



April 25, 2023

The Honorable Jack Reed
Chairman
Senate Committee on Armed Services
Washington, D.C. 20510

The Honorable Roger Wicker
Ranking Member
Senate Committee on Armed Services
Washington, D.C. 20510

The Honorable Mike Rogers
Chairman
House Committee on Armed Services
Washington, D.C. 20515

The Honorable Adam Smith
Ranking Member
House Committee on Armed Services
Washington, D.C. 20515

Dear Chairman Reed, Ranking Member Wicker, Chairman Rogers and Ranking Member Smith:

Defense credit unions continue to serve our nation's servicemembers and their families exceptionally well. As member-owned, not-for-profits, defense credit unions focus is providing quality financial services to our men and women in uniform. The "people helping people" ethos is evident whether it involves opening a checking account, obtaining low-interest credit, or learning how to properly save for retirement—defense credit unions proudly serve their communities while protecting against financial predators outside the gate.

This focus on service to their members and their base has led Congress to give the DoD discretionary authority to allow credit unions to use land and space on military bases at a nominal rate. Historically, defense credit unions have been asked to remain on base to alleviate the high transactional costs coupled with poor service by other financial institutions. It is no secret that being member-owned and not-for-profit is how defense credit unions keep interest rates low and responsive to member needs (e.g., deployment), which improves the financial readiness of our military. Other financial institutions simply cannot match the credit union difference.

But unfortunately, once again, we anticipate for-profit banks to ask Congress for a handout by seeking a provision in the 2024 National Defense Authorization Act (NDAA) that would require DoD to treat them the same as credit unions when it comes to leases. This may include inserting a provision that would force DoD to provide the same nominal leases to all banks. It is alarming that large banks such as Wells Fargo and Bank of America, who regularly earn billions in profits would be equal to not-for profit credit unions if this provision were to become law. Keep in mind, credit unions are owned by their members – the men and women of the military.

We appreciate the DoD's willingness to study the issue, at the request of the House Armed Services Committee in the 2022 NDAA, in a 2022 report that analyzed financial access for service members and their families.¹ The findings in the DoD report put into perspective the banks' arguments on base leases which hinges on the flawed argument that the lease they pay causes financial access problems for service members. Overall, the report finds that the current lease structure is, 1) not harming financial access to service members and their families, and 2) not causing any base to go without a financial institution presence. Furthermore, the "in-kind consideration" process outlined in the report makes clear that lower base leases are available for for-profit banks to decrease their expenses if they so choose.

Below are some key findings:

- Page 1: "military personnel and civilians increasingly have the option of obtaining banking services online and/or off-base, and are not restricted in their selection of financial institutions with which to conduct business."
- Page 1" "Service members and their families are not limited in their options for access to financial services on-base, online, and off-base."
- Page 2: "The Department has not received any comments from military installation commanders or their respective Military Service Secretaries that Service members do not have adequate access to financial institutions."
- Page 3: "DoD personnel can engage in a wide range of financial services transactions with any number of financial services providers they choose at almost any time, regardless of where either party might be physically located."
- Page 3: "There are no domestic DoD installations identified by the Military Services as lacking adequate access through on-installation and off-installation means."
- Page 4: Description outlining the use of "in-kind consideration" for base expenses that include both credit union **and banks**.

The bottom line is that for-profit banks have declined to use the process available to them at the DoD to lower base leases. Furthermore, we are concerned that this effort by for-profit banks would amount to Congressional micromanagement of individual base commanders to solve a problem that the DoD has confirmed does not exist. We oppose them using this critical, must-pass defense bill to cut corners and we ask that you - again - reject any proposal to insert this provision into the 2024 NDAA.

¹ House Report 117-118 Page 163 accompanying H.R. 4350, the National Defense Authorization Act for Fiscal Year 2022



Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle".

Jim Nussle
President and CEO
CUNA

A handwritten signature in black ink, appearing to read "Anthony Hernandez".

Anthony Hernandez
President and CEO
DCUC

A handwritten signature in black ink, appearing to read "Dan Berger".

Dan Berger
President and CEO
NAFCU

cc: Members of the Senate Committee on Armed Services and the House Committee on Armed Services