

FY 2004 Appropriations

BACKGROUND

NCUA is an independent federal agency funded entirely by the credit unions it charters, supervises, and insures. As part of NCUA, the Central Liquidity Facility (CLF) uses the U.S. Treasury's Federal Financing Bank as its borrowing source, and appropriations legislation sets a borrowing cap for the CLF each fiscal year.

Congress also determines the level of CLF operating expenses each year. These administrative expenses do not come from appropriated funds, but are paid from the income earned by the CLF.

Since FY 2001, Congress has provided annual appropriations for NCUA's Community Development Revolving Loan Fund (CDRLF). The CDRLF is used to provide loans and technical assistance grants to low-income designated credit unions. NCUA has requested that Congress increase funding for the CDRLF to \$2 million. In 2002, NCUA received requests for loans in the amount of \$7,007,000 and were able to approve \$2,329,000. In addition, NCUA distributed \$664,314 in technical assistance grants after receiving requests for \$1,618,843. Limited resources forced NCUA to decline requests for more than \$950,000 in technical assistance grants.

See the [press release](#) issued in conjunction with NCUA's testimony.

LEGISLATIVE STATUS

U.S. House of Representatives

NCUA submitted [testimony](#) to the Appropriations Subcommittee on VA, HUD and Independent Agencies on April 3, 2003.

The House Appropriations Committee approved legislation ([H.R. 2861](#)) on July 21 that would provide \$1 million for the CDRLF's technical assistance grant program. Unlike previous years, the House provided no additional funds for the loan portion of the CDRLF. The legislation also set the borrowing authority ceiling for the CLF at \$1.5 billion.

The full House approved (316-109) the [legislation](#).

U.S. Senate

NCUA submitted testimony to the Senate Appropriations Subcommittee on VA, HUD and Independent Agencies on April 30, 2003.

The Senate Appropriations Subcommittee on VA, HUD and Independent Agencies approved the legislation ([S. 1584](#)) on September 4, 2003.

The full Senate approved the [legislation](#) by voice vote on November 18.

Consolidated Appropriations Act, 2004 (H.R. 2673)

The House filed the [conference agreement](#) on November 25. The House approved (242-176) the conference report on December 8, 2003. The Senate approved (65-28) the conference report on January 22, 2004. President Bush is expected to sign the legislation into law next week.

The conference report provides a total of \$1.2 million for the CDRLF program. Congress allocated \$200,000 for loans and \$1 million for technical assistance grants. The conference report also set the borrowing authority ceiling for the CLF at \$1.5 billion.

The conference report also contains language requiring the Federal Trade Commission (FTC) to enforce section 43 of the Federal Deposit Insurance Act. Last year, Congress directed the General Accounting Office (GAO) to study the enforcement of section 43 of the Federal Deposit Insurance Act and make recommendations to the Appropriations Committees on which Federal agency could most effectively enforce this provision. The conference report adopted the recommendations made by the GAO report, including requiring the FTC to enforce the consumer protection provisions in section 43 of the Federal Deposit Insurance Act.

In the enforcement of section 43, the FTC is directed to consult with the Federal Deposit Insurance Corporation and NCUA in determining the manner and content of disclosure requirements, and to coordinate with State supervisors of non-Federally insured depository institutions to assist in enforcing these requirements.

Updated: January 22, 2004