



DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.dcuc.org

Jason Stverak
Chief Advocacy Officer

September 2, 2025

The Honorable Tom Cole
Chairwoman, House Committee on Appropriations
Washington, DC 20515

The Honorable Rosa L. DeLauro
Ranking Member, House Committee on Appropriations
Washington, DC 20515

Dear Chairman Cole and Ranking Member DeLauro:

On behalf of the Defense Credit Union Council (DCUC), I write to thank you for your work on the Fiscal Year 2026 Financial Services and General Government (FSGG) appropriations bill and to **urge full support for critical credit union programs** as the Committee considers the bill in markup. DCUC represents over 200 defense-focused credit unions serving more than 40 million members – including active-duty servicemembers, veterans, and their families. Our member credit unions are on the frontlines of financial service, especially in military communities, and the funding decisions made in the FSGG bill will profoundly impact their ability to promote financial stability and inclusion. We appreciate that the subcommittee draft bill provides funding for key programs and includes important policy measures, and we respectfully ask the Committee to **ensure these provisions are maintained or enhanced** in the final legislation.

Community Development Financial Institutions (CDFI) Fund – Restore Funding to FY25 Levels

The CDFI Fund is a lifeline for low-income and military communities, empowering mission-driven credit unions to provide affordable financial services in economically distressed areas. As of early 2025, nearly 500 credit unions are CDFI-certified nationwide, serving over 19 million residents – many of them in low-income neighborhoods around military bases. CDFI credit unions use grants from this Treasury program to open branches in banking deserts, offer financial education and small-dollar loans to junior enlisted personnel, and invest in local economic growth. In many cases, **CDFI-funded credit unions are the only financial hope for communities abandoned by larger banks**, including neighborhoods surrounding our nation's military installations.

We are deeply concerned that the FY26 budget proposal initially sought to eliminate CDFI Fund grants entirely. While the House FSGG Subcommittee wisely rejected a complete elimination, it still proposed **funding the CDFI Fund at \$276.6 million for FY26 – significantly below the FY25 enacted level of \$324 million. Cutting CDFI support would be a step backwards** that could sever a vital lifeline for military families and other vulnerable groups. DCUC and the broader credit union industry have warned that reducing or zeroing out the CDFI Fund would push working-class military households back toward predatory payday lenders and undermine decades of progress in financial inclusion for our nation's heroes. These grants are *not* charity or waste – they are high-impact investments in national economic stability and family financial readiness. In fact, every dollar in CDFI funding typically attracts at least \$8 in private capital,

Serving Those Who Serve Our Country

and **credit unions often leverage \$1 of CDFI grant money into \$12 of community lending** – a remarkable return on taxpayer investment.

Given the CDFI Fund’s **proven track record and bipartisan support for over 25 years**, we urge the Committee to fully restore its funding. Congress has consistently recognized the CDFI Fund as a catalyst for economic revitalization since its creation in 1994, supporting it on a bipartisan basis. Reversing that commitment now would harm communities that need these resources the most. We respectfully ask that the FSGG bill provide **at least the FY 2025 enacted amount of \$324 million for the CDFI Fund**. This restoration will ensure CDFI credit unions can continue their vital work of expanding access to affordable credit and financial services in distressed urban and rural communities, including those serving our servicemembers and veterans.

NCUA Community Development Revolving Loan Fund (CDRLF) – Support Low-Income Credit Unions

We also urge the Committee to **fully fund the National Credit Union Administration’s Community Development Revolving Loan Fund (CDRLF)** at its FY25 enacted level. The CDRLF is a relatively small but crucial program that provides loans and technical assistance grants to low-income designated credit unions. These grants help community-based credit unions modernize technology, offer financial literacy and counseling programs, develop new products for underserved members, and extend services to rural or financially distressed areas. More than half of all credit unions are designated as “Low-Income Credit Unions,” including many defense credit unions serving the enlisted and veteran population. By design, these institutions operate in underserved fields of membership, and **CDRLF grants give them tools to better serve high-need communities**.

The FSGG Subcommittee’s draft allocates \$3.4 million for the CDRLF in FY26. While we appreciate that any funding was provided (especially since the Administration’s budget had proposed to **zero out the CDRLF entirely**), \$3.4 million is below the current \$4 million funding level. In FY2025, Congress provided \$4 million for the CDRLF, and NCUA accordingly plans to administer roughly that amount in grants to eligible credit unions this year. Scaling back to \$3.4 million would force NCUA to reduce the number or size of grants just as demand and impact are growing. For example, in the most recent grant round, NCUA awarded CDRLF grants (ranging from small capacity-building awards to large impact investments) to credit unions across 37 states, including 39 minority-owned credit unions, to spur community development. To maintain this momentum, we ask that the Committee fund the CDRLF at **\$4 million for FY26, equal to the FY25 enacted level**. Restoring this modest difference (an additional \$600,000) will ensure NCUA can continue issuing grants at the same pace as in recent years, amplifying credit unions’ ability to serve low-income and military communities.

Robust Funding for Small Business Administration (SBA) Lending Programs

Another priority for credit unions is **robust funding for the Small Business Administration**, whose lending and investment programs many credit unions participate in to support local entrepreneurs. Credit unions are playing an expanding role in SBA’s flagship 7(a) small business loan program and 504 loan program, helping finance startups and small businesses that create jobs in our communities – including many veteran-owned businesses and businesses in towns around military bases. We urge the Committee to provide **full FY26 funding for the SBA to support its loan guarantee programs (7(a), 504, microloans) as well as disaster loans and technical assistance**.

These initiatives have a direct impact on economic opportunity in the areas our credit unions serve. By fully funding the SBA, Congress will ensure that credit unions and other lenders can continue to partner with the agency to extend capital to creditworthy small businesses. This is especially important for military spouses and transitioning veterans who pursue entrepreneurship; they often rely on SBA-backed loans and counseling to succeed in business. We also encourage the Committee to work with SBA and financial regulators to ensure credit unions have the **appropriate regulatory environment to participate in SBA programs** on a level playing field, so that regulatory hurdles do not impede the flow of credit to small businesses. In short, investing in the SBA's lending capacity is an investment in Main Street growth that benefits communities nationwide.

Preserving a Prudent Approach to Central Bank Digital Currency (CBDC)

Lastly, we wish to express our **support for the bill's current language prohibiting the Federal Reserve from issuing a central bank digital currency (CBDC)**. We appreciate that the FSGG Subcommittee included this provision, and we urge the full Committee to retain it. America's credit unions share significant concerns that a U.S. CBDC, if launched without proper consideration, could pose serious risks to privacy, cybersecurity, and the traditional financial system. We expect that the net costs of a Federal Reserve-issued digital currency would exceed its benefits, and that administering a retail CBDC could distract the Fed from its core dual mandate of stable prices and maximum employment. Moreover, introducing a government-run digital currency might disintermediate credit unions and community banks, undermining institutions that currently serve consumers effectively.

We note that the House of Representatives recently passed the "**Anti-CBDC Surveillance State Act**" (**H.R. 1919**), which would bar the Fed from issuing a CBDC without explicit congressional authorization. The inclusion of the anti-CBDC rider in the FSGG appropriations bill is consistent with this congressional intent and is prudent to protect consumers and our financial system. Until and unless Congress deliberates and authorizes a CBDC, it is appropriate to withhold funding or authority for any such initiative. Thank you for taking this cautious approach on the CBDC issue – it ensures that innovation in digital payments proceeds hand-in-hand with proper oversight and safeguards.

Conclusion and Key Requests

In summary, **DCUC respectfully urges the Committee to support credit unions and the communities they serve** by fully funding vital programs and maintaining important policy safeguards in the FY26 FSGG bill. The decisions made in this appropriations bill will directly affect how well credit unions can continue fulfilling their mission of financial service to millions of Americans, including our servicemembers and veterans. We ask that the Committee consider the following actions as it finalizes the legislation:

- **Fully Restore CDFI Fund Appropriations for FY 2026:** Provide at least the FY 2025 enacted level of \$324 million for the Community Development Financial Institutions Fund, rejecting any proposal to eliminate or reduce this funding. This will ensure continued support for community development credit unions nationwide.
- **Fund NCUA's CDRLF at \$4 Million:** Appropriate \$4 million for NCUA's Community Development Revolving Loan Fund, equal to last year's level, so that low-income credit unions can continue to receive grants for technology, cybersecurity, and outreach that benefit underserved members.

- **Support SBA Small Business Lending Programs:** Fully fund the Small Business Administration to sustain its lending and disaster loan programs, enabling credit unions to confidently partner with SBA in financing America's small businesses and disaster recovery efforts.
- **Maintain the Prohibition on an Unauthorized CBDC:** Retain the bill's provision preventing the issuance of a U.S. central bank digital currency. This aligns with H.R. 1919 as passed by the House and protects against an unvetted CBDC implementation.

By taking these steps, the Committee will help ensure that credit unions can continue to promote financial inclusion, economic opportunity, and financial security for more than 135 million credit union members nationwide – including the brave men and women of our armed forces and their families. **Investing in these credit union priorities is truly an investment in our communities and in those who serve our country.** We are grateful for your leadership and consideration.

Thank you for the opportunity to comment on the FSGG appropriations bill. DCUC and our member credit unions stand ready to assist you and provide any further information you may need. We look forward to working with you to ensure our nation's financial cooperatives can continue to thrive and serve your constituents.

If you have any questions, please do not hesitate to email me at jstverak@dcuc.org or contact me via the phone at 202.557.8528.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the Committee