



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

July 20, 2025

The Honorable Dave Joyce
Chairman, Subcommittee on Financial Services and General Government
Committee on Appropriations, U.S. House of Representatives
Washington, DC 20515

The Honorable Steny Hoyer
Ranking Member, Subcommittee on Financial Services and General Government
Committee on Appropriations, U.S. House of Representatives
Washington, DC 20515

Dear Chairman Joyce and Ranking Member Hoyer:

On behalf of the Defense Credit Union Council (DCUC), I am writing to urge the full restoration of Fiscal Year 2026 funding for the Community Development Financial Institutions (CDFI) Fund under your Subcommittee's jurisdiction. We appreciate your attention to critical financial inclusion programs and wish to express our deep concern over the proposal to eliminate CDFI Fund discretionary awards in the FY 2026 budget.

DCUC represents over 200 defense-focused credit unions serving more than 40 million members – including active-duty servicemembers, veterans, and their families. We are alarmed by any efforts to zero out or sharply reduce CDFI Fund support, as such cuts would have a devastating impact on military-serving credit unions and the communities they serve, undermining decades of progress in financial inclusion for our nation's heroes.

The CDFI Fund as a Lifeline for Military and Underserved Communities: The CDFI Fund is a crucial resource that empowers mission-driven credit unions to provide affordable financial services in economically distressed communities. As of early 2025, nearly 500 credit unions are CDFI-certified nationwide, serving over 19 million residents – many in low-income areas surrounding military bases. A large proportion of junior enlisted servicemembers meet the CDFI Fund's "Low-Income Targeted Population" criteria and rely on CDFI-designated credit unions for accessible small-dollar loans, financial education, and community development services. For decades, CDFI grants have enabled credit unions to open branches in banking deserts, provide emergency relief loans to military families, and invest in local economic growth. In many cases, CDFI credit unions have brought hope and financial access to communities abandoned by larger banks. This program has truly been a lifeline that helped defense-focused credit unions expand services and reach underserved military populations across the country.

Impact of Eliminating CDFI Funding – A Step Backwards: Eliminating or slashing the CDFI Fund in FY 2026 would sever this lifeline and harm the financial well-being of military families and other vulnerable groups. DCUC and the broader credit union industry have sounded the alarm that cutting the CDFI Fund would push military families back toward predatory lenders and stall decades of progress in financial inclusion. These grants are not a handout—they are high-impact investments in national economic stability and family financial readiness. Without CDFI funding, many planned community projects and financial education programs would languish, and servicemembers could be left with few alternatives to high-cost payday or installment lenders. The modest budgetary savings from eliminating the Fund would be vastly

Serving Those Who Serve Our Country

outweighed by the long-term costs of increased loan sharking, reduced economic activity in distressed areas, and diminished financial readiness among our troops. In short, we cannot afford to let short-sighted budget decisions destabilize the financial future of those who serve our country.

Proven Results and Return on Investment: The CDFI Fund's track record demonstrates why restoring its funding is both prudent and necessary. In FY 2024 alone, CDFI institutions channeled over \$24 billion into underserved communities, financed more than 109,000 small businesses, and supported 45,000 affordable housing units. Notably, credit unions located on or near military installations led many of these efforts, bringing capital and services to areas with persistent poverty and scarce financial services. Every federal dollar appropriated to the CDFI Fund attracts significant private investment, amplifying its impact. CDFIs generally leverage government funds at least 8:1 in additional private capital, and credit unions often generate as much as \$12 in private financing for each \$1 of federal CDFI grant. This robust multiplier means that restoring \$1 of CDFI Fund money can yield \$8–\$12 in community lending and development – a remarkable return on taxpayer investment. These funds support projects and loans that would not otherwise be made in underserved communities, from launching small businesses to building affordable housing. The CDFI Fund's proven ability to turn limited federal dollars into outsized community impact is exactly why Congress has consistently supported it on a bipartisan basis for over 25 years.

Financial Readiness is National Security: For military-focused credit unions, the CDFI Fund is not just about community development – it underpins the financial readiness of our servicemembers. Frequent relocations, deployment-related expenses, and unique pay structures place many military families under financial stress. CDFI-funded programs have helped tens of thousands of military members build credit, avoid high-cost debt traps, and achieve greater financial stability. We firmly believe that the well-being of our troops begins at home; financial readiness is mission readiness. By helping junior enlisted members and veterans access safe, affordable financial services, the CDFI Fund directly contributes to mission preparedness and unit readiness. Conversely, cutting the Fund would threaten both the home-front well-being of our troops and our military's overall readiness. In an era where less-than-perfect credit or financial stress can jeopardize security clearances and focus, maintaining robust CDFI resources for our military community is a matter of national security.

Historic Bipartisan Support & The Need for FY 2026 Funding: Since its inception in 1994, the CDFI Fund has enjoyed broad bipartisan support as a catalyst for economic revitalization in disadvantaged communities. Congress reaffirmed this support in the current fiscal year by funding the CDFI Fund at \$324 million for FY 2025. These actions reflect a recognition that the Fund's mission is effective and needed. It is therefore concerning that the latest budget proposal seeks to reverse this progress by eliminating FY 2026 funding. We urge you to continue the bipartisan tradition of backing the CDFI Fund and to reject any attempt to abandon a program that works for America's communities and servicemembers. Your leadership is critical to ensure that FY 2026 appropriations keep faith with the credit unions and nonprofits on the frontlines of financial inclusion.

In light of these points, we respectfully ask the Subcommittee to take the following actions in the FY 2026 FSGG appropriations process:

- **Fully Restore CDFI Fund Appropriations for FY 2026:** Reject any proposal to eliminate or reduce the CDFI Fund's budget. Instead, provide at least the FY 2025 enacted level of \$324 million for the Fund (if not an increase, given the demonstrated demand and return on investment). This will ensure continuity of vital grant programs and allow CDFI credit unions to continue serving high-need communities.

- **Protect and Prioritize the CDFI Fund's Mission:** Ensure that any new initiatives to spur community development (for example, a potential rural development fund) augment rather than replace the core programs of the CDFI Fund. The ultimate goal should be to expand resources for underserved areas, not divert funding away from a proven model. By maintaining CDFI funding alongside new efforts, Congress can address emerging needs without undermining a program that already succeeds in driving private capital to disadvantaged urban and rural communities.
- **Maintain Oversight and Support for CDFI Programs:** Use your oversight role to seek assurances from the Treasury Department that it will fully support and implement the CDFI Fund's programs as intended by Congress. Recent executive actions created uncertainty about the Fund's future, but the Treasury has since confirmed that all 11 CDFI Fund programs are authorized by statute. We urge you to hold the administration accountable to uphold the CDFI Fund's mission and keep these critical programs running for the people who need them most.

In closing, thank you for your steadfast leadership in supporting our nation's servicemembers and underserved communities through sound fiscal policy. Restoring CDFI Fund funding for FY 2026 is an investment in financial security at home and strength abroad. DCUC and our member credit unions stand ready to assist you in any way as you work to craft an appropriations bill that reflects our shared commitment to financial inclusion and military readiness. We greatly appreciate your consideration of our views.

We respectfully request an opportunity to meet with you or your staff to further discuss these issues and any questions you may have. Thank you for your continued leadership and consideration.

If you have any questions, please do not hesitate to email me at jstverak@dcuc.org or contact me by phone at 202-557-8528.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the United States House Appropriations Committee

