

## **FY 2005 Appropriations -- NCUA**

### *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.

President Bush unveiled his fiscal year 2005 budget on February 2, 2004. The Administration proposes that \$1 million be available for the CDRLF, with \$200,000 available for loans and \$800,000 available for technical assistance grants. This is a proposed decrease in funding from fiscal year 2004, which was \$1.2 million, with \$200,000 for loans and \$1 million for grants. NCUA is again requesting Congress approve \$2 million for the CDRLF.

The borrowing authority ceiling for the CLF would be set at \$1.5 billion which was the same as fiscal year 2004.

### *LEGISLATIVE STATUS*

#### U.S. House of Representatives

On July 22, 2004 the full House Appropriations Committee approved the bill the Subcommittee on VA-HUD-Independent Agencies sent to them on July 20, 2004 that provides NCUA's CDRLF with \$200,000 for loans and \$800,000 for technical assistance grants (TAGs) for FY 2005. The \$800,000 could be spent over two years, until September 30, 2006. The CLF is authorized to borrow \$1.5 billion for FY 2005 and administrative expenses for the CLF are to be no more than \$310,000.

#### U.S. Senate

The Committee on Appropriations in the U.S. Senate on September 21, 2004, approved a bill produced by the Subcommittee on VA-HUD-Independent Agencies, S-2825.

The Committee approved legislation provides NCUA's CDRLF with \$1 million for FY 2005, to be divided \$800,000 for technical assistance grants, and \$200,000 for loans. The

bill also permits NCUA's CLF to borrow \$1.5 billion during the fiscal year and expend administrative expenses up to \$310,000.

*Updated: September 22, 2004*