFCU has long advocated that the current rulemaking effort stands to put significant compliance costs on our member credit unions. This rule would require significant one-time costs to implement new data collection systems and long-term, ongoing costs in training staff, information technology, and auditing expenses. Small institutions like community-based credit unions cannot afford the cost of complying with these new regulatory burdens. These costs would result in fewer lenders supporting our nation's small businesses, which would in turn result in less availability of credit for small businesses. We support the amendment offered by Representative Andy Ogles (Amendment #231) to clarify the prohibition on spending to implement this rule.

Prohibiting a Central Bank Digital Currency (CBDC). NAFCU strongly opposes the creation of a Central Bank Digital Currency (CBDC). NAFCU believes that any advantages of a CBDC are outweighed by a multitude of risks including those related to consumer privacy, financial stability, misallocation of Federal Reserve resources, and government intrusion into banking services traditionally provided by the private sector. Whatever benefits a CBDC might hypothetically provide can be achieved more reliably and with less risk using existing financial sector infrastructure, including the Federal Reserve's FedNow service. Furthermore, studies that consider the role of a CBDC in relation to other countries' use of digital currency—particularly China—tend to overlook critical issues around privacy and have not fully considered whether adoption of digital currency in foreign jurisdictions serves primarily a surveillance purpose. Given the strong position of the U.S. dollar today and public wariness of CBDC as a surveillance tool, near-term attention should be devoted instead to policy actions that can strengthen institutions like credit unions that stand ready to offer affordable and safe financial products and services to millions of Americans without fear of financial institutions acting as a government monitor. As such, we support the amendments made in order (Mooney #49, Davidson #138) that would further clarify this prohibition.

We thank you for the opportunity to share our thoughts and look forward to working with you on these issues as the appropriations process continues. Should you have any questions or require any additional information, please contact me or Chad Adams, NAFCU's Senior Director of Legislative Affairs, at cadams@nafcu.org.

Sincerely,

Brad Thaler

Brad Thaler
Vice President of Legislative Affairs

cc: Members of the U.S. House of Representatives