



**America's
Credit Unions**

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January 30, 2024

The Honorable Morgan Griffith
Chairman
Committee on Energy & Commerce
Subcommittee on Oversight and
Investigations
U.S. House of Representatives
Washington, DC 20515

The Honorable Kathy Castor
Ranking Member
Committee on Energy & Commerce
Subcommittee on Oversight and
Investigations
U.S. House of Representatives
Washington, DC 20515

Re: Today's Subcommittee Hearing on the Greenhouse Gas Reduction Fund

Dear Chairman Griffith and Ranking Member Castor:

On behalf of America's Credit Unions, I am writing regarding the Subcommittee's hearing entitled, "Fighting the Misuse of Biden's Green Bank Giveaway." America's Credit Unions represents the country's 4,800 credit unions and their nearly 140 million members. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide.

Credit unions can and should play an important role in the implementation of the new Greenhouse Gas Reduction Fund (GGRF) created under the Inflation Reduction Act of 2022 (IRA). Credit unions, by their very nature, already have in place a number of important characteristics that can help to achieve the overall goals of the GGRF by incentivizing the rapid deployment of clean energy projects and technologies to consumers, particularly those located in low-income and disadvantage communities, and address the oversight concerns of the Subcommittee. Because credit unions are already actively involved in and have a strong presence in the communities they serve, credit unions are best equipped to quickly deploy capital for projects aimed at reducing greenhouse gas emissions.

Credit Unions Have a National Presence and Local Ties

With over 4,800 credit unions across the country, there already exists a national financial system to use the grant funding efficiently and effectively for the rapid deployment of clean energy projects and technologies under the GGRF program. Credit unions have proven capabilities and track records of making loans and administering lending programs for the benefit of consumers in their local communities. While credit unions have a national presence, each institution also has strong relationships and ties to the communities they serve. Credit unions will be the most effective and efficient partner of the EPA in accomplishing the purposes of the GGRF, in part because of the unique relationship between credit unions and their membership. Credit union members reported that their credit union cares about and has improved their financial well-being, with rural residents and people of color reporting these improvements most passionately.

Credit union members report increased trust, responsiveness, access, and a sense of caring from their credit union. In combination, these factors result in true relationship building with communities and improved financial well-being for credit union members.

A grant tied to a credit union related entity can be immediately implemented in local communities by participating credit unions without having to reinvent the wheel. Developing an entirely new system for providing GGRF financial support to local communities for the deployment of the clean energy projects and technologies under the EPA grant programs will only increase costs and delay funds getting to the communities that need them.

Compliance with Consumer and Banking Laws

Another major benefit of a GGRF program grant administered through credit unions is that the EPA can effectively avoid the risks of “waste, fraud, and abuse” of the grant funding – which is the central focus of this hearing. This major administrative benefit and advantage can be achieved because credit unions are regulated financial institutions that are subject to a wide range of consumer protection and banking laws and examined for compliance with these laws and safety and soundness by their federal or state regulator on a regular basis. As a result, the EPA need not reinvent a new regulatory structure or system to monitor and assure full compliance with these financial and banking protections in the case of credit unions in order to avoid such waste, fraud, and abuse.

Experience Serving Low-Income and Underserved Communities

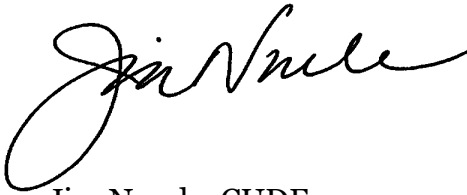
Credit unions have experience helping low-income, rural and underserved communities and would be able to use any grants made from the GGRF to help address needs in these populations. Notably, there are over 2,500 low-income designated credit unions serving over 72.5 million members and 500 credit unions are classified as “Minority Designated Credit Unions” by the National Credit Union Administration. This clear and substantial credit union linkage to low-income and underserved communities further demonstrates that GGRF grants to credit unions will unlock low-interest, affordable financing for clean energy projects for those low-income applicants who would otherwise not qualify for loans.

Experience in Providing Low-Cost Loans and Leveraging Funding

As regulated financial institutions, credit unions already have experience providing low-cost loans to their members. They also have experience in successfully evaluating risk and distributing and leveraging government funding and loan programs such as Small Business Administration (SBA) lending, the Paycheck Protection Program (PPP), and grants available through the Community Development Financial Institutions (CDFI) Fund. One credit union related applicant to the GGRF estimates a national network of credit unions would be able to leverage grant funding at a blended rate of 10.6 times of the awarded grant funding, and would thereby be able to finance an additional 5.3 million projects and achieve over 1 billion tons of lifetime greenhouse gas emission reductions with commensurate reductions in other air pollutant emissions.

In summary, the awarding of GGRF grants to bids tied to our nation's credit unions will assure that those federal funds will be efficiently and effectively harnessed in America to achieve the three core goals of the GGRF to reduce emissions of greenhouse gases and other air pollutants, deliver real tangible benefits to American communities, particularly low-income and disadvantaged communities, and mobilizing financing and private capital. As you continue to provide oversight of the GGRF, we thank you for the opportunity to provide these comments on how the characteristics of credit unions highlight the inherent institutional strengths that credit unions possess for serving the consumers in our communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the beginning.

Jim Nussle, CUDE
President & CEO

cc: Members of the Subcommittee on Oversight and Investigations