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National Association of Federally-Insured Credit Unions

June 22, 2021

The Honorable Chris Van Hollen
Chairman
Senate Appropriations Subcommittee on
Financial Services & General Government
Washington, DC 20510

The Honorable Cindy Hyde-Smith
Ranking Member
Senate Appropriations Subcommittee on
Financial Services & General Government
Washington, DC 20510

Re: Tomorrow's FSGG Subcommittee hearing on FY2022 Treasury Budget

Dear Chairman Van Hollen and Ranking Member Hyde-Smith:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) regarding tomorrow's hearing on the Fiscal Year 2022 Budget for the Department of the Treasury. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 125 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 Community Development Financial Institutions (CDFI) Fund and the Community Development Revolving Loan Fund (CDRLF) and we are encouraged by the President's call for increasing their respective funding levels in his budget request. Raising CDFI funding from \$270 to \$330 million and CDRLF funding to \$2 billion would provide the resources needed to keep these important programs properly functioning. These programs have proven to be invaluable means of providing financial services to underserved areas and proved their worth during the pandemic. Congress has already recognized their worth in previous coronavirus response legislation, and we urge you to continue with this commitment to these important institutions.

Additionally, we would also like to express our concerns about any increased reporting requirements on financial institutions, especially those in the President's 2022 budget request. Requiring credit unions to report on gross inflows and outflows for all accounts above \$600 stands to create costly and cumbersome burdens on community institutions with uncertain returns. While we support efforts to increase tax compliance, we do not believe adding untested reporting requirements to an already heavily regulated industry is not the answer. Instead, we would argue that increasing funding for the IRS is a better solution, and we remain committed to working with Congress to find ways to enhance tax compliance.

Finally, we would also like to re-iterate our concerns about efforts to promote postal banking as some organizations continue to promote it as viable means of helping the postal service achieve solvency. NAFCU and our member credit unions are very concerned that allowing the USPS to provide banking services will be beyond its core competencies, will raise a number of serious

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Page 2 of 2

regulatory and consumer protection questions, and will present significant competitive issues for private sector entities. We do not support expanding the capabilities of the USPS to provide additional banking services. We believe there are better approaches to address the concerns of access to financial services, such as allowing all credit unions the ability to add underserved areas to their field of membership.

We thank you for the opportunity to share our thoughts in advance of tomorrow's hearing. 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,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler
Vice President of Legislative Affairs

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