



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

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The Honorable John Boozman
Chairman
Agriculture, Nutrition and Forestry Committee
United States Senate
Washington, D.C. 20510

The Honorable Amy Klobuchar
Ranking Member
Agriculture, Nutrition and Forestry Committee
United States Senate
Washington, DC 20510

Dear Chairman Boozman and Ranking Member Klobuchar:

On behalf of the Defense Credit Union Council (DCUC) and the Dakota Credit Union Association (DAKCU) as well as the millions of service members, veterans, and military families we serve, we submit this letter in advance of the hearing titled *"Perspectives from the Field: Farmer and Rancher Views on the Agricultural Economy Part 1."* As you conduct this important hearing on the state of the Agricultural Economy, we strongly urge the committee to consider the important community based financial institutions play in supporting our nation's farmers and ranchers. Credit unions play a critical role in serving the financial needs of America's farmers, ranchers, and rural communities many of which have been abandoned by large banks. DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets.

As not-for-profit financial cooperatives, credit unions provide essential access to credit and financial services for rural communities, including agricultural producers. Credit unions have stepped in to fill the void left by large financial institutions that have pulled out of rural America, ensuring that local businesses, including farms and ranches, have access to fair and affordable financing. Community-focused by nature, credit unions reinvest in their members, keeping rural economies strong and viable.

However, credit unions face several challenges that hinder their ability to fully serve agricultural and rural communities. One such challenge is the competitive imbalance posed by the Farm Credit System (FCS). While FCS was originally designed to supplement agricultural lending, it has expanded its scope beyond its intended purpose, often competing directly with credit unions and community banks while benefiting from significant tax advantages. Unlike credit unions, which serve a broad membership and operate under strict regulatory oversight, FCS institutions have used their government-backed status to engage in commercial lending beyond family farms, undermining the competitive landscape for local financial institutions.

To ensure financial stability and economic growth in rural America, Congress should take the following steps:

1. Support Rural Financial Institutions: Credit unions provide critical financial services to farmers, ranchers, and agricultural workers in underserved areas. Legislative and regulatory efforts should prioritize strengthening rural credit unions and ensuring they have the tools necessary to compete on a level playing field.

Serving Those Who Serve Our Country

2. Address Farm Credit System Oversight: Congress should examine whether FCS is staying true to its mission of supporting family farms and rural communities rather than engaging in direct competition with taxpaying credit unions and banks. Greater oversight and accountability are needed to prevent FCS from expanding beyond its intended purpose.

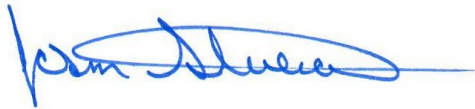
3. Enhance Access to Agricultural Lending for Credit Unions: Policymakers should consider ways to increase credit union's ability to provide member business loans for agricultural operations. The current cap on credit union business lending limits the ability of credit unions to fully serve their members who are farmers and ranchers. Expanding exemptions for agricultural lending within the member business loan cap would enable credit unions to better support rural businesses.

4. Promote Collaboration Among Rural Lenders: Congress should encourage partnerships between credit unions and other financial institutions to better serve rural America. Rather than allowing FCS to dominate rural lending, efforts should be made to facilitate cooperative lending models that bring credit unions into the fold and support economic sustainability for local producers.

Credit unions remain committed to serving rural America, providing fair and affordable financial services to the farmers and ranchers who form the backbone of our country's agricultural economy. As your committee hears directly from stakeholders in the field, we urge you to consider the essential role of credit unions and take action to support rural financial institutions that are dedicated to the communities they serve.

Thank you for your attention to this important issue. We welcome the opportunity to discuss further how credit unions can be part of the solution to strengthen rural economies and support America's agricultural producers.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC



Jeff Olson
President - CEO
DAKCU

CC: Senate Agriculture, Nutrition and Forestry Committee Members
The Honorable John Thune, Senate Majority Leader
The Honorable Chuck Schumer, Senate Minority Leader